

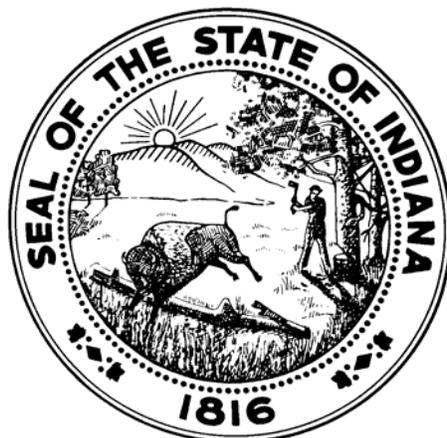
**STATE BOARD OF ACCOUNTS**  
**302 West Washington Street**  
**Room E418**  
**INDIANAPOLIS, INDIANA 46204-2769**

AUDIT REPORT

OF

WATER, WASTEWATER, AND ELECTRIC UTILITY  
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
	Jeffrey Simpson	01-01-04 to 12-31-04
	Bill Davis	01-01-05 to 12-31-07
Electric Superintendent	Darrell Burton	01-01-01 to 12-31-07
Water Superintendent	Mike Pendleton	01-01-01 to 12-31-07
Wastewater Superintendent	Glen Giles	01-01-01 to 12-31-07



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
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INDIANAPOLIS, INDIANA 46204-2769

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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE WATER, WASTEWATER, AND ELECTRIC UTILITY, TOWN OF EDINBURGH, JOHNSON COUNTY, INDIANA

We have audited the accompanying financial statements of the business-type activities of the Water, Wastewater, and Electric Utility (Utilities), departments of the Town of Edinburgh, as of and for the years ended December 31, 2001 and 2002. These financial statements are the responsibility of the Utility's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as described below, we conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note I, the financial statements of the Water, Wastewater, and Electric Utility, Town of Edinburgh, are intended to present the financial position, and the changes in financial position and cash flows of only that portion of the business-type activities of the Town that is attributable to the transactions of the Utility. They do not purport to, and do not, present fairly the financial position of the Town of Edinburgh as of December 31, 2001 and 2002, and the changes in its financial position and its cash flows, where applicable, for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The Water, Wastewater, and Electric Utilities did not maintain sufficient capital asset records. Due to the lack of supporting documentation, capital asset valuation cannot be verified. As the capital assets constitute the major portion of the Balance Sheet, any uncertainty concerning capital assets similarly affects the Balance Sheet.

In our opinion, except for the effects, if any, of the deficiency in capital assets records discussed in the preceding paragraph, the financial statements of the enterprise funds present fairly, in all material respects, the financial position of each major proprietary funds as of December 31, 2001 and 2002, and the respective changes in financial position and cash flows, where applicable, thereof and for the years then ended, in conformity with accounting principles generally accepted in the United States.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The Management's Discussion and Analysis is presented for purposes of additional analysis and is not a required part of the basic financial statements. The Management's Discussion and Analysis has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

