

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

EXAMINATION REPORT

OF

TOWN OF ELBERFELD

WARRICK COUNTY, INDIANA

January 1, 2005 to December 31, 2006



FILED
05/02/2007

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Officials	2
Independent Accountant's Report	3
Financial Information:	
Schedules of Receipts, Disbursements, and Cash and Investment Balances	4
Notes to Financial Information.....	5
Supplementary Information:	
Schedule of Capital Assets.....	6
Schedule of Long-Term Debt.....	7
Examination Results and Comments:	
Customer Deposit Register.....	8
Delinquent Wastewater Accounts.....	8
Exit Conference.....	9

OFFICIALS

Office

Official

Term

Clerk-Treasurer

Theresa Freels

01-01-04 to 12-31-07

President of the Town Council

Duane E. Erwin

01-01-05 to 12-31-07



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF ELBERFELD, WARRICK COUNTY, INDIANA

We have examined the financial information presented herein of the Town of Elberfeld (Town), for the period of January 1, 2005 to December 31, 2006. 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, 2005 and 2006, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The Schedule of Capital Assets and Schedule of Long-Term Debt, as listed in the Table of Contents, are presented for additional analysis and are not a required part of the basic financial information. They have not been subjected to the examination procedures applied to the basic financial information, and accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

April 12, 2007

TOWN OF ELBERFELD
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, 2005 And 2006

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds:				
General	\$ 47,472	\$ 114,843	\$ 103,954	\$ 58,361
Motor Vehicle Highway	65,973	28,523	26,701	67,795
Local Road and Street	4,529	7,559	8,204	3,884
Rainy Day	6,047	-	6,047	-
Cumulative Capital Improvement	19,627	2,190	-	21,817
Cumulative Capital Development	17,627	5,129	-	22,756
County Economic Development Fund	97,398	19,800	49,734	67,464
Proprietary Funds:				
Water Utility - Operating	51,101	239,604	275,738	14,967
Water Utility - Bond and Interest	95,526	18,832	38,663	75,695
Water Utility - Reserve	8,724	4,362	-	13,086
Water Utility - Customer Deposit	32,566	7,100	7,377	32,289
Water Utility - Construction	32,691	7,200	39,891	-
Water Utility - Improvement	11,040	5,494	-	16,534
Water Utility - Wastewater Fund	19,302	241,373	260,695	(20)
Wastewater Utility - Operating	2,473	280,483	271,720	11,236
Wastewater Utility - Bond and Interest	50,482	140,440	124,890	66,032
Wastewater Utility - Reserve	60,357	18,978	-	79,335
Wastewater Utility - Customer Deposit	1,872	1,020	860	2,032
Wastewater Utility - Construction	17,706	233	7,847	10,092
Wastewater Utility - Improvement	15,296	7,215	2,429	20,082
Wastewater Utility - North Warrick Industrial Park	18,010	-	18,010	-
Fiduciary Fund:				
Payroll	(6)	146,415	146,411	(2)
Totals	<u>\$ 675,813</u>	<u>\$ 1,296,793</u>	<u>\$ 1,389,171</u>	<u>\$ 583,435</u>

	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
Governmental Funds:				
General	\$ 58,361	\$ 264,828	\$ 284,393	\$ 38,796
Motor Vehicle Highway	67,795	33,870	48,089	53,576
Local Road and Street	3,884	7,509	8,178	3,215
Cumulative Capital Improvement	21,817	3,008	2,900	21,925
Cumulative Capital Development	22,756	8,757	12,000	19,513
County Economic Development Fund	67,464	23,942	44,610	46,796
Proprietary Funds:				
Water Utility - Operating	14,967	282,749	218,703	79,013
Water Utility - Bond and Interest	75,695	18,748	18,387	76,056
Water Utility - Reserve	13,086	4,362	-	17,448
Water Utility - Customer Deposit	32,289	3,540	2,140	33,689
Water Utility - Improvement	16,534	4,923	11,059	10,398
Water Utility - Wastewater Fund	(20)	232,943	233,050	(127)
Wastewater Utility - Operating	11,236	251,235	254,462	8,009
Wastewater Utility - Bond and Interest	66,032	102,624	132,500	36,156
Wastewater Utility - Reserve	79,335	13,278	-	92,613
Wastewater Utility - Customer Deposit	2,032	840	840	2,032
Wastewater Utility - Construction	10,092	-	10,000	92
Wastewater Utility - Improvement	20,082	5,283	3,022	22,343
Fiduciary Fund:				
Payroll	(2)	189,315	189,279	34
Totals	<u>\$ 583,435</u>	<u>\$ 1,451,754</u>	<u>\$ 1,473,612</u>	<u>\$ 561,577</u>

The accompanying notes are an integral part of the schedules.

TOWN OF ELBERFELD
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 (police and fire), highways and streets, public improvements, planning and zoning, general administrative services, water and wastewater.

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 ELBERFELD
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 For The Year Ended December 31, 2006

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.

General infrastructure assets completed since January 1, 2004 have been reported.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 16,500
Infrastructure	9,526
Buildings	278,995
Improvements other than buildings	45,441
Machinery and equipment	<u>760,301</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 1,110,763</u>

<u>Primary Government</u>	<u>Ending Balance</u>
Business-type activities:	
Water Utility:	
Capital assets, not being depreciated:	
Land	\$ 7,500
Buildings	20,554
Improvements other than buildings	1,909,311
Machinery and equipment	<u>33,199</u>
Total Water Utility capital assets	<u>1,970,564</u>
Wastewater Utility:	
Capital assets, not being depreciated:	
Land	27,391
Buildings	19,707
Improvements other than buildings	2,530,999
Machinery and equipment	<u>24,199</u>
Total Wastewater Utility capital assets	<u>2,602,296</u>
Total business-type activities capital assets	<u>\$ 4,572,860</u>

TOWN OF ELBERFELD
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 For The Year Ended December 31, 2006

Description of Asset	Ending Balance	Due Within One Year
Business-type Activities:		
Water Utility		
Revenue bonds:		
Water Utility Improvements	\$ 210,000	\$ 10,000
Total Water Utility	<u>210,000</u>	<u>10,000</u>
Wastewater Utility		
State Revolving Loan:		
Wastewater Utility Improvements - 1999	900,000	-
Wastewater Utility Improvements - 2001	<u>520,000</u>	<u>-</u>
Total Wastewater Utility	<u>1,420,000</u>	<u>-</u>
Total business-type activities long-term debt	<u>\$ 1,630,000</u>	<u>\$ 10,000</u>

TOWN OF ELBERFELD
EXAMINATION RESULTS AND COMMENTS

CUSTOMER DEPOSIT REGISTER

The detailed customer deposit register does not reconcile with the cash and investment balance of the customer deposit fund.

At all times, the manual and computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

DELINQUENT WASTEWATER ACCOUNTS

As stated in several prior reports, delinquent wastewater fees and penalties had 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. . . ."

TOWN OF ELBERFELD
EXIT CONFERENCE

The contents of this report were discussed on April 13, 2007, with Theresa Freels, Clerk-Treasurer; and Duane E. Erwin, President of the Town Council. The officials concurred with our findings.