

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

EXAMINATION REPORT
OF
TOWN OF ELNORA
DAVISS COUNTY, INDIANA
January 1, 2007 to December 31, 2008



FILED
12/29/2009

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Sara Eaton	01-01-04 to 12-31-11
President of the Town Council	Jerry Beck	01-01-07 to 12-31-09
Superintendent of Utilities	Wayne Ellis	01-01-07 to 12-31-09



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF ELNORA, DAVIESS COUNTY, INDIANA

We have examined the financial information presented herein of the Town of Elnora (Town), for the period of January 1, 2007 to December 31, 2008. 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, 2007 and 2008, 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 required parts 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

November 4, 2009

TOWN OF ELNORA
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, 2007 And 2008

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Governmental Funds:				
General	\$ 91,042	\$ 116,959	\$ 119,371	\$ 88,630
Motor Vehicle Highway	46,044	30,777	12,830	63,991
Local Road and Street	12,016	4,203	10,000	6,219
Park and Recreation	1,210	500	-	1,710
Law Enforcement Continuing Education	882	365	789	458
Riverboat	6,958	4,546	6,607	4,897
Reserve Police Officers	474	-	267	207
Cumulative Capital Improvement	4,133	2,532	4,132	2,533
Cumulative Capital Development	16,492	4,114	1,179	19,427
Community Clean-up	588	100	86	602
CEDIT	6,414	8,519	5,000	9,933
Federal Housing Grant	825	30,708	31,533	-
New Fire Truck Fund	-	165,740	165,740	-
CEDIT Capital Project	-	5,000	5,000	-
Proprietary Funds:				
Water Utility - Operating	7,606	97,055	93,526	11,135
Water Utility - Bond and Interest	5,550	12,900	13,200	5,250
Water Utility - Depreciation	13,704	-	-	13,704
Water Utility - Customer Deposit	9,099	1,550	2,383	8,266
Water Utility - Construction	7,500	6,000	12,101	1,399
Wastewater Utility - Operating	11,504	119,673	116,560	14,617
Wastewater Utility - Bond and Interest	22,900	27,600	27,750	22,750
Wastewater Utility - Depreciation	28,360	-	-	28,360
Fiduciary Fund:				
Payroll	-	122,218	122,218	-
Totals	<u>\$ 293,301</u>	<u>\$ 761,059</u>	<u>\$ 750,272</u>	<u>\$ 304,088</u>
	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
Governmental Funds:				
General	\$ 88,630	\$ 128,718	\$ 141,203	\$ 76,145
Motor Vehicle Highway	63,991	24,431	16,876	71,545
Local Road and Street	6,219	3,978	9,000	1,197
Park and Recreation	1,710	500	1,000	1,210
Law Enforcement Continuing Education	458	422	563	317
Riverboat	4,897	4,523	4,898	4,522
Rainy Day	-	1,627	-	1,627
FEMA Flood Fund	-	14,287	10,605	3,683
Community Foundation Grant	-	9,957	4,263	5,694
Reserve Police Officers	207	40	200	47
Cumulative Capital Improvement	2,533	2,345	-	4,878
Cumulative Capital Development	19,427	4,122	3,582	19,967
Community Clean-up	602	-	100	502
CEDIT	9,933	8,394	2,575	15,752
Proprietary Funds:				
Water Utility - Operating	11,135	92,190	96,783	6,542
Water Utility - Bond and Interest	5,250	12,100	12,750	4,600
Water Utility - Debt Reserve	13,704	-	-	13,704
Water Utility - Customer Deposit	8,266	2,360	2,329	8,297
Water Utility - Construction	1,399	6,000	-	7,399
Wastewater Utility - Operating	14,617	116,445	130,223	839
Wastewater Utility - Bond and Interest	22,750	27,600	27,900	22,450
Wastewater Utility - Debt Reserve	28,360	-	-	28,360
Fiduciary Fund:				
Payroll	-	145,091	145,091	-
Totals	<u>\$ 304,088</u>	<u>\$ 605,127</u>	<u>\$ 609,941</u>	<u>\$ 299,274</u>

The accompanying notes are an integral part of the financial information.