STATE BOARD OF ACCOUNTS

March 26, 2007

WATER, WASTEWATER, AND ELECTRIC UTILITY  
TOWN OF EDINBURGH  
STATEMENT OF NET ASSETS  
December 31, 2001 And 2002

Assets	2001			2002		
	Water	Electric	Wastewater	Water	Electric	Wastewater
<b>Current assets:</b>						
Cash and cash equivalents	\$ 32,625	\$ 45,032	\$ 311,136	\$ 164,183	\$ 177,244	\$ 153,697
Investments	50,000	100,000	500,000	50,000	100,000	500,000
Interest receivable	1,847	3,695	11,832	1,031	2,063	7,092
Accounts receivable	65,367	455,284	89,533	60,538	408,152	80,816
Accounts receivable - other	996	544	1,688	996	544	1,688
Interfund receivables	9,660	12,432	-	186	11,232	-
Materials and supplies	46,514	518,843	-	47,541	482,976	-
Prepaid items	6,963	10,028	12,704	7,513	12,082	12,803
<b>Total current assets</b>	<b>213,972</b>	<b>1,145,858</b>	<b>926,893</b>	<b>331,988</b>	<b>1,194,293</b>	<b>756,096</b>
<b>Noncurrent assets:</b>						
<b>Restricted cash, cash equivalents and investments:</b>						
Depreciation cash and cash equivalents	7,306	453,801	11,546	7,306	22,332	11,546
Depreciation investments	-	500,000	-	-	500,000	-
Bond and interest cash and cash equivalents	101,190	-	86,637	94,000	-	155,485
Reserve cash and cash equivalents	15,817	55,257	17,341	19,629	55,257	21,153
Reserve investments	130,000	-	130,000	130,000	-	130,000
Customer meter deposits cash and cash equivalents	40,960	111,756	-	41,340	112,707	2,840
Customer meter deposits investments	-	100,000	-	-	100,000	-
Project safe cash and cash equivalents	-	7,470	-	-	7,062	-
Construction cash and cash equivalents	225,950	-	1,175,797	148,950	-	103,292
Interest receivable	2,375	17,826	2,375	1,577	9,802	1,577
<b>Total restricted assets</b>	<b>523,598</b>	<b>1,246,110</b>	<b>1,423,696</b>	<b>442,802</b>	<b>807,160</b>	<b>425,893</b>
Deferred charges	15,448	-	69,958	13,388	-	63,367
<b>Capital assets:</b>						
Land, improvements to land and construction in progress	10,521	58,357	678,377	10,521	969,028	1,661,145
Other capital assets (net of accumulated depreciation)	1,982,901	1,496,731	3,350,133	1,927,136	1,398,287	3,385,341
<b>Total capital assets</b>	<b>1,993,422</b>	<b>1,555,088</b>	<b>4,028,510</b>	<b>1,937,657</b>	<b>2,367,315</b>	<b>5,046,486</b>
<b>Total noncurrent assets</b>	<b>2,532,468</b>	<b>2,801,198</b>	<b>5,522,164</b>	<b>2,393,847</b>	<b>3,174,475</b>	<b>5,535,746</b>
<b>Total assets</b>	<b>2,746,440</b>	<b>3,947,056</b>	<b>6,449,057</b>	<b>2,725,835</b>	<b>4,368,768</b>	<b>6,291,842</b>
<b>Liabilities</b>						
<b>Current liabilities:</b>						
Accounts payable	12,750	319,103	236,055	10,824	279,916	18,090
Interfund payables	707	-	9,660	707	186	-
Wages payable	4,765	9,067	6,434	4,514	12,271	5,923
Taxes payable	1,321	9,432	-	1,763	11,223	-
<b>Current liabilities payable from restricted assets:</b>						
Customer deposits	40,960	211,756	-	41,340	212,707	2,840
Capital leases payable	8,074	24,213	4,171	793	12,596	3,593
Revenue bonds payable	75,000	-	160,000	80,000	-	156,000
Accrued interest payable	26,623	1,125	51,334	24,554	6,416	60,474
<b>Total current liabilities</b>	<b>170,200</b>	<b>574,696</b>	<b>467,654</b>	<b>164,495</b>	<b>535,315</b>	<b>246,920</b>
<b>Noncurrent liabilities:</b>						
Revenue bonds payable (net of unamortized discounts and deferred amount on refunding)	898,771	-	2,098,428	823,966	-	1,957,971
Capital leases payable	3,948	15,086	8,798	2,429	2,490	5,205
Notes/loans payable	-	-	-	-	500,000	-
<b>Total noncurrent liabilities</b>	<b>902,719</b>	<b>15,086</b>	<b>2,107,226</b>	<b>826,395</b>	<b>502,490</b>	<b>1,963,176</b>
<b>Total liabilities</b>	<b>1,072,919</b>	<b>589,782</b>	<b>2,574,880</b>	<b>990,890</b>	<b>1,037,805</b>	<b>2,210,096</b>
<b>Net Assets</b>						
Invested in capital assets, net of related debt	988,312	2,468,465	1,717,325	1,013,221	2,368,145	2,874,789
Restricted for debt service	247,007	55,257	233,978	243,629	55,257	306,638
Restricted for customer deposits	40,960	211,756	-	41,340	212,707	2,840
Restricted for construction	225,950	-	1,175,797	148,950	-	103,292
Unrestricted	171,292	621,796	747,077	287,805	694,854	794,187
<b>Total net assets</b>	<b>\$ 1,673,521</b>	<b>\$ 3,357,274</b>	<b>\$ 3,874,177</b>	<b>\$ 1,734,945</b>	<b>\$ 3,330,963</b>	<b>\$ 4,081,746</b>

The notes to the financial statements are an integral part of this statement.

WATER, WASTEWATER, AND ELECTRIC UTILITY  
TOWN OF EDINBURGH  
STATEMENT OF REVENUES, EXPENSES AND OTHER CHANGES IN FUND NET ASSETS  
As Of And For The Years Ended December 31, 2001 And 2002

