

**STATE BOARD OF ACCOUNTS**  
**302 West Washington Street**  
**Room E418**  
**INDIANAPOLIS, INDIANA 46204-2769**

EXAMINATION REPORT  
OF  
TOWN OF EDINBURGH  
JOHNSON COUNTY, INDIANA  
January 1, 2001 to December 31, 2002



**FILED**  
04/11/2007



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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Jackie Smith	01-01-00 to 12-31-07
President of the Town Council	Lewis Turner	01-01-01 to 12-31-01
	Dean Whitlock	01-01-02 to 12-31-02
	Gregory Stinson	01-01-03 to 12-31-03
	Jeffery Simpson	01-01-04 to 12-31-04
	Bill Davis	01-01-05 to 12-31-07



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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STATE BOARD OF ACCOUNTS  
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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF EDINBURGH, JOHNSON COUNTY, INDIANA

We have examined the financial information presented herein of the Town of Edinburgh (Town), for the period of January 1, 2001 to December 31, 2002. The Town's management is responsible for the financial information presented herein. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the financial information presented herein and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the financial information referred to above presents fairly, in all material respects, the financial information of the Town for the years ended December 31, 2001 and 2002, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

March 26, 2007

TOWN OF EDINBURGH  
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES  
ALL GOVERNMENTAL, PROPRIETARY, AND FIDUCIARY FUND TYPES  
As Of And For The Years Ended December 31, 2001 And 2002

	Cash and Investments 01-01-01	Receipts	Disbursements	Cash and Investments 12-31-01
<b>Governmental Funds:</b>				
General	\$ 104,050	\$ 2,660,836	\$ 2,611,242	\$ 153,644
Motor Vehicle Highway	132,663	630,297	733,639	29,321
Local Road and Street	108,349	92,935	121,411	79,873
Cemetery Operating	59,038	164,855	182,632	41,261
Park and Recreation	34,978	281,339	270,476	45,841
CEDIT Capital Projects	1,575	3,851	-	5,426
CDBG Program Income	37,013	1,276	-	38,289
Nonreverting Amos Investment Agreement	204	-	-	204
Nonreverting Conover Memorial Park	-	6	-	6
Nonreverting Edinburgh Redevelopment Authority	124,884	993,964	622,504	496,344
Nonreverting Fire EMS	19,170	25,510	27,810	16,870
Nonreverting Market Place II	10,636	119,602	121,474	8,764
Nonreverting Park and Recreation	4,689	60,985	44,246	21,428
Nonreverting Park Gifts	208	-	-	208
Nonreverting Police	8,997	7,683	5,752	10,928
Nonreverting Pool Concessions	1,627	31,161	12,736	20,052
Nonreverting Pool Miscellaneous Income	1,146	4,912	5,881	177
Nonreverting Promotional Items	50	1,500	1,550	-
Cumulative Capital Development	36,344	93,047	119,573	9,818
Cumulative Capital Improvement	21,660	45,172	39,756	27,076
Redevelopment Debt Reserve	509,258	19,770	23,060	505,968
Redevelopment Sinking	116,362	636,409	502,842	249,929
<b>Proprietary Funds:</b>				
Water Utility - Operating	240,951	665,683	824,009	82,625
Water Utility - Bond and Interest	95,517	133,200	127,527	101,190
Water Utility - Depreciation	7,306	-	-	7,306
Water Utility - Customer Deposit	39,822	4,850	3,712	40,960
Water Utility - Construction	225,950	-	-	225,950
Water Utility - Reserve	138,165	137,652	130,000	145,817
Wastewater Utility - Operating	963,975	997,135	1,149,974	811,136
Wastewater Utility - Bond and Interest	72,910	145,550	131,823	86,637
Wastewater Utility - Depreciation	11,546	-	-	11,546
Wastewater Utility - Construction	9,321	1,575,000	408,524	1,175,797
Wastewater Utility - Reserve	139,688	137,653	130,000	147,341
Electric Utility - Operating	171,598	5,152,631	5,179,197	145,032
Electric Utility - Depreciation	926,363	31,881	4,443	953,801
Electric Utility - Customer Deposit	200,930	152,330	141,504	211,756
Electric Utility - Construction	239	31,016	23,785	7,470
Electric Utility - Reserve	395,098	210,159	550,000	55,257
<b>Fiduciary Funds:</b>				
Cemetery Badger	150,162	93,261	64,316	179,107
Cemetery Breeding	14,653	735	-	15,388
Cemetery Conover	3,103	-	215	2,888
Cemetery Dorsey	1,830	62	-	1,892
Cemetery Edna Jordan	173	-	-	173
Cemetery Flower	44,657	2,414	2,971	44,100
Cemetery Gertrude Amos	-	451	78	373
Cemetery Graham	3,973	130	-	4,103
Cemetery Mooney	20,440	1,005	-	21,445
Cemetery Ollie Christie	1,785	62	-	1,847
Cemetery Perpetual Care	80,995	3,833	-	84,828
Levy Excess	-	60,582	-	60,582
Payroll	1,052	2,157,274	2,130,075	28,251
<b>Totals</b>	<u>\$ 5,295,103</u>	<u>\$ 17,569,659</u>	<u>\$ 16,448,737</u>	<u>\$ 6,416,025</u>

