

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

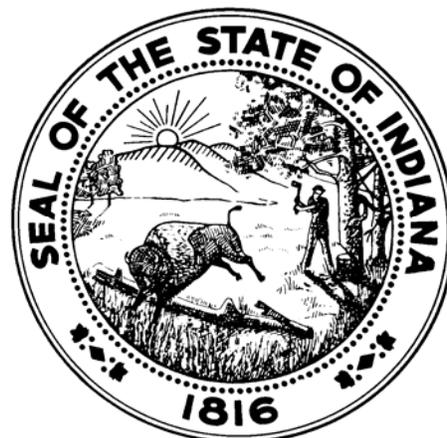
AUDIT REPORT

OF

TOWN OF FERDINAND

DUBOIS COUNTY, INDIANA

January 1, 2005 to December 31, 2006



**FILED**  
08/23/2007



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Beverly Schulthise	01-01-04 to 12-31-07
President of the Town Council	Ken Sicard	01-01-05 to 12-31-07
Superintendent of Water Utility	Henry Haake	01-01-05 to 12-31-07
Superintendent of Wastewater Utility	Roger Schaefer	01-01-05 to 12-31-07
Superintendent of Electric Utility	Henry Haake	01-01-05 to 12-31-07
Utility Office Manager	Beverly Schulthise	01-01-05 to 12-31-07



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
302 WEST WASHINGTON STREET  
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INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS  
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

TO: THE OFFICIALS OF THE TOWN OF FERDINAND, DUBOIS COUNTY, INDIANA

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Ferdinand (Town), as of and for the years ended December 31, 2005 and 2006, which collectively comprise the Town's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. 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 opinions.

As discussed in Note I, the Town prepares its financial statements on the prescribed basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The basis of accounting noted above is a different basis than that used in the prior year.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash and investment balances of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town as of December 31, 2005 and 2006, and the respective cash receipts and cash disbursements during the years then ended on the basis of accounting described in Note I.

In accordance with Government Auditing Standards, we have also issued a report dated July 20, 2007, on our consideration of the Town's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. Our report on compliance and on internal control over financial reporting should be read along with this report.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of the Town taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS  
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
(Continued)

The Town has not presented Management's Discussion and Analysis or Budgetary Comparison Schedules that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The Combining Schedules, as listed in the Table of Contents, Schedule of Capital Assets, and Schedule of Long-Term Debt are presented for additional analysis and are not required parts of the basic financial statements. The Combining Schedules, as listed in the Table of Contents, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The Schedule of Capital Assets and Schedule of Long-Term Debt have not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

July 20, 2007



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

TO: THE OFFICIALS OF THE TOWN OF FERDINAND, DUBOIS COUNTY, INDIANA

We have audited the financial statements of the Town of Ferdinand (Town), as of and for the years ended December 31, 2005 and 2006, and have issued our report thereon dated July 20, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Town's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the Town's management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

July 20, 2007

TOWN OF FERDINAND  
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS  
For The Year Ended December 31, 2005

Functions/Programs	Disbursements	Program Receipts			Net (Disbursement) Receipt and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 192,064	\$ 10,434	\$ 188,666	\$ 12,960	\$ 19,996	\$ -	\$ 19,996
Public safety	374,231	27,356	-	10,744	(336,131)	-	(336,131)
Highways and streets	1,228,498	690	132,962	901,250	(193,596)	-	(193,596)
Sanitation	7,499	26,163	-	-	18,664	-	18,664
Economic development	5,063	-	-	-	(5,063)	-	(5,063)
Culture and recreation	150,402	34,549	24,528	-	(91,325)	-	(91,325)
Interest on long-term debt	2,587	-	5,922	-	3,335	-	3,335
Principal on long-term debt	45,000	-	-	-	(45,000)	-	(45,000)
Total governmental activities	<u>2,005,344</u>	<u>99,192</u>	<u>352,078</u>	<u>924,954</u>	<u>(629,120)</u>	<u>-</u>	<u>(629,120)</u>
Business-type activities:							
Water	364,813	437,562	-	23,975	-	96,724	96,724
Wastewater	576,073	607,630	-	29,342	-	60,899	60,899
Electric	2,181,384	2,347,273	-	-	-	165,889	165,889
Total business-type activities	<u>3,122,270</u>	<u>3,392,465</u>	<u>-</u>	<u>53,317</u>	<u>-</u>	<u>323,512</u>	<u>323,512</u>
Total primary government	<u>\$ 5,127,614</u>	<u>\$ 3,491,657</u>	<u>\$ 352,078</u>	<u>\$ 978,271</u>	<u>(629,120)</u>	<u>323,512</u>	<u>(305,608)</u>
General receipts:							
Property taxes					562,341	-	562,341
Other local sources					193,105	1,640	194,745
Unrestricted investment earnings					7,445	111,815	119,260
Repayment of temporary loan					(205,000)	205,000	-
Transfers					30,000	(30,000)	-
Total general receipts and transfers					<u>587,891</u>	<u>288,455</u>	<u>876,346</u>
Change in net assets					(41,229)	611,967	570,738
Net assets - beginning					<u>943,344</u>	<u>4,099,658</u>	<u>5,043,002</u>
Net assets - ending					<u>\$ 902,115</u>	<u>\$ 4,711,625</u>	<u>\$ 5,613,740</u>
<u>Assets</u>							
Cash and investments					\$ 295,285	\$ 2,669,460	\$ 2,964,745
Restricted assets:							
Cash and investments					<u>606,830</u>	<u>2,042,165</u>	<u>2,648,995</u>
Total assets					<u>\$ 902,115</u>	<u>\$ 4,711,625</u>	<u>\$ 5,613,740</u>
<u>Net Assets</u>							
Restricted for:							
Culture and recreation					\$ 57,156	\$ -	\$ 57,156
Public safety					1,625	-	1,625
Highways and streets					513,746	-	513,746
Debt service					1,648	660,446	662,094
Other purposes					32,655	1,381,719	1,414,374
Unrestricted					<u>295,285</u>	<u>2,669,460</u>	<u>2,964,745</u>
Total net assets					<u>\$ 902,115</u>	<u>\$ 4,711,625</u>	<u>\$ 5,613,740</u>

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

TOWN OF FERDINAND  
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,  
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
GOVERNMENTAL FUNDS  
For The Year Ended December 31, 2005