	2001			2002		
	Water	Electric	Wastewater	Water	Electric	Wastewater
Operating revenues:						
Metered water revenue:						
Residential	\$ 293,729	\$ 1,264,749	\$ 399,033	\$ 302,762	\$ 1,231,805	\$ 486,816
Commercial	126,572	278,290	222,661	131,950	287,545	269,506
Industrial	-	2,099,266	-	-	1,991,272	-
Primary sales	-	1,064,234	-	-	1,048,306	-
Street lighting	-	18,746	-	-	18,746	-
Security lights	-	33,840	-	-	37,046	-
Storm sewer rental	-	-	68,280	-	-	68,280
Fire protection revenue	183,199	-	-	183,232	-	-
Penalties	3,547	35,493	4,848	3,551	18,726	5,566
Other	14,079	-	31,771	51,030	-	62,646
Total operating revenues	<u>621,126</u>	<u>4,794,618</u>	<u>726,593</u>	<u>672,525</u>	<u>4,633,446</u>	<u>892,814</u>
Operating expenses:						
Power supply expense:						
Power purchased	-	3,754,508	-	-	3,576,526	-
Distribution expense:						
Operation supply labor	-	48,446	-	-	50,470	-
Salaries and wages	-	224,716	-	-	274,463	-
Meter expense	-	3,919	-	-	9,096	-
Transportation expense	-	10,499	-	-	12,077	-
Rent expense	-	450	-	-	671	-
Other	-	79,577	-	-	49,412	-
Plant operation:						
Salaries and wages	191,098	-	177,628	185,584	-	205,272
Fuel and power purchased	41,770	-	54,262	38,476	-	68,784
Materials and supplies	3,457	-	11,028	4,896	-	7,536
Contractual services	-	-	63,991	-	-	2,895
Other	33,775	-	22,181	21,070	-	2,896
Maintenance expense:						
Materials and supplies	-	-	22,530	-	-	17,330
Overhead lines	-	12,550	-	-	21,794	-
Underground lines	-	15,494	-	-	25,978	-
Line transformer	-	1,938	-	-	618	-
Street and signal	-	6,678	-	-	5,834	-
Repair of equipment	-	4,670	-	-	8,314	-
Other	27,385	3,532	-	48,072	12,503	-
Customer accounts:						
Meter reading labor	-	25,043	-	-	1,907	-
Records and collections	27,830	76,868	42,050	30,143	66,155	31,115
Contractual services	-	-	32,926	-	-	14,875
Bad debt expense	-	-	-	1,036	11,188	-
General:						
Office salaries	-	43,807	-	-	36,445	-
Office supplies	8,398	6,407	7,558	11,112	4,281	11,119
Outside services	20,919	91,414	20,811	13,095	60,158	4,667
Insurance	57,378	98,480	49,985	64,731	113,980	58,320
Other	18,231	32,693	21,932	14,569	36,562	6,939
Employee pension and benefits	37,576	123,400	29,938	34,057	125,823	28,573
Depreciation	91,933	251,750	114,785	96,185	259,042	119,147
Total operating expenses	<u>559,750</u>	<u>4,916,839</u>	<u>671,605</u>	<u>563,026</u>	<u>4,763,297</u>	<u>579,468</u>
Operating income (loss)	<u>61,376</u>	<u>(122,221)</u>	<u>54,988</u>	<u>109,499</u>	<u>(129,851)</u>	<u>313,346</u>
Nonoperating revenues (expenses):						
Interest and investment revenue	25,640	76,342	65,932	10,209	39,650	32,926
Miscellaneous revenue	-	46,866	-	-	78,718	-
Interest expense	(60,018)	(12,133)	(91,446)	(56,224)	(14,828)	(132,112)
Miscellaneous expense	(2,060)	(9,671)	(4,131)	(2,060)	-	(6,591)
Total nonoperating revenues (expenses)	<u>(36,438)</u>	<u>101,404</u>	<u>(29,645)</u>	<u>(48,075)</u>	<u>103,540</u>	<u>(105,777)</u>
Income (loss) before contributions and transfers	24,938	(20,817)	25,343	61,424	(26,311)	207,569
Transfers out	-	(300,000)	-	-	-	-
Change in net assets	24,938	(320,817)	25,343	61,424	(26,311)	207,569
Total net assets - beginning	<u>1,648,583</u>	<u>3,678,091</u>	<u>3,848,834</u>	<u>1,673,521</u>	<u>3,357,274</u>	<u>3,874,177</u>
Total net assets - ending	<u>\$ 1,673,521</u>	<u>\$ 3,357,274</u>	<u>\$ 3,874,177</u>	<u>\$ 1,734,945</u>	<u>\$ 3,330,963</u>	<u>\$ 4,081,746</u>

The notes to the financial statements are an integral part of this statement.

WATER, WASTEWATER, AND ELECTRIC UTILITY  
TOWN OF EDINBURGH  
STATEMENT OF CASH FLOWS  
ENTERPRISE FUNDS  
As Of And For The Years Ended December 31, 2001 And 2002

	2001			2002		
	Water	Electric	Wastewater	Water	Electric	Wastewater
Cash flows from operating activities:						
Receipts from customers and users	\$ 620,720	\$ 4,859,044	\$ 719,691	\$ 676,318	\$ 4,669,390	\$ 901,531
Payments to suppliers and contractors	(232,438)	(4,060,202)	(67,543)	(201,062)	(3,866,843)	(420,245)
Payments for taxes	(8,357)	(65,230)	-	(8,166)	(72,207)	-
Payments to employees	(255,620)	(541,481)	(246,735)	(250,035)	(552,059)	(265,471)
Other receipts (payments)	(5,000)	35,969	-	-	78,718	-
Net cash provided by operating activities	<u>119,305</u>	<u>228,100</u>	<u>405,413</u>	<u>217,055</u>	<u>256,999</u>	<u>215,815</u>
Cash flows from noncapital financing activities:						
Transfer to other funds	-	(300,000)	-	-	-	-
Cash flows from capital and related financing activities:						
Proceeds from capital debt	-	-	1,523,665	-	500,000	-
Acquisition and construction of capital assets	(154,807)	(291,732)	(826,334)	(40,420)	(1,071,269)	(1,137,123)
Principal paid on capital debt	(77,448)	(22,973)	(81,588)	(83,800)	(24,213)	(164,171)
Interest paid on capital debt	(56,156)	(11,008)	(50,502)	(53,098)	(9,537)	(107,429)
Net cash provided (used) by capital and related financing activities	<u>(288,411)</u>	<u>(325,713)</u>	<u>565,241</u>	<u>(177,318)</u>	<u>(605,019)</u>	<u>(1,408,723)</u>
Cash flows from investing activities:						
Interest received	<u>25,243</u>	<u>76,701</u>	<u>64,363</u>	<u>11,823</u>	<u>49,306</u>	<u>38,464</u>
Net cash provided by investing activities	<u>25,243</u>	<u>76,701</u>	<u>64,363</u>	<u>11,823</u>	<u>49,306</u>	<u>38,464</u>
Net increase (decrease) in cash and cash equivalents	(143,863)	(320,912)	1,035,017	51,560	(298,714)	(1,154,444)
Cash and cash equivalents, January 1	<u>567,711</u>	<u>994,228</u>	<u>567,440</u>	<u>423,848</u>	<u>673,316</u>	<u>1,602,457</u>
Cash and cash equivalents, December 31	<u>\$ 423,848</u>	<u>\$ 673,316</u>	<u>\$ 1,602,457</u>	<u>\$ 475,408</u>	<u>\$ 374,602</u>	<u>\$ 448,013</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:						
Operating income (loss)	\$ 61,376	\$ (122,221)	\$ 54,988	\$ 109,499	\$ (129,851)	\$ 313,346
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:						
Depreciation expense	91,933	251,750	114,785	96,185	259,042	119,147
Other revenues	-	50,320	-	-	78,718	-
Other expenses	(5,000)	(14,351)	-	-	-	-
(Increase) decrease in assets:						
Accounts receivable	(406)	64,426	(6,902)	4,829	47,132	8,717
Interfund receivables	(9,660)	(12,432)	-	9,474	1,200	-
Inventories	(16,315)	39,224	-	(1,027)	35,867	-
Prepaid items	(939)	(4,198)	(1,653)	(550)	(2,054)	(99)
Increase (decrease) in liabilities:						
Accounts payable	(4,377)	(37,237)	231,654	(1,926)	(39,187)	(217,965)
Interfund payables	707	-	9,660	-	186	(9,660)
Wages payable	884	799	2,881	(251)	3,204	(511)
Taxes payable	(36)	1,194	-	442	1,791	-
Customer deposits	1,138	10,826	-	380	951	2,840
Total adjustments	<u>57,929</u>	<u>350,321</u>	<u>350,425</u>	<u>107,556</u>	<u>386,850</u>	<u>(97,531)</u>
Net cash provided by operating activities	<u>\$ 119,305</u>	<u>\$ 228,100</u>	<u>\$ 405,413</u>	<u>\$ 217,055</u>	<u>\$ 256,999</u>	<u>\$ 215,815</u>

