

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

EXAMINATION REPORT
OF
TOWN OF ELLETTSVILLE
MONROE COUNTY, INDIANA
January 1, 2008 to December 31, 2009



FILED
12/29/2010

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	4-5
Notes to Financial Information	6-7
Supplementary Information:	
Schedule of Capital Assets.....	8
Schedule of Long-Term Debt	9
Examination Result and Comment:	
Bad Debts and Uncollectible Accounts	10
Exit Conference.....	11

OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Sandra C. Hash	01-01-08 to 12-31-11
President of the Town Council	Dan Swafford Dianna Bastin Phillip Smith	01-01-08 to 12-31-08 01-01-09 to 12-31-09 01-01-10 to 12-31-10
Superintendent of Water Utility	Michael Farmer	01-01-08 to 12-31-10
Superintendent of Wastewater Utility	Jeffery Farmer	01-01-08 to 12-31-10
Superintendent of Storm Water Utility	James W. Ragle	01-01-08 to 12-31-10
Utility Office Manager	Rebecca S. Wines	01-01-08 to 12-31-10



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF ELLETTSVILLE, MONROE COUNTY, INDIANA

We have examined the financial information presented herein of the Town of Ellettsville (Town), for the period of January 1, 2008 to December 31, 2009. 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, 2008 and 2009, 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

September 21, 2010

TOWN OF ELLETTSVILLE
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, 2008 And 2009

	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
Governmental Funds:				
General	\$ 353,775	\$ 1,680,055	\$ 2,001,392	\$ 32,438
Motor Vehicle Highway	175,809	333,177	466,498	42,488
Local Road and Street	28,998	46,690	46,757	28,931
Park and Recreation	34,323	6,820	12,008	29,135
Law Enforcement Continuing Education	9,707	7,752	5,855	11,604
Christmas Decoration	32	-	-	32
Developers Escrow	34,047	438	-	34,485
Assistance to Firefighters Grant	1	-	-	1
Disaster Relief Fund	155	-	-	155
Donations for Tornado Siren	540	-	-	540
Drug Awareness	20	-	20	-
Drug Education and Equipment	-	8,240	8,240	-
Ellettsville Government Center	82,810	-	80,000	2,810
Fire Department Communication Equipment	12,587	13,920	15,017	11,490
Fire Department Construction	997	-	997	-
K-9 and Handler	12,290	-	3,000	9,290
Memorial Park Maintenance	4,208	-	159	4,049
OWI Seatbelt Grant	111	-	-	111
Police Department Construction	2,663	-	2,663	-
Police Reserves	4,000	3,100	5,100	2,000
Rainy Day	66,532	58,207	100,000	24,739
Richland Township Fire Truck	-	68,798	68,798	-
Skate Park Donations	471	-	463	8
Skate Park Grant/ Build Indiana	693	-	685	8
South Central Narcotics Strike Force	3,718	-	2,492	1,226
Street Light Donations	1,236	-	-	1,236
Volunteer Firemen	3,019	-	2,626	393
Debt Service - Fire	122,076	63,960	158,394	27,642
Debt Service - Police	159,385	63,847	81,769	141,463
Cumulative Building	64,721	25,878	42,788	47,811
Cumulative Capital Development	83,710	41,141	77,496	47,355
Cumulative Capital Improvement	39,634	16,514	15,118	41,030
Cash With Fiscal Agent	215,491	2,906	74,780	143,617
Proprietary Funds:				
Water Utility - Operating	255,294	1,351,615	1,462,014	144,895
Water Utility - Bond and Interest	15,828	122,665	122,200	16,293
Water Utility - Customer Deposit	22,980	6,810	5,705	24,085
Water Utility - Improvement	33,482	6,000	10,015	29,467
Water Utility - Debt Service	138,650	4,926	-	143,576
Wastewater Utility - Operating	296,674	1,738,765	1,853,001	182,438
Wastewater Utility - Bond and Interest	98,504	719,883	715,203	103,184
Wastewater Utility - Debt Service	790,080	35,155	-	825,235
Wastewater Utility - Customer Deposit	14,700	7,350	5,950	16,100
Wastewater Utility - User Capacity Fee	384,727	36,792	105,250	316,269
Wastewater Utility - Sewer Equipment Replacement	870,961	162,172	119,050	914,083
Storm Water Utility	9,459	118,215	80,139	47,535
Fiduciary Funds:				
Payroll	29	1,324,714	1,324,384	358
Totals	\$ 4,449,127	\$ 8,076,504	\$ 9,076,026	\$ 3,449,605