	General	Motor Vehicle Highway	Industrial Route	Other Governmental Funds	Totals
<b>Receipts:</b>					
Taxes	\$ 204,646	\$ 146,089	\$ -	\$ 197,302	\$ 548,037
Licenses and permits	2,955	-	-	250	3,205
Intergovernmental	230,882	117,831	901,250	212,490	1,462,453
Charges for services	54,556	690	-	34,623	89,869
Fines and forfeits	185	-	-	2,032	2,217
Other	17,948	6,146	-	9,240	33,334
<b>Total receipts</b>	<b>511,172</b>	<b>270,756</b>	<b>901,250</b>	<b>455,937</b>	<b>2,139,115</b>
<b>Disbursements:</b>					
General government	181,774	-	-	10,290	192,064
Public safety	358,057	-	-	16,174	374,231
Highways and streets	20,000	229,457	979,041	-	1,228,498
Sanitation	7,499	-	-	-	7,499
Economic development	5,063	-	-	-	5,063
Culture and recreation	1,233	-	-	149,169	150,402
Debt service:					
Principal	-	-	-	45,000	45,000
Interest	-	-	-	2,587	2,587
<b>Total disbursements</b>	<b>573,626</b>	<b>229,457</b>	<b>979,041</b>	<b>223,220</b>	<b>2,005,344</b>
Excess (deficiency) of receipts over disbursements	(62,454)	41,299	(77,791)	232,717	133,771
<b>Other financing sources (uses):</b>					
Interfund loans	-	-	-	(205,000)	(205,000)
Transfers in	44,304	-	-	94,260	138,564
Transfers out	(5,679)	(16,567)	-	(86,318)	(108,564)
<b>Total other financing sources (uses)</b>	<b>38,625</b>	<b>(16,567)</b>	<b>-</b>	<b>(197,058)</b>	<b>(175,000)</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(23,829)	24,732	(77,791)	35,659	(41,229)
Cash and investment fund balance - beginning	319,114	289,320	230,882	104,028	943,344
Cash and investment fund balance - ending	<u>\$ 295,285</u>	<u>\$ 314,052</u>	<u>\$ 153,091</u>	<u>\$ 139,687</u>	<u>\$ 902,115</u>
<b><u>Cash and Investment Assets - December 31</u></b>					
Cash and investments	\$ 295,285	\$ -	\$ -	\$ -	\$ 295,285
Restricted assets:					
Cash and investments	-	314,052	153,091	139,687	606,830
<b>Total cash and investment assets - December 31</b>	<u>\$ 295,285</u>	<u>\$ 314,052</u>	<u>\$ 153,091</u>	<u>\$ 139,687</u>	<u>\$ 902,115</u>
<b><u>Cash and Investment Fund Balance - December 31</u></b>					
Restricted for:					
Culture and recreation	\$ -	\$ -	\$ -	\$ 57,156	\$ 57,156
Debt service	-	-	-	1,648	1,648
Public safety	-	-	-	1,625	1,625
Highways and streets	-	314,052	153,091	46,603	513,746
Other purposes	-	-	-	32,655	32,655
Unrestricted	295,285	-	-	-	295,285
<b>Total cash and investment fund balance - December 31</b>	<u>\$ 295,285</u>	<u>\$ 314,052</u>	<u>\$ 153,091</u>	<u>\$ 139,687</u>	<u>\$ 902,115</u>

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

TOWN OF FERDINAND  
STATEMENT OF ASSETS AND FUND BALANCES AND  
RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
PROPRIETARY FUNDS  
As of and for the Year Ended December 31, 2005

	Water Utility	Wastewater Utility	Electric Utility	Total
Operating receipts:				
Metered/measured receipts	\$ 363,381	\$ 581,309	\$ 2,268,684	\$ 3,213,374
Public street and highway lighting	-	-	20,000	20,000
Fire protection receipts	43,081	-	-	43,081
Penalties	939	3,882	2,853	7,674
Other receipts	30,161	22,439	55,736	108,336
	<u>437,562</u>	<u>607,630</u>	<u>2,347,273</u>	<u>3,392,465</u>
Total operating receipts				
Operating disbursements:				
Equipment and capital improvements	42,707	42,662	49,370	134,739
Transmission and distribution	11,921	-	33,848	45,769
Treatment and disposal disbursements - operations and maintenance	-	31,171	-	31,171
Operations and maintenance	4,014	-	-	4,014
Administration and general	31,100	6,373	88,054	125,527
Salaries and wages	88,143	145,272	106,939	340,354
Employee pensions and benefits	23,136	47,679	30,890	101,705
Purchased water	128,653	-	-	128,653
Purchased power	-	28,122	1,831,615	1,859,737
Chemicals	-	420	-	420
Material and supplies	7,221	16,496	10,477	34,194
Contractual services	8,755	9,185	11,310	29,250
Transportation disbursements	2,769	16,194	6,724	25,687
Insurance disbursements	8,714	28,901	12,157	49,772
	<u>357,133</u>	<u>372,475</u>	<u>2,181,384</u>	<u>2,910,992</u>
Total operating disbursements				
Excess of operating receipts over operating disbursements	<u>80,429</u>	<u>235,155</u>	<u>165,889</u>	<u>481,473</u>
Nonoperating receipts (disbursements):				
Interest receipts	2,992	22,584	86,239	111,815
Miscellaneous receipts - rent	-	-	1,640	1,640
Loan repayment receipts	-	-	205,000	205,000
Debt service of principal	(5,124)	(44,126)	-	(49,250)
Interest disbursement	(2,556)	(159,472)	-	(162,028)
	<u>(4,688)</u>	<u>(181,014)</u>	<u>292,879</u>	<u>107,177</u>
Total nonoperating receipts (disbursements)				
Excess of receipts over disbursements and nonoperating receipts	75,741	54,141	458,768	588,650
Capital contributions	23,975	29,342	-	53,317
Transfers out	-	(15,000)	(15,000)	(30,000)
Excess of receipts, contributions and transfers in over disbursements and transfers out	99,716	68,483	443,768	611,967
Cash and investment fund balance - beginning	<u>287,590</u>	<u>984,796</u>	<u>2,827,272</u>	<u>4,099,658</u>
Cash and investment fund balance - ending	<u>\$ 387,306</u>	<u>\$ 1,053,279</u>	<u>\$ 3,271,040</u>	<u>\$ 4,711,625</u>
<u>Cash and Investment Assets - December 31</u>				
Cash and investments	\$ 373,100	\$ 36,502	\$ 2,259,858	\$ 2,669,460
Restricted assets:				
Cash and investments	<u>14,206</u>	<u>1,016,777</u>	<u>1,011,182</u>	<u>2,042,165</u>
Total cash and investment assets - December 31	<u>\$ 387,306</u>	<u>\$ 1,053,279</u>	<u>\$ 3,271,040</u>	<u>\$ 4,711,625</u>
<u>Cash and Investment Fund Balance - December 31</u>				
Restricted for:				
Debt service	\$ 623	\$ 659,823	\$ -	\$ 660,446
Other purposes	13,583	356,954	1,011,182	1,381,719
Unrestricted	<u>373,100</u>	<u>36,502</u>	<u>2,259,858</u>	<u>2,669,460</u>
Total cash and investment fund balance - December 31	<u>\$ 387,306</u>	<u>\$ 1,053,279</u>	<u>\$ 3,271,040</u>	<u>\$ 4,711,625</u>

