

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

EXAMINATION REPORT
OF
TOWN OF EARL PARK
BENTON COUNTY, INDIANA
January 1, 2008 to December 31, 2009



FILED
04/13/2011

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Carmen M. Flook Kristen Hardebeck	01-01-06 to 07-31-10 08-01-10 to 12-31-11
President of the Town Council	Phillip L. McGinnis	01-01-08 to 12-31-10



STATE OF INDIANA
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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF EARL PARK, BENTON COUNTY, INDIANA

We have examined the financial information presented herein of the Town of Earl Park (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 Long-Term Debt, as listed in the Table of Contents, is presented for additional analysis and is not a required part of the basic financial information. It has not been subjected to the examination procedures applied to the basic financial information and, accordingly, we express no opinion on it.

STATE BOARD OF ACCOUNTS

November 22, 2010

TOWN OF EARL PARK
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	\$ 49,103	\$ 80,835	\$ 92,614	\$ 37,324
Motor Vehicle Highway	62,449	222,032	19,503	264,978
Local Road and Street	13,412	1,893	1,105	14,200
Sanitation	(1,559)	29,845	27,465	821
Riverboat	10,615	3,042	-	13,657
Levy Excess	1,243	-	-	1,243
Cumulative Capital Improvement	14,209	749	-	14,958
Proprietary Funds:				
Water Utility - Operating	84,833	110,591	119,253	76,171
Water Utility - Bond and Interest	2	29,748	28,874	876
Water Utility - Bond and Interest Reserve	30,000	-	-	30,000
Water Utility - Depreciation	3,916	-	-	3,916
Water Utility - Customer Deposit	7,401	1,430	400	8,431
Fiduciary Fund:				
Payroll Withholding	-	9,317	9,317	-
Totals	<u>\$ 275,624</u>	<u>\$ 489,482</u>	<u>\$ 298,531</u>	<u>\$ 466,575</u>

	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
Governmental Funds:				
General	\$ 37,324	\$ 119,438	\$ 86,912	\$ 69,850
Motor Vehicle Highway	264,978	13,679	20,591	258,066
Local Road and Street	14,200	2,120	23	16,297
Sanitation	821	29,059	28,884	996
Riverboat	13,657	-	3,521	10,136
Levy Excess	1,243	-	-	1,243
Cumulative Capital Improvement	14,958	2,316	-	17,274
Proprietary Funds:				
Water Utility - Operating	76,171	101,966	102,842	75,295
Water Utility - Bond and Interest	876	-	-	876
Water Utility - Bond and Interest Reserve	30,000	-	-	30,000
Water Utility - Depreciation	3,916	-	-	3,916
Water Utility - Customer Deposit	8,431	1,140	100	9,471
Fiduciary Fund:				
Payroll Withholding	-	11,662	11,662	-
Totals	<u>\$ 466,575</u>	<u>\$ 281,380</u>	<u>\$ 254,535</u>	<u>\$ 493,420</u>

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

TOWN OF EARL PARK
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, water utility, streets and highways, 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. 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.

Note 6. State Revolving Loan

During 2007, the Town of Earl Park was approved for a loan of up to \$120,000 for water improvements. As of this report date, \$115,673 of the loan had been drawn down for the project. The loan is now in process of being paid back.

TOWN OF EARL PARK
 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
Business-type activities:		
Water Utility:		
State Revolving Fund Loan:		
Water Improvements	\$ 87,673	\$ 19,924

TOWN OF EARL PARK
EXAMINATION RESULTS AND COMMENTS

CAPITAL ASSET RECORDS

The Town and Water Utility do not maintain detailed records of capital assets.

Every governmental unit should have a complete inventory of all capital assets owned which reflects their acquisition value. Such inventory should be recorded in the Capital Assets Ledger. A complete inventory should be taken every year for good internal control and for verifying account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

ANNUAL REPORTS

The annual reports for 2008 and 2009 were not completed until July 2010 and did not include all funds.

IC 5-3-1-3(a) states in part: "Within sixty (60) days after the expiration of each calendar year, the fiscal officer of each civil city and town in Indiana shall publish an annual report of the receipts and expenditures of the city or town . . ."

HYDRANT RENTAL RECEIVABLE (PAYABLE)

The Town of Earl Park owes the Water Utility hydrant rental of \$7,200 for the year 2008 pursuant to Rate Ordinance passed by the Town Council.

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

UTILITY RECEIPTS TAX

The Earl Park Water Utility did not pay Utility Receipts Tax to the Indiana Department of Revenue during the examination period.

Generally, retail receipts from all utility services consumed within Indiana are subject to the utility receipts tax regardless of the point of generation or transmission across state lines. Receipts from the provision of mobile telecommunication service are subject to utility receipts tax to the extent that the receipts are sourced to Indiana pursuant to IC 6-8.1-15. However, gross receipts received by a political subdivision for sewage and sewage service are not subject to the tax. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

BANK ACCOUNT RECONCILIATIONS

Depository reconciliations of the fund balances to the bank account balances were incorrect.

IC 5-13-6-1(e) states in part: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

TOWN OF EARL PARK
EXAMINATION RESULTS AND COMMENTS
(Continued)

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

CASH NECESSARY TO BALANCE, BANK RECONCILIATIONS

A comparison of the records to the bank accounts as of December 31, 2009, indicated cash necessary to balance of \$339.21 and \$288.05 in the Town of Earl Park governmental funds and water utility funds, respectively. We requested that Carmen M. Flook, prior Clerk-Treasurer, reimburse the total of \$627.26 to the Town of Earl Park. (See Summary, page 10)

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

OFFICIAL BOND

Carmen M. Flook, prior Clerk-Treasurer, had an official bond, Number B152795, with Pekin Insurance for the period of January 1, 2008 to December 31, 2009, in the amount of \$15,000.

IC 5-4-1-5.1(b) states in part: "Every elected or appointed officer, official, deputy, or employee of a political subdivision . . . shall file the bond in the office of the county recorder. . . ."

TOWN OF EARL PARK
EXIT CONFERENCE

The contents of this report were discussed on November 22, 2010, with Kristen Hardebeck, Clerk-Treasurer, and Phillip L. McGinnis, President of the Town Council.

The contents of this report were discussed on November 22, 2010, with Carmen M. Flook, prior Clerk-Treasurer.

TOWN OF EARL PARK
SUMMARY

	<u>Charges</u>	<u>Credits</u>	<u>Balance Due</u>
Carmen M. Flook, prior Clerk-Treasurer:			
Cash Necessary to Balance:			
Governmental Funds, page 8	\$ 339.21	\$	\$
Water Utility Funds, page 8	288.05		
Reimbursed by Check No. 2213, dated March 9, 2011	<u> </u>	<u>627.26</u>	<u> </u> -
Totals	<u>\$ 627.26</u>	<u>\$ 627.26</u>	<u>\$</u> <u> </u> -