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

TOWN OF ELLETTSVILLE
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, 2008 And 2009
(Continued)

	Cash and Investments		Cash and Investments	
	01-01-09	Receipts	Disbursements	12-31-09
Governmental Funds:				
General	\$ 32,438	\$ 2,194,552	\$ 2,123,504	\$ 103,486
Motor Vehicle Highway	42,488	416,827	441,723	17,592
Local Road and Street	28,931	43,272	8,362	63,841
Park and Recreation	29,135	5,772	17,555	17,352
Law Enforcement Continuing Education	11,604	6,562	8,335	9,831
Christmas Decoration	32	-	-	32
Developers Escrow	34,485	713	35,198	-
Assistance to Firefighters Grant	1	-	-	1
Disaster Relief Fund	155	-	-	155
Donations for Tornado Siren	540	-	540	-
Drug Education and Equipment	-	6,207	5,207	1,000
Ellettsville Government Center	2,810	80,000	-	82,810
Federal Grants for Police	-	3,182	2,585	597
Fire Department Communication Equipment	11,490	15,625	11,505	15,610
K-9 and Handler	9,290	-	-	9,290
Memorial Park Maintenance	4,049	-	153	3,896
OWI Seatbelt Grant	111	-	-	111
Parks and Recreation Donation	-	1,607	1,559	48
Police Reserves	2,000	5,996	5,045	2,951
Rainy Day	24,739	123,994	16,191	132,542
Richland Township Fire Truck	-	68,798	68,798	-
Skate Park Donations	8	-	-	8
Skate Park Grant/ Build Indiana	8	-	-	8
South Central Narcotics Strike Force	1,226	90	787	529
Street Light Donations	1,236	-	-	1,236
Volunteer Firemen	393	-	-	393
Debt Service - Fire	27,642	159,515	170,424	16,733
Debt Service - Police	141,463	137,728	96,799	182,392
Cumulative Building	47,811	48,449	36,267	59,993
Cumulative Capital Development	47,355	72,567	30,012	89,910
Cumulative Capital Improvement	41,030	15,571	19,120	37,481
Cash With Fiscal Agent	143,617	507	71,980	72,144
Proprietary Funds:				
Water Utility - Operating	144,895	1,449,793	1,455,897	138,791
Water Utility - Bond and Interest	16,293	123,793	123,638	16,448
Water Utility - Customer Deposit	24,085	6,480	5,580	24,985
Water Utility - Improvement	29,467	1,000	4,614	25,853
Water Utility - Debt Service	143,576	4,583	-	148,159
Water Utility Tank Maintenance	-	22,245	9,519	12,726
Wastewater Utility - Operating	182,438	1,858,547	1,937,243	103,742
Wastewater Utility - Bond and Interest	103,184	717,880	716,828	104,236
Wastewater Utility - Debt Service	825,235	28,611	-	853,846
Wastewater Utility - Customer Deposit	16,100	9,500	5,560	20,040
Wastewater Utility - User Capacity Fee	316,269	36,464	32,379	320,354
Wastewater Utility - Sewer Equipment Replacement	914,083	157,925	128,012	943,996
Storm Water Utility	47,535	119,008	122,647	43,896
Fiduciary Funds:				
Payroll	358	1,357,968	1,358,053	273
Totals	\$ 3,449,605	\$ 9,301,331	\$ 9,071,619	\$ 3,679,317

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

TOWN OF ELLETTSVILLE
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, 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.