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

TOWN OF FERDINAND  
 STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
 FIDUCIARY FUNDS  
 For The Year Ended December 31, 2005

	Agency Funds
Additions:	
Agency fund additions	\$ 453,200
Deductions:	
Agency fund deductions	453,200
Excess of total additions over total deductions	-
Cash and investment fund balance - beginning	-
Cash and investment fund balance - ending	\$ -

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

TOWN OF FERDINAND  
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS  
For The Year Ended December 31, 2006

Functions/Programs	Program Receipts				Net (Disbursement) Receipt and Changes in Net Assets		
	Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 200,136	\$ 10,594	\$ 193,618	\$ 8,135	\$ 12,211	\$ -	\$ 12,211
Public safety	381,461	46,073	-	13,245	(322,143)	-	(322,143)
Highways and streets	646,656	690	131,441	304,292	(210,233)	-	(210,233)
Sanitation	11,411	28,693	-	-	17,282	-	17,282
Economic development	3,797	-	-	-	(3,797)	-	(3,797)
Culture and recreation	175,545	33,667	11,491	-	(130,387)	-	(130,387)
Total governmental activities	1,419,006	119,717	336,550	325,672	(637,067)	-	(637,067)
Business-type activities:							
Water	383,965	433,879	-	23,439	-	73,353	73,353
Wastewater	745,789	765,023	-	-	-	19,234	19,234
Electric	2,228,068	2,325,513	-	-	-	97,445	97,445
Total business-type activities	3,357,822	3,524,415	-	23,439	-	190,032	190,032
Total primary government	\$ 4,776,828	\$ 3,644,132	\$ 336,550	\$ 349,111	(637,067)	190,032	(447,035)
General receipts:							
Property taxes					507,760	-	507,760
Other local sources					89,469	2,800	92,269
Unrestricted investment earnings					17,416	187,088	204,504
Transfers					30,000	(30,000)	-
Total general receipts and transfers					644,645	159,888	804,533
Change in net assets					7,578	349,920	357,498
Net assets - beginning					902,115	4,711,625	5,613,740
Net assets - ending					\$ 909,693	\$ 5,061,545	\$ 5,971,238
<u>Assets</u>							
Cash and investments					\$ 381,781	\$ 2,965,192	\$ 3,346,973
Restricted assets:							
Cash and investments					527,912	2,096,353	2,624,265
Total assets					\$ 909,693	\$ 5,061,545	\$ 5,971,238
<u>Net Assets</u>							
Restricted for:							
Culture and recreation					\$ 70,319	\$ -	\$ 70,319
Public safety					10,232	-	10,232
Highways and streets					415,384	-	415,384
Debt service					-	638,314	638,314
Other purposes					31,977	1,458,039	1,490,016
Unrestricted					381,781	2,965,192	3,346,973
Total net assets					\$ 909,693	\$ 5,061,545	\$ 5,971,238

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

TOWN OF FERDINAND  
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,  
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
GOVERNMENTAL FUNDS  
For The Year Ended December 31, 2006

	General	Motor Vehicle Highway	Industrial Route	Other Governmental Funds	Totals
<b>Receipts:</b>					
Taxes	\$ 277,687	\$ 89,834	\$ -	\$ 140,239	\$ 507,760
Licenses and permits	3,055	-	-	640	3,695
Intergovernmental	228,979	116,655	164,314	192,964	702,912
Charges for services	76,547	690	-	33,740	110,977
Fines and forfeits	-	-	-	360	360
Other	54,561	2,969	-	13,350	70,880
<b>Total receipts</b>	<b>640,829</b>	<b>210,148</b>	<b>164,314</b>	<b>381,293</b>	<b>1,396,584</b>
<b>Disbursements:</b>					
General government	199,554	-	-	582	200,136
Public safety	326,366	-	-	55,095	381,461
Highways and streets	20,000	345,332	189,975	91,349	646,656
Sanitation	11,411	-	-	-	11,411
Economic development	3,797	-	-	-	3,797
Culture and recreation	12,414	-	-	163,131	175,545
<b>Total disbursements</b>	<b>573,542</b>	<b>345,332</b>	<b>189,975</b>	<b>310,157</b>	<b>1,419,006</b>
Excess (deficiency) of receipts over disbursements	67,287	(135,184)	(25,661)	71,136	(22,422)
<b>Other financing sources (uses):</b>					
Transfers in	33,497	-	-	21,706	55,203
Transfers out	(14,288)	(932)	-	(9,983)	(25,203)
<b>Total other financing sources (uses)</b>	<b>19,209</b>	<b>(932)</b>	<b>-</b>	<b>11,723</b>	<b>30,000</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	86,496	(136,116)	(25,661)	82,859	7,578
Cash and investment fund balance - beginning	295,285	314,052	153,091	139,687	902,115
Cash and investment fund balance - ending	<u>\$ 381,781</u>	<u>\$ 177,936</u>	<u>\$ 127,430</u>	<u>\$ 222,546</u>	<u>\$ 909,693</u>
<u>Cash and Investment Assets - December 31</u>					
Cash and investments	\$ 381,781	\$ -	\$ -	\$ -	\$ 381,781
Restricted assets:					
Cash and investments	-	177,936	127,430	222,546	527,912
<b>Total cash and investment assets - December 31</b>	<u>\$ 381,781</u>	<u>\$ 177,936</u>	<u>\$ 127,430</u>	<u>\$ 222,546</u>	<u>\$ 909,693</u>
<u>Cash and Investment Fund Balance - December 31</u>					
Restricted for:					
Culture and recreation	\$ -	\$ -	\$ -	\$ 70,319	\$ 70,319
Public safety	-	-	-	10,232	10,232
Highways and streets	-	177,936	127,430	110,018	415,384
Other purposes	-	-	-	31,977	31,977
Unrestricted	381,781	-	-	-	381,781
<b>Total cash and investment fund balance - December 31</b>	<u>\$ 381,781</u>	<u>\$ 177,936</u>	<u>\$ 127,430</u>	<u>\$ 222,546</u>	<u>\$ 909,693</u>