TOWN OF ELNORA
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, health and social services, culture and recreation, water, wastewater, and general administrative 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 ELNORA
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS

For The Year Ended December 31, 2008

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.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 600
Buildings	35,846
Improvements other than buildings	31,248
Machinery and equipment	<u>213,117</u>
 Total governmental activities, capital assets not being depreciated	 <u>\$ 280,810</u>

<u>Primary Government</u>	<u>Ending Balance</u>
Business-type activities:	
Water Utility:	
Capital assets, not being depreciated:	
Land	\$ 14,000
Buildings	142,500
Improvements other than buildings	1,444,686
Machinery and equipment	<u>8,064</u>
 Total Water Utility capital assets	 <u>1,609,250</u>

Wastewater Utility:	
Capital assets, not being depreciated:	
Land	11,277
Transportation Equipment	12,125
Buildings	560,840
Improvements other than buildings	1,466,125
Machinery and equipment	<u>55,066</u>
 Total Wastewater Utility capital assets	 <u>2,105,433</u>

Total business-type activities capital assets	<u><u>\$ 3,714,683</u></u>
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TOWN OF ELNORA
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 December 31, 2008

The Town has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Business-type Activities:		
Water Utility		
Revenue bonds:		
Waterworks Revenue Bonds	\$ 66,000	\$ 13,300
Total Water Utility	<u>66,000</u>	<u>13,300</u>
Wastewater Utility		
Revenue bonds:		
1976 Wastewater Revenue Bonds	<u>180,000</u>	<u>28,000</u>
Total Wastewater Utility	<u>180,000</u>	<u>28,000</u>
Total business-type activities debt:	<u>\$ 246,000</u>	<u>\$ 41,300</u>

TOWN OF ELNORA
EXAMINATION RESULTS AND COMMENTS

PENALTIES, INTEREST, AND OTHER CHARGES

Penalties and interest totaling \$46.85 were paid to the Indiana Department of Revenue for Sales Tax due on July 2, 2008, for the month of May 2008. Payment was made November 13, 2008.

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Failure to pay claims or remit taxes in a timely manner could be an indicator of serious financial problems which should be investigated by the governmental unit.

Additionally officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the governmental unit.

Any penalties, interest or other charges paid by the governmental unit may be the personal obligation of the responsible official or employee.

(Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

ERRORS ON CLAIMS

The following deficiencies were noted on claims during the examination period:

- (1) Claims were not adequately itemized.
- (2) All claims did not have board approval.
- (3) Not all claims were certified by the fiscal officer before payment.

One claim out of fifty-five tested could not be located for examination.

IC 5-11-10-1.6 states in part:

"(b) As used in this section, 'claim' means a bill or an invoice submitted to a governmental entity for goods or services."

TOWN OF ELNORA
EXAMINATION RESULTS AND COMMENTS
(Continued)

"(c) The fiscal officer of a governmental entity may not draw a warrant or check for payment of a claim unless:

- (1) there is a fully itemized invoice or bill for the claim;
- (2) the invoice or bill is approved by the officer or person receiving the goods and services;
- (3) the invoice or bill is filed with the governmental entity's fiscal officer;
- (4) the fiscal officer audits and certifies before payment that the invoice or bill is true and correct; and
- (5) payment of the claim is allowed by the governmental entity's legislative body or the board or official having jurisdiction over allowance of payment of the claim."

COMPENSATION AND BENEFITS

Employees received additional payments in 2008 which were not included in the salary ordinance or resolution. A retroactive salary ordinance was passed by the Town Council to cover the payments.

The Clerk-Treasurer received an additional week's pay due to the calendar year having 53 weekly pays in 2008. In accordance with IC 36-5-3-2(c): "The compensation of an elected town officer may not be changed in the year for which it is fixed, nor may it be reduced below the amount fixed for the previous year." As an elected official, Ms. Eaton will pay back the week's pay out of her current earnings.

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, resolution or salary schedule adopted by the governing body unless otherwise authorized by statute. Compensation should be made in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TOWN OF ELNORA
EXIT CONFERENCE

The contents of this report were discussed on November 4, 2009, with Sara Eaton, Clerk-Treasurer; and Jerry Parsons, Town Council member.