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.

TOWN OF ELLETTSVILLE
NOTES TO FINANCIAL INFORMATION
(Continued)

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.

Note 6. Pension Plan

Public Employees' Retirement Fund

Plan Description

The Town contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF Board, most requirements of the system, and give the Town authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

PERF administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

Public Employees' Retirement Fund
Harrison Building, Room 800
143 West Market Street
Indianapolis, IN 46204
Ph. (317) 233-4162

Funding Policy and Annual Pension Cost

The contribution requirements of the plan members for PERF are established by the Board of Trustees of PERF.

TOWN OF ELLETTSVILLE
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 For The Year Ended December 31, 2009

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 year have been reported. Retroactive reporting of general infrastructure assets will occur by January 2009.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 535,000
Infrastructure	11,671
Buildings	3,221,995
Improvements other than buildings	15,000
Machinery and equipment	<u>2,838,551</u>
 Total governmental activities, capital assets not being depreciated	 <u>\$ 6,087,217</u>

<u>Primary Government</u>	<u>Ending Balance</u>
Business-type activities:	
Water Utility:	
Capital assets, not being depreciated:	
Land	\$ 32,500
Capital assets, being depreciated:	
Buildings	22,179
Improvements other than buildings	4,407,669
Machinery and equipment	<u>1,853,109</u>
 Total Water Utility capital assets	 <u>6,315,457</u>
Wastewater Utility:	
Capital assets, not being depreciated:	
Land	88,520
Capital assets, being depreciated:	
Buildings	8,164,631
Improvements other than buildings	3,519,640
Machinery and equipment	<u>609,306</u>
 Total Wastewater Utility capital assets	 <u>12,382,097</u>
Storm Water Utility:	
Capital assets, being depreciated:	
Machinery and equipment	<u>176,550</u>
 Total Wastewater Utility capital assets	 <u>176,550</u>
 Total business-type activities capital assets	 <u>\$ 18,874,104</u>

TOWN OF ELLETTSVILLE
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 December 31, 2009

The Town has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:		
Capital leases:		
Police Station	\$ 1,635,000	\$ 149,130
Fire Station	1,645,000	150,575
Notes and loans payable:		
Fire Truck	344,659	95,123
Street Sweeper	<u>134,595</u>	<u>26,000</u>
Total governmental activities debt	<u>\$ 3,759,254</u>	<u>\$ 420,828</u>
Business-type activities:		
Water Utility:		
Revenue bonds:		
Storage Tank and Supply Main	\$ 790,000	\$ 119,797
Wastewater Utility:		
Revenue bonds:		
Sewage Works SRF Revenue Bonds	<u>4,365,000</u>	<u>712,778</u>
Total business-type activities debt	<u>\$ 5,155,000</u>	<u>\$ 832,575</u>

TOWN OF ELLETTSVILLE
EXAMINATION RESULT AND COMMENT

BAD DEBTS AND UNCOLLECTIBLE ACCOUNTS

The Utilities do not have a written policy concerning procedures for writing off bad debts or uncollectible accounts. For the year ended December 31, 2009, the accounts receivable balances in arrears 90 days or more were: Water Utility - \$23,854; Wastewater Utility - \$ 28,565 and Storm Water Utility \$305. Payments have not been made on some of the accounts since 1987.

The governing body of a governmental unit should have a written policy concerning a procedure for the writing off of bad debts, uncollectible accounts receivable, or any adjustments to record balances.

Documentation should exist for all efforts made by the governmental unit to collect amounts owed prior to any write-offs.

Officials or employees authorizing, directing or executing write-offs or adjustments to records which are not documented or warranted may be held personally responsible. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

A similar comment appeared in a prior Report B33779.

TOWN OF ELLETTSVILLE
EXIT CONFERENCE

The contents of this report were discussed on September 23, 2010, with Sandra C. Hash, Clerk-Treasurer, and Phillip Smith, President of the Town Board. The officials concurred with our finding.