The notes to the financial statements are an integral part of this statement.

WATER, WASTEWATER, AND ELECTRIC UTILITY  
TOWN OF EDINBURGH  
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

The financial statements reflect only the activity of the Utilities and are not intended to present fairly the position of the Town of Edinburgh (Town), and the results of its operations and cash flows of its enterprise funds. The Utilities, whose operations are controlled by the Town, represents the Town's enterprise funds.

B. Fund Financial Statements

Business-type activity financial statements consist of the Statement of Net Assets; Statement of Revenues, Expenses, and Other Changes in Fund Net Assets; and the Statement of Cash Flows. Business-type activities rely to a significant extent on fees and charges for support.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The accounts of the business-type activity are maintained and the financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when incurred.

Proprietary funds distinguish operating revenues from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

D. Assets, Liabilities and Net Assets or Equity

1. Deposits and Investments

The Utilities' cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statute (IC 5-13-9) authorizes the Utility 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.

Nonparticipating certificates of deposit, demand deposits and similar nonparticipating negotiable instruments that are not reported as cash and cash equivalents are reported as investments at cost.

Debt securities are reported at fair value. Debt securities are defined as securities backed by the full faith and credit of the United States Treasury or fully insured or guaranteed by the United States or any United States government agency.

WATER, WASTEWATER, AND ELECTRIC UTILITY  
TOWN OF EDINBURGH  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Open-end mutual funds are reported at fair value.

Money market investments that mature within one year or less at the date of their acquisition are reported at amortized cost. Other money market investments are reported at fair value.

Investment income, including changes in the fair value of investments, is reported as revenue in the operating statement.

2. Inventories and Prepaid Items

All inventories are valued at cost using the first in/first out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

3. Restricted Assets

Certain proceeds of the enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net assets balance sheet because they are maintained in separate bank accounts and their use is limited by applicable bond ordinances and customer deposit policies.

4. Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the financial statements.

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

Capitalization thresholds (the dollar values above which asset acquisitions are added to the capital asset accounts), depreciation methods and estimated useful lives of capital assets are as follows:

	Capitalization Threshold	Depreciation Method	Depreciation Rate
Water Utility:			
Buildings	\$ 500	Composite rate	1.5%
Improvements other than buildings	500	Composite rate	1.5%
Machinery and equipment	500	Composite rate	10.0%
Transportation equipment	500	Composite rate	10.0%
Wastewater Utility:			
Buildings	500	Composite rate	1.5%
Improvements other than buildings	500	Composite rate	1.5%
Machinery and equipment	500	Composite rate	10.0%
Transportation equipment	500	Composite rate	10.0%

WATER, WASTEWATER, AND ELECTRIC UTILITY  
TOWN OF EDINBURGH  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Electric Utility:

Buildings	\$	500	Composite rate	3.0%
Improvements other than buildings		500	Composite rate	3.0%
Machinery and equipment		500	Composite rate	10.0%
Transportation equipment		500	Composite rate	10.0%

For depreciated assets, the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The total interest paid by the Wastewater Utility during 2001 was \$101,821 and 2002 was \$125,981. Of the amount, \$28,022 for 2001 and \$81,637 for 2002 was included as part of the cost of capital assets under construction in connection with the biosolids project.

5. Compensated Absences

- a. Sick Leave – Utility employees earn sick leave at the rate of 6 days per year. Unused sick leave may be accumulated to a maximum of 12 days. Accumulated sick leave is not paid to employees upon retirement or termination.
- b. Vacation Leave – Utility employees earn vacation leave at rates from 5 days to 25 days per year based upon the number of years of service. Vacation leave does not accumulate from year to year. Accumulated vacation leave is paid to employees through cash payments upon retirement or termination.

No liability is reported for vacation and sick leave.

