

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

EXAMINATION REPORT
OF
TOWN OF EDGEWOOD
MADISON COUNTY, INDIANA
January 1, 2009 to December 31, 2010



FILED
09/22/2011

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Katherine L. Tanner	01-01-08 to 12-31-11
President of the Town Council	Patricia A. Farran	01-01-09 to 12-31-11
Superintendent of Utilities	Owen L. Kirby	01-01-09 to 12-31-11



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF EDGEWOOD, MADISON COUNTY, INDIANA

We have examined the financial statements of the Town of Edgewood (Town), for the period of January 1, 2009 to December 31, 2010. The Town's management is responsible for the financial statements. 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 statements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

As discussed in Note 1, the Town prepares its financial statements on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The basis 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 financial position and results of operations of the Town for the years ended December 31, 2009 and 2010, on the basis of accounting described in Note 1.

The Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis and Schedule of Capital Assets, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statements. They have not been subjected to the examination procedures applied to the financial statements and, accordingly, we express no opinion on them.

The Town's response to the Examination Results and Comments identified in our examination is described in the accompanying section of the report entitled Official Response. We did not examine the Town's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Town's management and Town Council, 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

August 25, 2011

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FINANCIAL STATEMENTS

TOWN OF EDGEWOOD
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For The Year Ended December 31, 2009

	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
General Fund	\$ 29,173	\$ 487,928	\$ 546,128	\$ (29,027)
Mvh	92,730	93,596	105,172	81,154
Local Roads & Streets	87,777	18,942	58,290	48,429
Law Enf. Cont. Ed.	17,734	2,179	4,055	15,858
Clerk's Rec. Perp. Fund	9,190	5,198	8,123	6,265
Riverboat Fund	36,555	12,491	22,651	26,395
Police Grant	3	3,200	2,515	688
Rainy Day Fund	7,307	2,101	-	9,408
Levy Excess Fund	2,497	-	-	2,497
Court User /Deferral Fees	57,349	8,630	6,646	59,333
Non Appropriated Fund	1,399	-	-	1,399
Casino Fund	-	91,632	-	91,632
Enhancement Fund	10,475	-	2,380	8,095
Cum. Cap, Improv.	41,608	6,096	19,325	28,379
Payroll Fund	635	486,500	486,501	634
Restricted Donation Fund	21,632	654	18,341	3,945
Sewer Operating	622,708	358,175	519,099	461,784
Water Operation	426,695	181,841	198,575	409,961
Water Depreciation	240,386	21,473	46,532	215,327
Water Meter Deposit	67,090	4,100	3,486	67,704
Wat. Met. Dep. Refund	670	3,486	2,556	1,600
Town Court	188,350	720,050	715,009	193,391
Totals	<u>\$ 1,961,963</u>	<u>\$ 2,508,272</u>	<u>\$ 2,765,384</u>	<u>\$ 1,704,851</u>

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

TOWN OF EDGEWOOD
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For The Year Ended December 31, 2010

	Cash and Investments 01-01-10	Receipts	Disbursements	Cash and Investments 12-31-10
General Fund	\$ (29,027)	\$ 502,383	\$ 571,406	\$ (98,050)
Mvh	81,154	94,008	56,410	118,752
Local Roads & Streets	48,429	19,387	45,000	22,816
Law Enf. Cont. Ed.	15,858	1,768	2,888	14,738
Clerk's Rec. Perp. Fund	6,265	4,359	5,974	4,650
Riverboat Fund	26,395	12,533	10,558	28,370
Police Grant	688	4,700	4,016	1,372
Rainy Day Fund	9,408	1,662	-	11,070
Levy Excess Fund	2,497	619	-	3,116
Court User /Deferral Fees	59,333	7,254	6,976	59,611
Loit/Public Safety Fund	-	24,950	18,578	6,372
Non Appropriated Fund	1,399	-	-	1,399
Casino Fund	91,632	144,924	80,614	155,942
Enhancement Fund	8,095	-	1,628	6,467
Cum. Cap. Improv.	28,379	5,821	-	34,200
Payroll Fund	634	548,945	548,461	1,118
Restricted Donation Fund	3,945	1,483	4,479	949
Sewer Operating	461,784	831,557	854,657	438,684
Water Operation	409,961	176,911	280,768	306,104
Water Depreciation	215,327	23,669	6,283	232,713
Water Meter Deposit	67,704	3,400	-	71,104
Wat. Met. Dep. Refund	1,600	-	1,221	379
Town Court	193,391	637,862	648,193	183,060
Totals	<u>\$ 1,704,851</u>	<u>\$ 3,048,195</u>	<u>\$ 3,148,110</u>	<u>\$ 1,604,936</u>

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

TOWN OF EDGEWOOD
NOTES TO FINANCIAL STATEMENTS

Note 1. 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 some or all of the following services: public safety (police and fire), highways and streets, health and social services, culture and recreation, public improvements, planning and zoning, general administrative services, water, wastewater, electric, gas, storm water, trash, aviation, and urban redevelopment and housing.