The accompanying notes are an integral part of the schedules.

TOWN OF EDINBURGH  
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES  
ALL GOVERNMENTAL, PROPRIETARY, AND FIDUCIARY FUND TYPES  
As Of And For The Years Ended December 31, 2001 And 2002  
(Continued)

	Cash and Investments 01-01-02	Receipts	Disbursements	Cash and Investments 12-31-02
<b>Governmental Funds:</b>				
General	\$ 153,644	\$ 2,418,039	\$ 2,397,062	\$ 174,621
Motor Vehicle Highway	29,321	730,374	647,729	111,966
Local Road and Street	79,873	53,700	118,168	15,405
Cemetery Operating	41,261	205,335	191,636	54,960
Park and Recreation	45,841	227,790	212,677	60,954
CEDIT Capital Projects	5,426	2,545	-	7,971
CDBG Program Income	38,289	28,979	61,505	5,763
Johnson County United Way	-	8,750	-	8,750
Nonreverting Amos Investment Agreement	204	-	-	204
Nonreverting Conover Memorial Park	6	-	-	6
Nonreverting Edinburgh Redevelopment Authority	496,344	998,163	1,074,097	420,410
Nonreverting Fire EMS	16,870	14,780	12,016	19,634
Nonreverting Market Place II	8,764	118,377	110,704	16,437
Nonreverting Park and Recreation	21,428	65,869	54,670	32,627
Nonreverting Park Gifts	208	-	-	208
Nonreverting Police	10,928	3,854	2,425	12,357
Nonreverting Pool Concessions	20,052	28,578	34,400	14,230
Nonreverting Pool Miscellaneous Income	177	3,889	2,493	1,573
Nonreverting Promotional Items	-	1,900	1,900	-
Cumulative Capital Development	9,818	84,026	85,594	8,250
Cumulative Capital Improvement	27,076	20,820	22,260	25,636
Redevelopment Debt Reserve	505,968	7,005	10,260	502,713
Redevelopment Sinking	249,929	508,605	424,189	334,345
<b>Proprietary Funds:</b>				
Water Utility - Operating	82,625	713,320	581,762	214,183
Water Utility - Bond and Interest	101,190	122,100	129,290	94,000
Water Utility - Depreciation	7,306	-	-	7,306
Water Utility - Customer Deposit	40,960	5,660	5,280	41,340
Water Utility - Construction	225,950	-	77,000	148,950
Water Utility - Reserve	145,817	3,812	-	149,629
Wastewater Utility - Operating	811,136	948,027	1,105,466	653,697
Wastewater Utility - Bond and Interest	86,637	346,950	278,102	155,485
Wastewater Utility - Depreciation	11,546	-	-	11,546
Wastewater Utility - Customer Deposit	-	2,880	40	2,840
Wastewater Utility - Construction	1,175,797	-	1,072,505	103,292
Wastewater Utility - Reserve	147,341	3,812	-	151,153
Electric Utility - Operating	145,032	4,972,892	4,840,680	277,244
Electric Utility - Depreciation	953,801	516,442	947,911	522,332
Electric Utility - Customer Deposit	211,756	52,745	51,794	212,707
Electric Utility - Construction	7,470	17,529	17,937	7,062
Electric Utility - Reserve	55,257	-	-	55,257
<b>Fiduciary Funds:</b>				
Cemetery Badger	179,107	78,936	32,645	225,398
Cemetery Breeding	15,388	695	-	16,083
Cemetery Conover	2,888	-	-	2,888
Cemetery Dorsey	1,892	31	-	1,923
Cemetery Edna Jordan	173	-	-	173
Cemetery Flower	44,100	1,252	-	45,352
Cemetery Gertrude Amos	373	451	79	745
Cemetery Graham	4,103	-	-	4,103
Cemetery Mooney	21,445	210	-	21,655
Cemetery Ollie Christie	1,847	32	-	1,879
Cemetery Perpetual Care	84,828	12,361	8,933	88,256
Levy Excess	60,582	-	60,582	-
Payroll	28,251	2,174,807	2,173,897	29,161
<b>Totals</b>	<b>\$ 6,416,025</b>	<b>\$ 15,506,322</b>	<b>\$ 16,847,688</b>	<b>\$ 5,074,659</b>