6. Long-Term Obligations

Long-term debt and other long-term obligations are reported as liabilities in the statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

II. Detailed Notes on All Funds

A. 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.

WATER, WASTEWATER, AND ELECTRIC UTILITY  
TOWN OF EDINBURGH  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

B. Capital Assets

Capital asset activity for the years ended December 31, 2001 and 2002, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
2001 Water:				
Capital assets, not being depreciated:				
Land	\$ 10,521	\$ -	\$ -	\$ 10,521
Capital assets, being depreciated:				
Improvements other than buildings	2,430,161	80,886	-	2,511,047
Machinery and equipment	483,141	70,425	-	553,566
Transportation equipment	<u>21,920</u>	<u>-</u>	<u>-</u>	<u>21,920</u>
Totals	<u>2,935,222</u>	<u>151,311</u>	<u>-</u>	<u>3,086,533</u>
Less accumulated depreciation for:				
Improvements other than buildings	1,011,701	37,346	-	1,049,047
Machinery and equipment	-	52,395	-	52,395
Transportation equipment	<u>-</u>	<u>2,192</u>	<u>-</u>	<u>2,192</u>
Totals	<u>1,011,701</u>	<u>91,933</u>	<u>-</u>	<u>1,103,634</u>
Total capital assets, being depreciated, net	<u>1,923,521</u>	<u>59,378</u>	<u>-</u>	<u>1,982,899</u>
Total capital assets, net	<u>\$ 1,934,042</u>	<u>\$ 59,378</u>	<u>\$ -</u>	<u>\$ 1,993,420</u>
2001 Wastewater:				
Capital assets, not being depreciated:				
Land	\$ 52,792	\$ -	\$ -	\$ 52,792
Construction in progress	<u>12,889</u>	<u>612,696</u>	<u>-</u>	<u>625,585</u>
Total capital assets, not being depreciated	<u>65,681</u>	<u>612,696</u>	<u>-</u>	<u>678,377</u>
Capital assets, being depreciated:				
Improvements other than buildings	4,739,608	162,540	-	4,902,148
Machinery and equipment	271,814	36,254	-	308,068
Transportation equipment	<u>127,596</u>	<u>-</u>	<u>-</u>	<u>127,596</u>
Totals	<u>5,139,018</u>	<u>198,794</u>	<u>-</u>	<u>5,337,812</u>

WATER, WASTEWATER, AND ELECTRIC UTILITY  
TOWN OF EDINBURGH  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
2001 Wastewater (continued):				
Capital assets, being depreciated:				
Less accumulated depreciation for:				
Improvements other than buildings	1,872,894	72,513	-	1,945,407
Machinery and equipment	-	29,513	-	29,513
Transportation equipment	-	12,759	-	12,759
Totals	<u>1,872,894</u>	<u>114,785</u>	<u>-</u>	<u>1,987,679</u>
Total capital assets, being depreciated, net	<u>3,266,124</u>	<u>84,009</u>	<u>-</u>	<u>3,350,133</u>
Total capital assets, net	<u>\$ 3,331,805</u>	<u>\$ 696,705</u>	<u>\$ -</u>	<u>\$ 4,028,510</u>
2001 Electric:				
Capital assets, not being depreciated:				
Land	\$ 11,807	\$ -	\$ -	\$ 11,807
Construction in progress	-	46,550	-	46,550
Total capital assets, not being depreciated	<u>11,807</u>	<u>46,550</u>	<u>-</u>	<u>58,357</u>
Capital assets, being depreciated:				
Improvements other than buildings	2,964,014	106,367	-	3,070,381
Buildings	254,981	2,103	-	257,084
Machinery and equipment	906,114	49,150	4,680	950,584
Transportation equipment	605,186	-	-	605,186
Totals	<u>4,730,295</u>	<u>157,620</u>	<u>4,680</u>	<u>4,883,235</u>
Less accumulated depreciation for:				
Improvements other than buildings	3,139,434	90,698	-	3,230,132
Buildings	-	7,660	-	7,660
Machinery and equipment	-	92,873	4,680	88,193
Transportation equipment	-	60,519	-	60,519
Totals	<u>3,139,434</u>	<u>251,750</u>	<u>4,680</u>	<u>3,386,504</u>
Total capital assets, being depreciated, net	<u>1,590,861</u>	<u>(94,130)</u>	<u>-</u>	<u>1,496,731</u>
Total capital assets, net	<u>\$ 1,602,668</u>	<u>\$ (47,580)</u>	<u>\$ -</u>	<u>\$ 1,555,088</u>

WATER, WASTEWATER, AND ELECTRIC UTILITY  
TOWN OF EDINBURGH  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
2002 Water:				
Capital assets, not being depreciated:				
Land	\$ 10,521	\$ -	\$ -	\$ 10,521
Capital assets, being depreciated:				
Improvements other than buildings	2,511,047	31,212	-	2,542,259
Distribution and collection systems	553,566	9,211	-	562,777
Machinery and equipment	<u>21,920</u>	<u>-</u>	<u>-</u>	<u>21,920</u>
Totals	<u>3,086,533</u>	<u>40,423</u>	<u>-</u>	<u>3,126,956</u>
Less accumulated depreciation for:				
Improvements other than buildings	1,103,634	37,946	-	1,141,580
Distribution and collection systems	-	56,047	-	56,047
Machinery and equipment	<u>-</u>	<u>2,192</u>	<u>-</u>	<u>2,192</u>
Totals	<u>1,103,634</u>	<u>96,185</u>	<u>-</u>	<u>1,199,819</u>
Total capital assets, being depreciated, net	<u>1,982,899</u>	<u>(55,762)</u>	<u>-</u>	<u>1,927,137</u>
Total capital assets, net	<u>\$ 1,993,420</u>	<u>\$ (55,762)</u>	<u>\$ -</u>	<u>\$ 1,937,658</u>
2002 Wastewater:				
Capital assets, not being depreciated:				
Land	\$ 52,792	\$ -	\$ -	\$ 52,792
Construction in progress	<u>625,585</u>	<u>982,768</u>	<u>-</u>	<u>1,608,353</u>
Total capital assets, not being depreciated	<u>678,377</u>	<u>982,768</u>	<u>-</u>	<u>1,661,145</u>
Capital assets, being depreciated:				
Improvements other than buildings	4,902,148	136,325	-	5,038,473
Machinery and equipment	308,068	18,030	-	326,098
Transportation equipment	<u>127,596</u>	<u>-</u>	<u>-</u>	<u>127,596</u>
Totals	<u>5,337,812</u>	<u>154,355</u>	<u>-</u>	<u>5,492,167</u>