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

TOWN OF FERDINAND  
STATEMENT OF ASSETS AND FUND BALANCES AND  
RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
PROPRIETARY FUNDS  
As of and for the Year Ended December 31, 2006

	Water Utility	Wastewater Utility	Electric Utility	Total
Operating receipts:				
Metered/measured water receipts	\$ 358,363	\$ 570,473	\$ 2,239,858	\$ 3,168,694
Public street and highway lighting	-	-	20,000	20,000
Fire protection receipts	43,336	-	-	43,336
Penalties	800	3,193	2,256	6,249
Insurance proceeds	-	178,299	-	178,299
Other receipts	31,380	13,058	63,399	107,837
	<u>433,879</u>	<u>765,023</u>	<u>2,325,513</u>	<u>3,524,415</u>
Total operating receipts				
Operating disbursements:				
Equipment and capital improvements	49,683	182,997	79,988	312,668
Transmission and distribution	6,348	-	31,088	37,436
Treatment and disposal disbursements - operations and maintenance	-	34,371	-	34,371
Operations and maintenance	5,964	-	-	5,964
Administration and general	32,377	7,857	91,579	131,813
Salaries and wages	88,776	149,863	108,247	346,886
Employee pensions and benefits	21,755	39,603	34,383	95,741
Purchased water	125,755	-	-	125,755
Purchased power	-	30,195	1,833,768	1,863,963
Chemicals	-	1,987	-	1,987
Material and supplies	9,392	34,236	14,473	58,101
Contractual services	17,596	14,530	10,965	43,091
Transportation disbursements	7,592	17,853	8,306	33,751
Insurance disbursements	11,226	29,617	15,271	56,114
	<u>376,464</u>	<u>543,109</u>	<u>2,228,068</u>	<u>3,147,641</u>
Total operating disbursements				
Excess of operating receipts over operating disbursements	<u>57,415</u>	<u>221,914</u>	<u>97,445</u>	<u>376,774</u>
Nonoperating receipts (disbursements):				
Interest receipts	9,575	36,832	140,681	187,088
Miscellaneous receipts - rent	-	-	2,800	2,800
Debt service of principal	(5,125)	(45,126)	-	(50,251)
Interest disbursement	(2,376)	(157,554)	-	(159,930)
	<u>2,074</u>	<u>(165,848)</u>	<u>143,481</u>	<u>(20,293)</u>
Total nonoperating receipts (disbursements)				
Excess of receipts over disbursements and nonoperating receipts	59,489	56,066	240,926	356,481
Capital contributions	23,439	-	-	23,439
Transfers out	-	(15,000)	(15,000)	(30,000)
Excess of receipts, contributions and transfers in over disbursements and transfers out	82,928	41,066	225,926	349,920
Cash and investment fund balance - beginning	<u>387,306</u>	<u>1,053,279</u>	<u>3,271,040</u>	<u>4,711,625</u>
Cash and investment fund balance - ending	<u>\$ 470,234</u>	<u>\$ 1,094,345</u>	<u>\$ 3,496,966</u>	<u>\$ 5,061,545</u>
<u>Cash and Investment Assets - December 31</u>				
Cash and investments	\$ 450,317	\$ 37,463	\$ 2,477,412	\$ 2,965,192
Restricted assets:				
Cash and investments	19,917	1,056,882	1,019,554	2,096,353
Total cash and investment assets - December 31	<u>\$ 470,234</u>	<u>\$ 1,094,345</u>	<u>\$ 3,496,966</u>	<u>\$ 5,061,545</u>
<u>Cash and Investment Fund Balance - December 31</u>				
Restricted for:				
Debt service	\$ 3,122	\$ 635,192	\$ -	\$ 638,314
Other purposes	16,795	421,690	1,019,554	1,458,039
Unrestricted	450,317	37,463	2,477,412	2,965,192
Total cash and investment fund balance - December 31	<u>\$ 470,234</u>	<u>\$ 1,094,345</u>	<u>\$ 3,496,966</u>	<u>\$ 5,061,545</u>

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

TOWN OF FERDINAND  
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
FIDUCIARY FUNDS  
For The Year Ended December 31, 2006

	Agency Funds
Additions:	
Agency fund additions	\$ 455,925
Deductions:	
Agency fund deductions	455,925
Excess of total additions over total deductions	-
Cash and investment fund balance - beginning	-
Cash and investment fund balance - ending	\$ -

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

TOWN OF FERDINAND  
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

The Town was established under the laws of the State of Indiana. The Town operates under a Town Council form of government and provides the following services: public safety (police and fire), highways and streets, culture and recreation, public improvements, planning and zoning, general administrative services, electric, water, and wastewater.

The Town's financial reporting entity is composed of the Town primary government. There are no significant component units which require inclusion.

In determining the financial reporting entity, the Town complies with the provisions of GASB Statement No. 14, *The Financial Reporting Entity*.

Related Organizations

The Town's officials are also responsible for appointing the members of the boards of other organizations, but the Town's accountability for these organizations does not extend beyond making the appointments. The Town appoints board members of the Indiana 15 Regional Planning Commission, Dubois County Solid Waste Board and the Dubois County Economic Development Board. The Town pays quarterly assessments to the Dubois County Economic Development Board amounting to \$7,000 per year.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The Statement of Activities and Net Assets – Cash and Investment Basis displays information about the reporting government as a whole. It includes all funds of the reporting entity except for fiduciary funds. The statement distinguishes between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The Statement of Cash and Investments and Statement of Cash Activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, liabilities, fund equity, receipts, and disbursements. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

TOWN OF FERDINAND  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

The Town reports the following major governmental funds:

The general fund is the primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The motor vehicle highway fund is used to account for disbursements of the highway and street projects from receipts derived from motor vehicle highway taxes.

