

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

EXAMINATION REPORT
OF
TOWN OF LEAVENWORTH
CRAWFORD COUNTY, INDIANA
January 1, 2005 to December 31, 2006



FILED
06/06/2007

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Bonnie Young	01-01-04 to 12-31-07
President of the Town Council	John W. Stutzman	01-01-05 to 12-31-07
Superintendent of Utilities	Edward H. Young	01-01-05 to 12-31-07



STATE OF INDIANA
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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF LEAVENWORTH, CRAWFORD COUNTY, INDIANA

We have examined the financial information presented herein of the Town of Leavenworth (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 25, 2007

TOWN OF LEAVENWORTH
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL AND PROPRIETARY 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	\$ 41,840	\$ 61,748	\$ 51,178	\$ 52,410
Motor Vehicle Highway	13,637	10,761	4,044	20,354
Local Road and Street	4,792	2,068	1,635	5,225
Park and Recreation	14,630	9,260	10,473	13,417
Riverboat	56,859	27,996	58,580	26,275
Cemetery	30,118	3,781	4,480	29,419
Fire Protection	8,048	53,129	47,798	13,379
Law Enforcement Continuing Education	23	13	-	36
State Gaming	4,027	-	4,027	-
Planning Commission	806	4,027	474	4,359
Leavenworth Community Center	825	5,274	4,665	1,434
Cumulative Capital Improvement	15,646	1,092	-	16,738
Economic Development Income Tax	22,766	9,561	16,042	16,285
Proprietary Funds:				
Water Utility - Operating	37,465	170,036	118,985	88,516
Water Utility - Customer Deposit	3,938	225	15	4,148
Wastewater Utility - Operating	143,357	221,134	215,166	149,325
Wastewater Utility - Bond and Interest	72,505	173,495	227,614	18,386
Wastewater Utility - Depreciation	1,200	-	-	1,200
Totals	\$ 472,482	\$ 753,600	\$ 765,176	\$ 460,906

	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
Governmental Funds:				
General	\$ 52,410	\$ 21,639	\$ 24,842	\$ 49,707
Motor Vehicle Highway	20,354	12,958	14,145	19,167
Local Road and Street	5,225	2,017	4,035	3,207
Park and Recreation	13,417	7,500	12,419	8,498
Riverboat	26,275	33,904	17,581	42,598
Cemetery	29,419	3,416	5,115	27,220
Fire Protection	13,379	59,548	45,395	27,532
Law Enforcement Continuing Education	36	145	40	141
Planning Commission	4,359	-	146	4,213
Leavenworth Community Center	1,434	5,041	5,549	926
Cumulative Capital Improvement	16,738	1,261	9,300	8,699
Economic Development Income Tax	16,285	11,003	13,065	14,223
Proprietary Funds:				
Water Utility - Operating	88,516	134,194	160,516	62,194
Water Utility - Customer Deposit	4,148	195	-	4,343
Wastewater Utility - Operating	149,325	218,147	229,740	137,732
Wastewater Utility - Bond and Interest	18,386	110,000	112,439	15,947
Wastewater Utility - Depreciation	1,200	-	-	1,200
Totals	\$ 460,906	\$ 620,968	\$ 654,327	\$ 427,547

The accompanying notes are an integral part of the schedules.

TOWN OF LEAVENWORTH
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, culture and recreation, planning and zoning, general administrative, 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 LEAVENWORTH
 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 in the current and prior years was considered immaterial and have not been reported.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 80,000
Buildings	796,998
Improvements other than buildings	15,382
Machinery and equipment	<u>55,205</u>
 Total governmental activities, capital assets not being depreciated	 \$ <u>947,585</u>

<u>Primary Government</u>	<u>Ending Balance</u>
Business-type activities:	
Water Utility:	
Capital assets, not being depreciated:	
Improvements other than buildings	\$ 1,187,984
Machinery and equipment	<u>66,919</u>
 Total Water Utility capital assets	 <u>1,254,903</u>
Wastewater Utility:	
Capital assets, not being depreciated:	
Land	108,600
Buildings	796,866
Improvements other than buildings	3,301,566
Machinery and equipment	<u>12,180</u>
 Total Wastewater Utility capital assets	 <u>4,219,212</u>
 Total business-type activities capital assets	 \$ <u>5,474,115</u>

TOWN OF LEAVENWORTH
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT

For The Year Ended December 31, 2006

Description of Asset	Ending Balance	Due Within One Year
Governmental Activities:		
Notes and loans payable	\$ 132,046	\$ 10,252
Total governmental activities long-term debt	<u>\$ 132,046</u>	<u>\$ 10,252</u>
Business-type Activities:		
Water Utility		
Notes and loans payable	\$ 41,940	\$ 16,368
Total Water Utility	<u>41,940</u>	<u>16,368</u>
Wastewater Utility		
Notes and loans payable	1,216,000	80,000
Revenue bonds:		
1981 Wastewater Improvements	<u>86,000</u>	<u>4,000</u>
Total Wastewater Utility	<u>1,302,000</u>	<u>84,000</u>
Total business-type activities long-term debt:	<u>\$ 1,343,940</u>	<u>\$ 100,368</u>

TOWN OF LEAVENWORTH
EXAMINATION RESULTS AND COMMENTS

SERVICE AND TIME RECORDS

A review of the payroll records, for 2005 and 2006, revealed that employee time records were not being properly maintained. A record of hours worked was not being maintained by employees working for more than one governmental unit.

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Indiana Code 5-11-9-4(b) states in part: "The state board of accounts shall require that records be maintained showing which hours were worked each day by officers and employees . . . (2) employed by more than one (1) public agency or in more than one (1) position by the same public agency.

ORDINANCES AND RESOLUTIONS

The Town of Leavenworth has an approved Wastewater Utility rate ordinance (Ordinance 1998-2) which sets tap-on fees at either \$200, or cost of actual construction, for each connection.

On April 10, 2000, the Town entered into an agreement with Opportunity Options, Inc., which states that the Town accepted the deed for an easement as noted in the contract in exchange for acceptance of the 21 tap-ons which Opportunity Options, Inc., had placed inside the Town limits. The Town also agreed to cease the pursuit of legal action and collection of the \$25,000 in subdivision fees for each of the three subdivisions noted in the agreement. Opportunity Options, Inc., agreed to construct all necessary Wastewater Utility improvements in accordance with all IDEM regulations and further agreed to pay a \$1,000 tap-on fee for any future tap-ons.

On December 12, 2005, the Town entered into an agreement with Wyandotte Corporation to build a booster station. Wyandotte Corporation was responsible for building the booster station and agreed to transfer ownership to the Town upon completion of construction. The agreement also noted that a residential tap-on fee of \$1,500 and a commercial tap-on fee based on the formula cited in the agreement would be charged and collected by the Town, and remitted to Wyandotte Corporation within 60 days after collection.

The Wastewater Utility collected a flat rate tap-on fee of \$250 on June 28, 2006. The Wastewater Utility rate ordinance was not amended by the Town Council to reflect this charge.

Each governmental unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TRANSACTION RECORDING

Financial records presented for examination were incomplete and not reflective of the activity of the Cemetery Fund. The records presented did not include investment transactions for a Certificate of Deposit in the amount of \$1,500 for the Cemetery Fund.

All financial transactions pertaining to the governmental unit should be recorded in the records of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TOWN OF LEAVENWORTH
EXIT CONFERENCE

The contents of this report were discussed on May 7, 2007, with Bonnie Young, Clerk-Treasurer; and John W. Stutzman, President of the Town Council. The officials concurred with our findings.