The accompanying financial statements present the financial information for the Town (primary government), and does not include financial information for any of the Town's legally separate component units, which accounting principles generally accepted in the United States of America require to be reported with the financial information of the Town (primary government.)

B. Basis of Accounting

The financial statements are reported on a regulatory basis of accounting prescribed by the State Board of Accounts in accordance with state statute (IC 5-11-1-6), 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 regulatory 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.

C. Cash and Investments

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

D. Receipts

Receipts are presented in the aggregate on the face of the financial statements. The aggregate receipts may include, but are not limited to, the following sources:

Taxes, which can include one or more of the following: property taxes, certified shares (local option tax), property tax replacement credit (local option tax), county option income tax, wheel tax, innkeepers tax, food and beverage tax, county economic development income tax, boat and trailer excise tax county adjusted gross income tax, and other taxes that are set by the Town.

Special assessments which includes amounts levied against certain properties to defray all or part of the cost of a specific capital improvement or service deemed to benefit primarily those properties.

TOWN OF EDGEWOOD
NOTES TO FINANCIAL STATEMENTS
(Continued)

License and permits which includes amounts received from businesses, occupations, or nonbusinesses that must be licensed before doing business within the government's jurisdiction or permits levied according to the benefits presumably conferred by the permit. Examples of license and permits include: peddler licenses; dog tax licenses, auctioneer license, building and planning permits, demolition permits, electrical permits, sign permits; and gun permits.

Intergovernmental receipts which includes receipts from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of this type of receipts includes, but is not limited to: federal grants, state grants, cigarette tax distributions received from the state, motor vehicle highway distribution received from the state, local road and street distribution received from the state, financial institution tax received from the state, auto excise surtax received from the state, commercial vehicle excise tax received from the state, major moves distributions received from the state, and riverboat receipts received from the county.

Charges for services which can include, but are not limited to the following: planning commission charges, building department charges, copies of public records; copy machine charges; accident report copies, gun permit applications, 911 telephone services; recycling fees, dog pound fees; emergency medical service fees, park rental fees; swimming pool receipts; cable tv receipts; ordinance violations; fines and fees, bond forfeitures, court costs, and court receipts.

Fines and forfeits which includes receipts derived from fines and penalties imposed for the commission of statutory offenses, violation of lawful administrative rules and regulations (fines), and for the neglect of official duty and monies derived from confiscating deposits help as performance guarantees (forfeitures).

Net proceeds from borrowings which includes receipts from general obligation bonds, notes and loans.

Intergovernmental loan activity which includes amounts received from other funds as loans on a temporary basis.

Transfers in which includes funds authorized by statute, ordinance, resolution or court order to be transferred in from another fund.

Utility receipts which are comprised mostly of charges for current services.

Internal service receipts which are comprised mostly of fees received for services performed for other funds.

Fiduciary receipts which are comprised mostly of contributions to the pensions funds from state and local sources.

E. Disbursements

Disbursements are presented in the aggregate on the face of the financial statements. The aggregate disbursements may include, but are not limited to, the following uses:

TOWN OF EDGEWOOD
NOTES TO FINANCIAL STATEMENTS
(Continued)

Personal services which includes outflows for salaries, wages and related employee benefits provided for all persons employed. In those units where sick leave, vacation leave, overtime compensation, and other such benefits are appropriated separately, such payments would also be included.

Supplies which includes articles and commodities that are entirely consumed and materially altered when used and/or show rapid depreciation after use for a short period of time. Examples of supplies include office supplies, operating supplies, and repair and maintenance supplies.

Other services and charges which includes, but is not limited to: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance; and rental charges.

Debt service principle and interest which includes fixed obligations resulting from financial transactions previously entered into by the Town. It includes all expenditures for the reduction of the principal and interest of the Town's general obligation indebtedness.

Capital outlay which includes all outflows for land, infrastructure, buildings, improvements, machinery and equipment having an appreciable and calculable period of usefulness.

Interfund loan payments and loans made which includes amounts that are owed to a particular fund by another fund.

Transfers out which includes funds authorized by statute, ordinance, resolution or court order to be transferred to another fund.

F. Interfund Transfers

The Town may, from time to time, transfer money from one fund to another. These transfers, if any, are included as a part of the receipts and disbursements of the affected funds and as a part of total receipts and disbursements. The transfers are used for cash flow purposes as provided by various statutory provisions.