The industrial route fund is used to account for the disbursements for the engineering, and design and the relocation of utility lines of the industrial route project from receipts derived from a federal grant and local sources.

The Town reports the following major proprietary funds:

The water utility fund accounts for the operation of the water distribution system.

The wastewater utility fund accounts for the operation of the wastewater treatment plant, pumping stations and collection systems.

The electric utility fund accounts for the operation of the electric distribution system.

Additionally, the Town reports the following fund type:

Agency funds account for assets held by the Town as an agent for employee wages and recipients of payroll withholdings and serve as control of accounts for certain cash transactions during the time they are a liability to the Town.

C. Measurement Focus and Basis of Accounting

The government-wide, governmental fund, proprietary fund and fiduciary fund financial statements are reported using the basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when received and disbursements are recorded when paid.

The cash and investment basis of accounting differs from accounting principles generally accepted in the United States of America in that receipts are recognized when received in cash rather than when earned and disbursements are recognized when paid rather than when a liability is incurred. Investment transactions are not presented on the financial statements.

If the Town utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the fund financial statements for proprietary fund types would use the accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the enterprise fund statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their enterprise funds, subject to this same limitation. The Town has elected not to follow subsequent private-sector guidance.

TOWN OF FERDINAND  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the Town's water, wastewater and electric functions and various other functions of the Town. Elimination of these charges would distort the direct costs and program receipts reported for the various functions concerned.

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities are provided to people outside the government (enterprise funds) or other departments or agencies primarily within the government (internal service funds).

Enterprise funds distinguish operating receipts and disbursements from nonoperating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal ongoing operations. The principal operating receipts of the enterprise funds are charges to customers for sales and services. Operating disbursements for enterprise funds include the cost of sales and services and administrative costs. All receipts and disbursements not meeting this definition are reported as nonoperating receipts and disbursements. Internal service funds are used to account for activities provided to other departments or agencies primarily with the government. The Town does not have any internal service funds.

When both restricted and unrestricted resources are available for use, the Town's policy is to use restricted resources first, then unrestricted resources as they are needed.

D. Assets and Cash and Investment Balances

1. Cash and Investments

Investments are stated at cost. Any changes in fair value of the investments are reported as interest receipts in the year of the sale of the investment.

2. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the Town in June and in 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.

3. Compensated Absences

a. Sick Leave

Employees earn sick leave at the rate of 5 days per year. Unused sick leave may be accumulated to a maximum of 60 days. Accumulated sick leave is not paid to employees upon termination.

TOWN OF FERDINAND  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

b. Vacation Leave

Employees earn vacation leave at rates from 5 days to 20 days per year based upon the number of years of service. Vacation leave does not accumulate from year to year. Unused vacation leave is paid to employees upon termination.

c. Personal Leave

Employees earn personal leave at the rate of 1 day per year. Personal leave does not accumulate from year to year.

4. Capital Assets

Capital assets arising from cash transactions acquired for use in governmental or proprietary fund operations are accounted for as capital outlay disbursements of the fund upon acquisition.

5. Long-Term Debt

Long-term debt arising from cash basis transactions of governmental and proprietary funds is not reported as liabilities in the basic financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as disbursements.

6. Equity Classification

Government-Wide Statements

Equity is classified as net assets and displayed in two components:

- a. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or (2) law through constitutional provisions or enabling legislation.
- b. Unrestricted net assets – All other net assets that do not meet the definition of "restricted."

It is the Town's policy to first use restricted net assets prior to the use of unrestricted net assets when a disbursement is incurred for purposes for which both restricted and unrestricted net assets are available.

Fund Financial Statements

Governmental fund equity is classified as fund balance. Proprietary fund equity is classified the same as in the government-wide statements.

E. Receipts and Disbursements

1. Program Receipts

Amounts reported as program receipts include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general receipts rather than as program receipts. Likewise, general receipts include all taxes.

TOWN OF FERDINAND  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

2. Operating Receipts and Disbursements

Operating receipts and disbursements for proprietary funds result from providing services and producing and delivering goods and/or services. They also include all receipts and disbursements not related to capital and related financing, noncapital financing, or investing activities.

F. Internal and Interfund Balances and Activities

In the process of aggregating the financial information for the government-wide Statement of Activities and Net Assets – Cash and Investment Basis Statement of Cash Activities, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified.

Fund Financial Statements

1. Interfund services – Sales or purchases of goods and services between funds are reported as receipts and disbursements.
2. Interfund reimbursements – Repayments from funds responsible for certain disbursements to the funds that initially paid for them are not reported as reimbursements but as adjustments to disbursements in the respective funds.
3. Interfund transfers – Flow of assets from one fund to another where repayment is not expected is reported as transfers in and out.

Government-Wide Financial Statements

Interfund activity and balances, if any, are eliminated or reclassified in the government-wide financial statements as follows:

Internal activities – Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Cash Activities except for the net amount of transfers between governmental and business-type activities, which are reported as Transfers – Internal Activities. The effects of interfund services between funds, if any, are not eliminated in the Statement of Cash Activities.

II. Stewardship, Compliance and Accountability

Budgetary Information

Annual budgets are adopted on the cash basis, which is not consistent with accounting principles generally accepted in the United States of America. All annual appropriations lapse at calendar year end.

Prior to the first required publication, the fiscal officer of the Town submits to the governing board a proposed operating budget for the year commencing the following January 1. Prior to adoption, the budget is advertised and public hearings are conducted by the governing board to obtain taxpayer comments. In September of each year, the governing board, through the passage of a resolution/ordinance, approves the budget for the next year. Copies of the budget resolution/ordinance and the advertisement for funds for which property taxes are levied or highway use taxes are received are sent to the Indiana Department of Local Government Finance. The budget becomes legally enacted after the fiscal officer of the Town receives approval of the Indiana Department of Local Government Finance.

TOWN OF FERDINAND  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

The Town's management cannot transfer budgeted appropriations between object classifications of a budget without approval of the governing board. The Indiana Department of Local Government Finance must approve any revisions to the appropriations for any fund or any department of the General Fund. The legal level of budgetary control is by object and department within the fund for the General Fund and by object within the fund for all other budgeted funds.