WATER, WASTEWATER, AND ELECTRIC UTILITY  
TOWN OF EDINBURGH  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
2002 Wastewater (continued)				
Capital assets, being depreciated:				
Less accumulated depreciation for:				
Improvements other than buildings	1,987,679	74,249	-	2,061,928
Machinery and equipment	-	32,138	-	32,138
Transportation equipment	-	12,760	-	12,760
	<u>1,987,679</u>	<u>119,147</u>	<u>-</u>	<u>2,106,826</u>
Totals	<u>1,987,679</u>	<u>119,147</u>	<u>-</u>	<u>2,106,826</u>
Total capital assets, being depreciated, net	<u>3,350,133</u>	<u>35,208</u>	<u>-</u>	<u>3,385,341</u>
Total capital assets, net	<u>\$ 4,028,510</u>	<u>\$ 1,017,976</u>	<u>\$ -</u>	<u>\$ 5,046,486</u>
2002 Electric:				
Capital assets, not being depreciated:				
Land	\$ 11,807	\$ -	\$ -	\$ 11,807
Construction in progress	46,550	910,671	-	957,221
	<u>58,357</u>	<u>910,671</u>	<u>-</u>	<u>969,028</u>
Total capital assets, not being depreciated	<u>58,357</u>	<u>910,671</u>	<u>-</u>	<u>969,028</u>
Capital assets, being depreciated:				
Improvements other than buildings	3,070,381	140,848	-	3,211,229
Buildings	257,084	-	-	257,084
Machinery and equipment	950,584	19,750	-	970,334
Transportation equipment	605,186	-	-	605,186
	<u>4,883,235</u>	<u>160,598</u>	<u>-</u>	<u>5,043,833</u>
Totals	<u>4,883,235</u>	<u>160,598</u>	<u>-</u>	<u>5,043,833</u>
Less accumulated depreciation for:				
Improvements other than buildings	3,386,504	94,839	-	3,481,343
Buildings	-	7,713	-	7,713
Machinery and equipment	-	95,971	-	95,971
Transportation equipment	-	60,519	-	60,519
	<u>3,386,504</u>	<u>259,042</u>	<u>-</u>	<u>3,645,546</u>
Totals	<u>3,386,504</u>	<u>259,042</u>	<u>-</u>	<u>3,645,546</u>
Total capital assets, being depreciated, net	<u>1,496,731</u>	<u>(98,444)</u>	<u>-</u>	<u>1,398,287</u>
Total capital assets, net	<u>\$ 1,555,088</u>	<u>\$ 812,227</u>	<u>\$ -</u>	<u>\$ 2,367,315</u>

WATER, WASTEWATER, AND ELECTRIC UTILITY  
TOWN OF EDINBURGH  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

D. Construction Commitments

Construction work in progress is composed of the following:

Project	Total Project Authorized	Expended to December 31, 2002	Required Future Funding
Wastewater - plant improvement	\$ 5,001,472	\$ 35,500	\$ 4,965,972
Wastewater - biosolids handling project	1,572,853	1,572,853	-
Electric - substations	957,221	957,221	-
Totals	<u>\$ 7,531,546</u>	<u>\$ 2,565,574</u>	<u>\$ 4,965,972</u>

E. Interfund Balances and Activity

Interfund Receivables and Payables

The composition of interfund balances as of December 31, 2001 and 2002, are as follows:

Due To	Due From				Total
	General Fund	Water Utility	Wastewater Utility	Electric Utility	
2001:					
Water Utility	\$ -	\$ -	\$ 9,660	\$ -	\$ 9,660
Electric Utility	11,725	707	-	-	12,432
Totals	<u>\$ 11,725</u>	<u>\$ 707</u>	<u>\$ 9,660</u>	<u>\$ -</u>	<u>\$ 22,092</u>
2002:					
Water Utility	\$ -	\$ -	\$ -	\$ 186	\$ 186
Electric Utility	10,525	707	-	-	11,232
Totals	<u>\$ 10,525</u>	<u>\$ 707</u>	<u>\$ -</u>	<u>\$ 186</u>	<u>\$ 11,418</u>

Interfund balances resulted from expenditures mistakenly being paid from the wrong fund.