G. Fund Accounting

Separate funds are established, maintained, and reported by the Town. Each fund is used to account for money received from and used for specific sources and uses as determined by various regulations. Restrictions on some funds are set by statute while other funds are internally restricted by the Town. The money accounted for in a specific fund may only be available for use for certain, legally restricted purposes. Additionally, some funds are used to account for assets held by the Town in a trustee capacity as an agent of individuals, private organizations, other funds, or other governmental units and therefore the funds cannot be used for any expenditures of the unit itself.

TOWN OF EDGEWOOD
NOTES TO FINANCIAL STATEMENTS
(Continued)

Note 2. Budgets

The operating budget is initially prepared and approved at the local level. The fiscal officer of the Town submits a proposed operating budget to the governing board for the following calendar year. The budget is advertised as required by law. Prior to adopting the budget, the governing board conducts public hearings and obtains taxpayer comments. Prior to November 1, the governing board approves the budget for the next year. The budget for funds for which property taxes are levied or highway use taxes are received is subject to final approval by the Indiana Department of Local Government Finance.

Note 3. Property Taxes

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the Town in June and December; however, situations can arise which would delay the distributions. 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 normally become delinquent if not paid by May 10 and November 10, respectively.

Note 4. Deposits and Investments

Deposits, made in accordance with state statute (IC 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 5. Risk Management

The Town may be 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; medical benefits to employees, retirees, and dependents; and natural disasters.

These risks can be mitigated through the purchase of insurance, establishment of a self-insurance fund, and/or participation in a risk pool. The purchase of insurance transfers the risk to an independent third party. The establishment of a self-insurance fund allows the Town to set aside money for claim settlements. The self-insurance fund would be included in the financial statements. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks. These risks may also be mitigated by the Town by recording as a disbursement and replacement items purchased.

TOWN OF EDGEWOOD
NOTES TO FINANCIAL STATEMENTS
(Continued)

Note 6. Pension Plan

Public Employees' Retirement Fund

Plan Description

The Indiana Public Employees' Retirement Fund (PERF) is 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.

SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the Town's Annual Reports can be found on the Indiana Transparency Portal website: www.in.gov/itp/annual_reports/.

TOWN OF EDGEWOOD
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2009

	General Fund	Mvh	Local Roads & Streets	Law Enf. Cont. Ed.	Clerk's Rec. Perp. Fund	Riverboat Fund
Cash and investments - beginning	\$ 29,173	\$ 92,730	\$ 87,777	\$ 17,734	\$ 9,190	\$ 36,555
Receipts:						
Taxes	124,339	-	-	-	-	-
Licenses and permits	1,505	-	-	1,090	-	-
Intergovernmental	170,748	93,405	18,750	1,089	-	12,451
Charges for services	26,451	-	-	-	-	-
Fines and forfeits	137,142	-	-	-	5,198	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	27,743	191	192	-	-	40
Total receipts	<u>487,928</u>	<u>93,596</u>	<u>18,942</u>	<u>2,179</u>	<u>5,198</u>	<u>12,491</u>
Disbursements:						
Personal services	401,336	45,267	-	-	-	-
Supplies	56,515	5,307	-	-	-	-
Other services and charges	80,625	54,598	-	-	-	-
Capital outlay	7,652	-	58,290	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	4,055	8,123	22,651
Total disbursements	<u>546,128</u>	<u>105,172</u>	<u>58,290</u>	<u>4,055</u>	<u>8,123</u>	<u>22,651</u>
Excess (deficiency) of receipts over disbursements	<u>(58,200)</u>	<u>(11,576)</u>	<u>(39,348)</u>	<u>(1,876)</u>	<u>(2,925)</u>	<u>(10,160)</u>
Cash and investments - ending	<u>\$ (29,027)</u>	<u>\$ 81,154</u>	<u>\$ 48,429</u>	<u>\$ 15,858</u>	<u>\$ 6,265</u>	<u>\$ 26,395</u>

TOWN OF EDGEWOOD
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2009
 (Continued)

	Police Grant	Rainy Day Fund	Levy Excess Fund	Court User /Deferral Fees	Non Appropriated Fund	Casino Fund
Cash and investments - beginning	\$ 3	\$ 7,307	\$ 2,497	\$ 57,349	\$ 1,399	\$ -
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	3,200	-	-	-	-	91,632
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	-	2,101	-	8,630	-	-
Total receipts	<u>3,200</u>	<u>2,101</u>	<u>-</u>	<u>8,630</u>	<u>-</u>	<u>91,632</u>
Disbursements:						
Personal services	2,515	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	6,646	-	-
Total disbursements	<u>2,515</u>	<u>-</u>	<u>-</u>	<u>6,646</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>685</u>	<u>2,101</u>	<u>-</u>	<u>1,984</u>	<u>-</u>	<u>91,632</u>
Cash and investments - ending	<u>\$ 688</u>	<u>\$ 9,408</u>	<u>\$ 2,497</u>	<u>\$ 59,333</u>	<u>\$ 1,399</u>	<u>\$ 91,632</u>