III. Detailed Notes on All Funds

A. Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Indiana Code 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision. Bank balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

B. Interfund Transfers

Interfund transfers for the years ended December 31, 2005 and 2006, were as follows:

<u>Transfer From</u>	<u>Transfer To</u>	<u>2005</u>	<u>2006</u>
Water	General Fund	\$ 15,000	\$ -
Electric	General Fund	15,000	15,000
Wastewater	General Fund	-	15,000
Other governmental	General Fund	14,304	3,497
Motor Vehicle Highway	Other governmental	16,567	932
General Fund	Other governmental	5,679	14,288
Other governmental	Other governmental	<u>72,014</u>	<u>6,486</u>
Totals		<u>\$ 138,564</u>	<u>\$ 55,203</u>

The Town typically uses transfers for cash flow purposes as provided by various statutory provisions.

IV. Other Information

A. Risk Management

The Town 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; and natural disasters.

The risks of torts; theft of, damage to, and destruction of assets; errors and omissions; 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.

TOWN OF FERDINAND  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Job Related Illnesses or Injuries to Employees

During 1992, 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 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 workers compensation claims. The Town pays an annual premium to the risk pool for its job related illnesses or injuries to employees. 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 – Enterprise Funds

Water Utility

On October 9, 1990, the Town Council adopted Ordinance No. 90-12 to withdraw from the jurisdiction of the Indiana Utility Regulatory Commission. The current rate structure was approved by the Town Council on December 29, 2004.

Wastewater Utility

The current rate structure was approved by the Town Council on August 9, 2000.

Electric Utility

On November 17, 1997, the Town Council adopted Ordinance No. 97-4 to withdraw from the jurisdiction of the Indiana Utility Regulatory Commission. The current rate structure was approved by the Town Council on October 8, 2003.

TOWN OF FERDINAND  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND  
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2005

	Local Road and Street	Park and Recreation	Local Law Enforcement Continuing Education	Rainy Day	Riverboat	EDIT
<b>Receipts:</b>						
Taxes	\$ -	\$ 117,314	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	250	-	-	-
Intergovernmental	15,131	19,621	-	-	14,358	137,044
Charges for services	-	34,549	74	-	-	-
Fines and forfeits	-	-	2,032	-	-	-
Other	-	4,333	-	-	-	-
<b>Total receipts</b>	<b>15,131</b>	<b>175,817</b>	<b>2,356</b>	<b>-</b>	<b>14,358</b>	<b>137,044</b>
<b>Disbursements:</b>						
General government	-	-	-	-	-	-
Public safety	-	-	1,265	-	-	-
Culture and recreation	-	118,096	-	12,000	-	-
<b>Debt service:</b>						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
<b>Total disbursements</b>	<b>-</b>	<b>118,096</b>	<b>1,265</b>	<b>12,000</b>	<b>-</b>	<b>-</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>15,131</b>	<b>57,721</b>	<b>1,091</b>	<b>(12,000)</b>	<b>14,358</b>	<b>137,044</b>
<b>Other financing sources (uses):</b>						
Interfund loan repayment	-	-	-	-	-	(205,000)
Transfers in	-	-	-	12,000	-	67,956
Transfers out	-	(13,439)	-	-	(14,358)	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>(13,439)</b>	<b>-</b>	<b>12,000</b>	<b>(14,358)</b>	<b>(137,044)</b>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<b>15,131</b>	<b>44,282</b>	<b>1,091</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cash and investment fund balance - beginning</b>	<b>30,768</b>	<b>12,874</b>	<b>534</b>	<b>-</b>	<b>14,360</b>	<b>704</b>
<b>Cash and investment fund balance - ending</b>	<b>\$ 45,899</b>	<b>\$ 57,156</b>	<b>\$ 1,625</b>	<b>\$ -</b>	<b>\$ 14,360</b>	<b>\$ 704</b>
<b><u>Cash and Investment Assets - December 31</u></b>						
<b>Restricted assets:</b>						
Cash and investments	\$ 45,899	\$ 57,156	\$ 1,625	\$ -	\$ 14,360	\$ 704
<b><u>Cash and Investment Fund Balance - December 31</u></b>						
<b>Restricted for:</b>						
Public safety	\$ 45,899	\$ -	\$ 1,625	\$ -	\$ -	\$ -
Highways and streets	-	-	-	-	-	704
Culture and recreation	-	57,156	-	-	-	-
Debt service	-	-	-	-	-	-
Other purposes	-	-	-	-	14,360	-
<b>Total cash and investment fund balance - December 31</b>	<b>\$ 45,899</b>	<b>\$ 57,156</b>	<b>\$ 1,625</b>	<b>\$ -</b>	<b>\$ 14,360</b>	<b>\$ 704</b>

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

TOWN OF FERDINAND  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND  
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2005  
 (Continued)

	Levy Excess	Great Race	Bond and Interest	Cumulative Capital Improvement	Cumulative Capital Development	Totals
Receipts:						
Taxes	\$ -	\$ -	\$ 35,416	\$ -	\$ 44,572	\$ 197,302
Licenses and permits	-	-	-	-	-	250
Intergovernmental	-	-	5,922	12,960	7,454	212,490
Charges for services	-	-	-	-	-	34,623
Fines and forfeits	-	-	-	-	-	2,032
Other	-	4,907	-	-	-	9,240
<b>Total receipts</b>	<b>-</b>	<b>4,907</b>	<b>41,338</b>	<b>12,960</b>	<b>52,026</b>	<b>455,937</b>
Disbursements:						
General government	-	-	-	10,290	-	10,290
Public safety	-	-	-	-	14,909	16,174
Culture and recreation	-	4,907	-	14,166	-	149,169
Debt service:						
Principal	-	-	45,000	-	-	45,000
Interest	-	-	2,587	-	-	2,587
<b>Total disbursements</b>	<b>-</b>	<b>4,907</b>	<b>47,587</b>	<b>24,456</b>	<b>14,909</b>	<b>223,220</b>
Excess (deficiency) of receipts over disbursements	-	-	(6,249)	(11,496)	37,117	232,717
Other financing sources (uses):						
Interfund loan repayment	-	-	-	-	-	(205,000)
Transfers in	14,304	-	-	-	-	94,260
Transfers out	(14,304)	-	(1,196)	-	(43,021)	(86,318)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>(1,196)</b>	<b>-</b>	<b>(43,021)</b>	<b>(197,058)</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	(7,445)	(11,496)	(5,904)	35,659
Cash and investment fund balance - beginning	-	-	9,093	26,067	9,628	104,028
Cash and investment fund balance - ending	\$ -	\$ -	\$ 1,648	\$ 14,571	\$ 3,724	\$ 139,687
<b>Cash and Investment Assets - December 31</b>						
Restricted assets:						
Cash and investments	\$ -	\$ -	\$ 1,648	\$ 14,571	\$ 3,724	\$ 139,687
<b>Cash and Investment Fund Balance - December 31</b>						
Restricted for:						
Public safety	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 47,524
Highways and streets	-	-	-	-	-	704
Culture and recreation	-	-	-	-	-	57,156
Debt service	-	-	1,648	-	-	1,648
Other purposes	-	-	-	14,571	3,724	32,655
<b>Total cash and investment fund balance - December 31</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,648</b>	<b>\$ 14,571</b>	<b>\$ 3,724</b>	<b>\$ 139,687</b>