WATER, WASTEWATER, AND ELECTRIC UTILITY  
TOWN OF EDINBURGH  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

F. Capital Leases

The Utilities have entered into various capital leases for a phone system, a skid loader, a pickup truck, and a backhoe. Future minimum lease payments and present values of the net minimum lease payments under these capital leases as of December 31, 2002, are as follows:

2003	\$ 18,544
2004	6,082
2005	3,015
2006	<u>2,926</u>
Total minimum lease payments	30,567
Less amount representing interest	<u>3,461</u>
Present value of net minimum lease payments	<u>\$ 27,106</u>

Assets acquired through capital leases still in effect are as follows:

	<u>Water Utility</u>	<u>Electric Utility</u>	<u>Wastewater Utility</u>
Machinery and equipment	<u>\$ 3,948</u>	<u>\$ 107,818</u>	<u>\$ 16,548</u>

G. Long-Term Liabilities

1. Revenue Bonds

The Utility issues bonds to be paid by income derived from the acquired or constructed assets. Revenue bonds outstanding at year end are as follows:

<u>Purposes</u>	<u>Interest Rates</u>	<u>Amount</u>
1993 Water refunding bond	3% to 6%	\$ 245,000
1997 Water revenue bond, waterworks improvements	4.4% to 5.2%	695,000
1993 Wastewater refunding bond	3% to 6%	720,000
2001 Wastewater revenue bond, biosolids project	5%	<u>1,500,000</u>
Total		<u>\$ 3,160,000</u>

WATER, WASTEWATER, AND ELECTRIC UTILITY  
TOWN OF EDINBURGH  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Revenue bonds debt service requirements to maturity are as follows:

Year Ended December 31	Water Utility		Wastewater Utility	
	Principal	Interest	Principal	Interest
2003	\$ 80,000	\$ 49,065	\$ 156,000	\$ 120,905
2004	80,000	45,175	166,000	450,273
2005	90,000	41,225	175,000	103,733
2006	90,000	36,595	190,000	93,833
2007	95,000	31,745	200,000	83,070
2008-2012	425,000	83,440	774,000	256,239
2013-2017	80,000	4,160	559,000	75,498
Totals	<u>\$ 940,000</u>	<u>\$ 291,405</u>	<u>\$ 2,220,000</u>	<u>\$ 1,183,551</u>

2. Notes and Loans Payable

The Electric Utility has entered into a loan for transformers. Annual debt service requirements to maturity for the loan, including interest of \$26,917, are as follows:

2003	<u>\$ 526,917</u>
------	-------------------

3. Advance Refunding

In prior years, the Utility defeased certain revenue and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments of the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. The following outstanding bonds, at December 31, 2002, were considered defeased:

	<u>Amount</u>
1988 Water Revenue Bond	\$ 417,000
1962 Wastewater Revenue Bond	165,000
1988 Wastewater Revenue Bond	1,175,000

4. Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2001 and 2002, were as follows:

WATER, WASTEWATER, AND ELECTRIC UTILITY  
TOWN OF EDINBURGH  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
2001:					
Revenue bonds payable:					
Water Utility	\$ 1,085,000	\$ -	\$ 70,000	\$ 1,015,000	\$ 75,000
Wastewater Utility	885,000	1,575,000	80,000	2,380,000	160,000
Less deferred amount on refunding	165,092	-	19,423	145,669	-
Less unamortized discount	<u>7,780</u>	<u>10,000</u>	<u>648</u>	<u>17,132</u>	<u>-</u>
 Total revenue bonds payable	 1,797,128	 1,565,000	 129,929	 3,232,199	 235,000
 Capital leases payable	 <u>94,833</u>	 <u>11,844</u>	 <u>42,387</u>	 <u>64,290</u>	 <u>37,184</u>
 Total long-term liabilities	 <u>\$ 1,891,961</u>	 <u>\$ 1,576,844</u>	 <u>\$ 172,316</u>	 <u>\$ 3,296,489</u>	 <u>\$ 272,184</u>
2002:					
Revenue bonds payable:					
Water Utility	\$ 1,015,000	\$ -	\$ 75,000	\$ 940,000	\$ 80,000
Wastewater Utility	2,380,000	-	160,000	2,220,000	156,000
Less deferred amount on refunding	145,669	-	19,423	126,246	-
Less unamortized discount	<u>17,132</u>	<u>-</u>	<u>1,315</u>	<u>15,817</u>	<u>-</u>
 Total revenue bonds payable	 3,232,199	 -	 214,262	 3,017,937	 236,000
 Capital leases payable	 64,290	 -	 37,184	 27,106	 16,982
Notes/loans payable	<u>-</u>	<u>500,000</u>	<u>-</u>	<u>500,000</u>	<u>-</u>
 Total long-term liabilities	 <u>\$ 3,296,489</u>	 <u>\$ 500,000</u>	 <u>\$ 251,446</u>	 <u>\$ 3,545,043</u>	 <u>\$ 252,982</u>

H. Restricted Assets

The December 31, 2002, balances of restricted asset accounts in the enterprise funds are as follows:

	Water Utility	Electric Utility	Wastewater Utility
Depreciation account	\$ 7,306	\$ 531,194	\$ 11,546
Bond and interest account	94,000	-	155,485
Construction account	148,950	-	103,292
Reserve account	151,206	55,257	152,730
Customer deposits account	<u>41,340</u>	<u>220,709</u>	<u>2,840</u>
 Total restricted assets	 <u>\$ 442,802</u>	 <u>\$ 807,160</u>	 <u>\$ 425,893</u>

WATER, WASTEWATER, AND ELECTRIC UTILITY  
TOWN OF EDINBURGH  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

III. Other Information

A. Risk Management

The Utility is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents (excluding postemployment benefits); and natural disasters.

The risks of torts; theft of, damage to, and destruction of assets; errors and omissions; medical benefits to employees, retirees, and dependents (excluding postemployment benefits); and natural disasters are covered by commercial insurance from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance by major category of risk.