The accompanying notes are an integral part of the schedules.

TOWN OF EDINBURGH  
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

The Town was established under the laws of the State of Indiana. The Town provides the following services: public safety, culture and recreation, planning and zoning, general administrative, electric, water, and wastewater services.

Note 2. Fund Accounting

The Town uses funds to report on its cash and investments and the results of its operations on a cash basis. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities.

Note 3. Budgets

The operating budget is initially prepared and approved at the local level. In addition, funds for which property taxes are levied or highway use taxes are received are subject to final approval by the Indiana Department of Local Government Finance.

Note 4. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the Town in June and December. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100% of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which become delinquent if not paid by May 10 and November 10, respectively. All property taxes collected by the County Treasurer and available for distribution were distributed to the Town on or prior to December 31 of the year collected.

Note 5. Deposits and Investments

Deposits, made in accordance with Indiana Code 5-13, with financial institutions in the State of Indiana at year end were entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

State statute (IC 5-13-9) authorizes the Town to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

TOWN OF EDINBURGH  
NOTES TO FINANCIAL INFORMATION  
(Continued)

Note 6. Pension Plan

Public Employees' Retirement Fund

Plan Description

The Town contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF Board, most requirements of the system, and give the Town authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

PERF administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

Public Employees' Retirement Fund  
Harrison Building, Room 800  
143 West Market Street  
Indianapolis, IN 46204  
Ph. (317) 233-4162

Funding Policy and Annual Pension Cost

The contribution requirements of the plan members for PERF are established by the Board of Trustees of PERF.

Note 7. Long-Term Debt

The Town has entered into debt for bonds for golf course construction and capital leases for vehicles and equipment. The outstanding principal at December 31, 2002, was \$5,755,000, and \$975,270, respectively.

Note 8. Subsequent Event

The Town entered into a capital lease in 2005 for a fire truck. The total principal financed for the asset is \$300,000.

TOWN OF EDINBURGH  
EXAMINATION RESULTS AND COMMENTS

DEPOSITS

As stated in the prior report, there were instances receipts were deposited later than the next business day.

Indiana Code 5-13-6-1(d) states: "A city (other than a consolidated city) or a town shall deposit funds not later than the next business day following the receipt of the funds in depositories (1) selected by the city or town as provided in an ordinance adopted by the city or the town; and (2) approved as depositories of state funds."

CAPITAL ASSET RECORDS

Information presented for examination did not indicate an accurate record of the Town's capital assets was being maintained.

Every governmental unit should have a complete inventory of all capital assets owned which reflect their acquisition value. Such inventory should be recorded in the Capital Assets Ledger. A complete inventory should be taken every year for good internal control and for verifying account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TOWN OF EDINBURGH  
EXIT CONFERENCE

The contents of this report were discussed on March 26, 2007, with Jackie Smith, Clerk-Treasurer; John R. Drybread, Council member; and Mary Patterson, Deputy Clerk-Treasurer. The officials concurred with our findings.