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

TOWN OF FERDINAND  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND  
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2006

	Local Road and Street	Park and Recreation	Local Law Enforcement Continuing Education	Rainy Day	Riverboat	EDIT	Forestry Grant
<b>Receipts:</b>							
Taxes	\$ -	\$ 95,268	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	640	-	-	-	-
Intergovernmental	14,786	11,491	-	-	14,329	139,978	-
Charges for services	-	33,667	73	-	-	-	-
Fines and forfeits	-	-	360	-	-	-	-
Other	-	4,350	-	-	-	-	-
<b>Total receipts</b>	<b>14,786</b>	<b>144,776</b>	<b>1,073</b>	<b>-</b>	<b>14,329</b>	<b>139,978</b>	<b>-</b>
<b>Disbursements:</b>							
General government	-	-	-	-	-	-	-
Public safety	-	-	1,466	-	28,689	-	-
Highways and streets	30,764	-	-	-	-	60,585	-
Culture and recreation	-	127,303	-	14,422	-	-	3,561
<b>Total disbursements</b>	<b>30,764</b>	<b>127,303</b>	<b>1,466</b>	<b>14,422</b>	<b>28,689</b>	<b>60,585</b>	<b>3,561</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>(15,978)</b>	<b>17,473</b>	<b>(393)</b>	<b>(14,422)</b>	<b>(14,360)</b>	<b>79,393</b>	<b>(3,561)</b>
<b>Other financing sources (uses):</b>							
Transfers in	-	-	-	14,648	-	-	3,561
Transfers out	-	(4,310)	-	(226)	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>(4,310)</b>	<b>-</b>	<b>14,422</b>	<b>-</b>	<b>-</b>	<b>3,561</b>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<b>(15,978)</b>	<b>13,163</b>	<b>(393)</b>	<b>-</b>	<b>(14,360)</b>	<b>79,393</b>	<b>-</b>
<b>Cash and investment fund balance - beginning</b>	<b>45,899</b>	<b>57,156</b>	<b>1,625</b>	<b>-</b>	<b>14,360</b>	<b>704</b>	<b>-</b>
<b>Cash and investment fund balance - ending</b>	<b>\$ 29,921</b>	<b>\$ 70,319</b>	<b>\$ 1,232</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 80,097</b>	<b>\$ -</b>
<b><u>Cash and Investment Assets - December 31</u></b>							
<b>Restricted assets:</b>							
Cash and investments	\$ 29,921	\$ 70,319	\$ 1,232	\$ -	\$ -	\$ 80,097	\$ -
<b><u>Cash and Investment Fund Balance - December 31</u></b>							
<b>Restricted for:</b>							
Public safety	\$ -	\$ -	\$ 1,232	\$ -	\$ -	\$ -	\$ -
Highways and streets	29,921	-	-	-	-	80,097	-
Culture and recreation	-	70,319	-	-	-	-	-
Other purposes	-	-	-	-	-	-	-
<b>Total cash and investment fund balance - December 31</b>	<b>\$ 29,921</b>	<b>\$ 70,319</b>	<b>\$ 1,232</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 80,097</b>	<b>\$ -</b>

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

TOWN OF FERDINAND  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND  
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2006  
 (Continued)

	Fire Equipment Donation	Levy Excess	Bond and Interest	Cumulative Capital Improvement	Cumulative Capital Development	Totals
<b>Receipts:</b>						
Taxes	\$ -	\$ -	\$ 18	\$ -	\$ 44,953	\$ 140,239
Licenses and permits	-	-	-	-	-	640
Intergovernmental	-	-	-	8,135	4,245	192,964
Charges for services	-	-	-	-	-	33,740
Fines and forfeits	-	-	-	-	-	360
Other	9,000	-	-	-	-	13,350
<b>Total receipts</b>	<b>9,000</b>	<b>-</b>	<b>18</b>	<b>8,135</b>	<b>49,198</b>	<b>381,293</b>
<b>Disbursements:</b>						
General government	-	-	-	582	-	582
Public safety	-	-	-	-	24,940	55,095
Highways and streets	-	-	-	-	-	91,349
Culture and recreation	-	-	-	17,845	-	163,131
<b>Total disbursements</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>18,427</b>	<b>24,940</b>	<b>310,157</b>
Excess (deficiency) of receipts over disbursements	9,000	-	18	(10,292)	24,258	71,136
<b>Other financing sources (uses):</b>						
Transfers in	-	3,497	-	-	-	21,706
Transfers out	-	(3,497)	(1,666)	-	(284)	(9,983)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>(1,666)</b>	<b>-</b>	<b>(284)</b>	<b>11,723</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	9,000	-	(1,648)	(10,292)	23,974	82,859
Cash and investment fund balance - beginning	-	-	1,648	14,571	3,724	139,687
Cash and investment fund balance - ending	<u>\$ 9,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,279</u>	<u>\$ 27,698</u>	<u>\$ 222,546</u>
<b>Cash and Investment Assets - December 31</b>						
<b>Restricted assets:</b>						
Cash and investments	<u>\$ 9,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,279</u>	<u>\$ 27,698</u>	<u>\$ 222,546</u>
<b>Cash and Investment Fund Balance - December 31</b>						
<b>Restricted for:</b>						
Public safety	\$ 9,000	\$ -	\$ -	\$ -	\$ -	\$ 10,232
Highways and streets	-	-	-	-	-	110,018
Culture and recreation	-	-	-	-	-	70,319
Other purposes	-	-	-	4,279	27,698	31,977
<b>Total cash and investment fund balance - December 31</b>	<u>\$ 9,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,279</u>	<u>\$ 27,698</u>	<u>\$ 222,546</u>