Job Related Illnesses or Injuries to Employees

During 1991, the Town joined with other governmental entities in the Indiana Public Employer's Plan, Inc., a public entity risk pool currently operating as a common risk management and insurance program for approximately 350 member governmental entities. This risk pool was formed in 1989. The purpose of the risk pool is to provide a medium for the funding and administration of job related illnesses or injuries to employees. The Town pays an annual premium to the risk pool for its job related illnesses or injuries to employees coverage. The risk pool is considered a self-sustaining risk pool that will provide coverage for its members for up to \$1,000,000 per insured event.

B. Rate Structure

1. Water Utility

The current rate structure was approved by the Indiana Utility Regulatory Commission on October 22, 1997. The Utility has 1,724 customers.

2. Wastewater Utility

The current rate structure was approved by the Town Council on August 6, 2001. The Utility has 1,675 customers.

3. Electric Utility

The current rate structure was approved by the Indiana Utility Regulatory Commission on September 7, 1988. The Utility has 2,634 customers.

C. Pension Plan

Public Employees' Retirement Fund

Plan Description

The Town, including the Utility, 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 the defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern,

WATER, WASTEWATER, AND ELECTRIC UTILITY  
TOWN OF EDINBURGH  
NOTES TO FINANCIAL STATEMENTS  
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through the PERF Board, most requirements of the system and give the Utility 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 member's 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. The 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 plan members for PERF are established by the Board of Trustees of PERF. The Utility's annual pension cost and related information, as provided by the actuary, is presented in this note.

Information to segregate the assets/liabilities and the actuarial study figures between the Town and the Utilities is not available. Therefore, the liability for Net Pension Obligation (NPO) is considered an obligation of the Town as a whole is not presented as an asset/liability of the proprietary funds.

Actuarial Information for the Above Plan

	PERF
Annual required contribution	\$ 76,154
Interest on net pension obligation	(3,059)
Adjustment to annual required contribution	3,327
Annual pension cost	76,422
Contributions made	78,816
Decrease in net pension obligation	(2,394)
Net pension obligation, beginning of year	(42,194)
Net pension obligation, end of year	\$ (44,588)

WATER, WASTEWATER, AND ELECTRIC UTILITY  
TOWN OF EDINBURGH  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

	PERF
Contribution rates:	
Utilities	5.75%
Plan members	3%
Actuarial valuation date	07-01-05
Actuarial cost method	Entry age
Amortization method	Level percentage of projected payroll, closed
Amortization period	40 years
Amortization period (from date)	07-01-97
Asset valuation method	4 year smoothed market

Actuarial Assumptions

Investment rate of return	7.25%
Projected future salary increases:	
Total	5%
Attributed to inflation	4%
Attributed to merit/seniority	1%
Cost-of-living adjustments	2%

Three Year Trend Information

	Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
PERF	06-30-00	\$ 86,806	113%	\$ (29,874)
	06-30-01	70,185	124%	(42,194)
	06-30-02	76,422	103%	(44,588)

WATER, WASTEWATER, AND ELECTRIC UTILITY  
TOWN OF EDINBURGH  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF FUNDING PROGRESS

PERF Pension Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Excess of Assets Over (Unfunded) AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Excess (Unfunded) AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-00	\$ 2,200,387	\$ 1,988,088	\$ 212,299	111%	\$ 1,802,009	12%
07-01-01	2,230,807	2,113,622	117,185	106%	1,687,544	7%
07-01-02	2,222,910	2,364,235	(141,325)	94%	1,654,343	(9%)

WATER, WASTEWATER, AND ELECTRIC UTILITY  
TOWN OF EDINBURGH  
AUDIT 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."

DELINQUENT UTILITY ACCOUNTS

Delinquent utility fees and penalties have not been recorded with the County Recorder nor were they certified to the County Auditor which would result in a lien against the property.

Indiana Code 36-9-23-33 states in part:

"(b) Except as provided in subsection (l), the officer charged with the collection of fees and penalties assessed under this chapter shall enforce their payment. As often as the officer determines is necessary in a calendar year, the officer shall prepare either of the following:

- (1) a list of the delinquent fees and penalties that are enforceable under this section, which must include the following:
  - (A) the name or names of the owner or owners of each lot or parcel of real property on which fees are delinquent;
  - (B) a description of the premises, as shown by the records of the county auditor; and
  - (C) the amount of the delinquent fees, together with the penalty; or
- (2) an individual instrument for each lot or parcel of real property on which the fees are delinquent."

"(c) The officer shall record a copy of each list or each individual instrument with the county recorder. . ."

"(e) Using the lists and instruments prepared under subsection (b) and recorded under subsection (c), the officer shall, not later than ten (10) days after the list or each individual instrument is recorded under subsection (c), certify to the county auditor a list of the liens that remain unpaid for collection in the next May. . ."

WATER, WASTEWATER, AND ELECTRIC UTILITY  
TOWN OF EDINBURGH  
AUDIT RESULTS AND COMMENTS  
(Continued)

CAPITAL ASSET RECORDS

Information presented for audit indicates the Utilities do not maintain sufficient detailed records of capital assets for Utility Plant in Service accounts. Upon purchase, the costs of capital assets are added to an aggregate Utility Plant in Service account, and to subsidiary accounts for land, buildings, etc., in the General Ledger. However, records providing historical costs for some of the utilities' capital assets are not available, and records classifying and summarizing the utilities' capital assets are incomplete.

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)

WATER, WASTEWATER, AND ELECTRIC UTILITY  
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 audit findings.