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

# TOWN OF FERDINAND

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Fax 812-367-1303

KENNETH SICARD, President    LARRY HILGEMAN, Member    RONALD WEYER, Member,  
BEVERLY SCHULTHISE, Clerk-Treasurer    WILLIAM SHANEYFELT, Attorney

## 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 (those reported by governmental activities) are included regardless of their acquisition date or amount. The government was able to estimate the historical cost for the initial reporting of these assets through backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year.) As the government constructs or acquires additional capital assets each period, including infrastructure assets, they are reported at historical cost.

<u>Primary Government</u>	<u>2006 Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 26,025
Infrastructure	1,166,458
Buildings	1,596,423
Improvements other than buildings	475,246
Machinery and equipment	2,079,309
Construction in progress	<u>6,173,415</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 11,516,877</u>

<u>Primary Government</u>	<u>Ending Balance</u>
Business-type activities:	
Water Utility:	
Capital assets, not being depreciated:	
Land	\$ 66,749
Construction in progress	57,376
Buildings	102,956
Improvements other than buildings	1,535,844
Machinery and equipment	<u>66,189</u>
Total Water Utility capital assets	<u>1,829,114</u>

Wastewater Utility:

Capital assets, not being depreciated:

Land	14,407
Construction in progress	15,357
Buildings	4,186,398
Improvements other than buildings	3,172,036
Machinery and equipment	<u>419,482</u>

Total Wastewater Utility capital assets 7,807,680

Electric Utility:

Capital assets, not being depreciated:

Land	1,500
Construction in progress	67,000
Buildings	167,179
Improvements other than buildings	1,179,662
Machinery and equipment	<u>361,481</u>

Total Electric Utility capital assets 1,776,822

Total business-type activities  
capital assets

\$ 11,413,616

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**BEVERLY SCHULTHISE, Clerk-Treasurer    WILLIAM SHANEYFELT, Attorney**

**SUPPLEMENTARY INFORMATION  
SCHEDULE OF LONG-TERM DEBT**

For The Year Ended December 31, 2006

**CAPITAL LEASES**

The Unitttype has entered into the following capital leases:

Description of Asset	Ending Balance	Due Within One Year
<b>Business-type Activities:</b>		
<b>Water Utility</b>		
Revenue bonds:		
Southside Water Main	\$ 64,056	\$ 5,124
<b>Total Water Utility</b>	<b>\$ 64,056</b>	<b>\$ 5,124</b>
<b>Wastewater Utility</b>		
Revenue bonds:		
Treatment Plant	\$ 3,145,000	\$ 31,000
Southside Sewer Main	\$ 201,569	\$ 16,125
<b>Total Wastewater Utility</b>	<b>\$ 3,346,569</b>	<b>\$ 47,125</b>
<b>Total business-type activities long-term debt:</b>	<b>\$ 3,410,625</b>	<b>\$ 52,249</b>

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SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
302 WEST WASHINGTON STREET  
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

TO: THE OFFICIALS OF THE TOWN OF FERDINAND, DUBOIS COUNTY, INDIANA

Compliance

We have audited the compliance of the Town of Ferdinand (Town) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the years ended December 31, 2005 and 2006. The Town's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Town's management. Our responsibility is to express an opinion on the Town's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Town's compliance with those requirements.

In our opinion, the Town complied in all material respects with the requirements referred to above that are applicable to each of its major federal programs for the years ended December 31, 2005 and 2006.

Internal Control Over Compliance

The management of the Town is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Town's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133  
(Continued)

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the Town's management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

July 20, 2007

TOWN OF FERDINAND  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Years Ended December 31, 2005 and 2006

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 12-31-05	Total Federal Awards Expended 12-31-06
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>				
Pass-Through Indiana Department of Transportation Highway Planning and Construction Cluster Highway Planning and Construction	20.205			
Industrial Route - Other Nonconstruction		STP - 9419(1)	\$ 552,551	\$ 29,709
Industrial Route - Engineering		STP - 9419(001)	230,682	122,271
Ferdinand Scenic Vista Corridor (Gateway Sign) Project		STP - 9919(003)	<u>8,238</u>	<u>4,002</u>
Total for federal grantor agency			<u>791,471</u>	<u>155,982</u>
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>				
Pass-Through Vincennes University Aging Cluster Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	FY 2005	<u>5,924</u>	<u>-</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>				
Pass-Through Indiana Department of Homeland Security Public Assistance Grants	97.036	3197-EM-IN	<u>10,210</u>	<u>-</u>
Total federal awards expended			<u>\$ 807,605</u>	<u>\$ 155,982</u>

The accompanying note is an integral part of the Schedule of Expenditures of Federal Awards.

TOWN OF FERDINAND  
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Town of Ferdinand (Town) and is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Accordingly, the amount of federal awards expended is based on when the activity related to the award occurs. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Circular A-133 requires an annual audit of nonfederal entities expending a total amount of federal awards equal to or in excess of \$500,000 in any fiscal year unless by constitution or statute a less frequent audit is required. In accordance with the Indiana Code (IC 5-11-1 et seq.), audits of Towns with populations under 5,000 shall be conducted biennially. Such audits shall include both years within the biennial period.

TOWN OF FERDINAND  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified?	no
Reportable conditions identified that are not considered to be material weaknesses?	none reported

Noncompliance material to financial statements noted? no

Federal Awards:

Internal control over major programs:

Material weaknesses identified?	no
Reportable conditions identified that are not considered to be material weaknesses?	none reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? no

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
20.205	Highway Planning and Construction Cluster

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? no

Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

TOWN OF FERDINAND  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

TOWN OF FERDINAND  
EXIT CONFERENCE

The contents of this report were discussed on July 20, 2007, with Ken Sicard, President of the Town Council; and Beverly Schulthise, Clerk-Treasurer. Our audit disclosed no material items that warrant comment at this time.