TOWN OF EDGEWOOD
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2009
 (Continued)

	Enhancement Fund	Cum. Cap, Improv.	Payroll Fund	Restricted Donation Fund	Sewer Operating	Water Operation
Cash and investments - beginning	\$ 10,475	\$ 41,608	\$ 635	\$ 21,632	\$ 622,708	\$ 426,695
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	6,096	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	333,780	173,731
Penalties	-	-	-	-	6,257	-
Other receipts	-	-	486,500	654	18,138	8,110
Total receipts	<u>-</u>	<u>6,096</u>	<u>486,500</u>	<u>654</u>	<u>358,175</u>	<u>181,841</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Capital outlay	-	19,325	-	-	-	-
Utility operating expenses	-	-	-	-	519,099	161,228
Other disbursements	2,380	-	486,501	18,341	-	37,347
Total disbursements	<u>2,380</u>	<u>19,325</u>	<u>486,501</u>	<u>18,341</u>	<u>519,099</u>	<u>198,575</u>
Excess (deficiency) of receipts over disbursements	<u>(2,380)</u>	<u>(13,229)</u>	<u>(1)</u>	<u>(17,687)</u>	<u>(160,924)</u>	<u>(16,734)</u>
Cash and investments - ending	<u>\$ 8,095</u>	<u>\$ 28,379</u>	<u>\$ 634</u>	<u>\$ 3,945</u>	<u>\$ 461,784</u>	<u>\$ 409,961</u>

TOWN OF EDGEWOOD
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2009
 (Continued)

	Water Depreciation	Water Meter Deposit	Wat. Met. Dep. Refund	Town Court	Totals
Cash and investments - beginning	\$ 240,386	\$ 67,090	\$ 670	\$ 188,350	\$ 1,961,963
Receipts:					
Taxes	-	-	-	-	124,339
Licenses and permits	-	-	-	-	2,595
Intergovernmental	-	-	-	-	397,371
Charges for services	-	-	-	-	26,451
Fines and forfeits	-	-	-	-	142,340
Utility fees	-	-	-	-	507,511
Penalties	-	-	-	-	6,257
Other receipts	21,473	4,100	3,486	720,050	1,301,408
Total receipts	<u>21,473</u>	<u>4,100</u>	<u>3,486</u>	<u>720,050</u>	<u>2,508,272</u>
Disbursements:					
Personal services	-	-	-	-	449,118
Supplies	-	-	-	-	61,822
Other services and charges	-	-	-	-	135,223
Capital outlay	-	-	-	-	85,267
Utility operating expenses	-	-	-	-	680,327
Other disbursements	46,532	3,486	2,556	715,009	1,353,627
Total disbursements	<u>46,532</u>	<u>3,486</u>	<u>2,556</u>	<u>715,009</u>	<u>2,765,384</u>
Excess (deficiency) of receipts over disbursements	<u>(25,059)</u>	<u>614</u>	<u>930</u>	<u>5,041</u>	<u>(257,112)</u>
Cash and investments - ending	<u>\$ 215,327</u>	<u>\$ 67,704</u>	<u>\$ 1,600</u>	<u>\$ 193,391</u>	<u>\$ 1,704,851</u>

TOWN OF EDGEWOOD
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010

	General Fund	Mvh	Local Roads & Streets	Law Enf. Cont. Ed.	Clerk's Rec. Perp. Fund	Riverboat Fund
Cash and investments - beginning	\$ (29,027)	\$ 81,154	\$ 48,429	\$ 15,858	\$ 6,265	\$ 26,395
Receipts:						
Taxes	235,760	-	-	-	-	-
Licenses and permits	890	-	-	974	-	-
Intergovernmental	100,769	93,559	18,939	794	-	12,441
Charges for services	29,083	-	-	-	-	-
Fines and forfeits	120,371	-	-	-	4,359	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	15,510	449	448	-	-	92
Total receipts	<u>502,383</u>	<u>94,008</u>	<u>19,387</u>	<u>1,768</u>	<u>4,359</u>	<u>12,533</u>
Disbursements:						
Personal services	426,859	39,248	-	-	-	-
Supplies	47,382	1,632	-	-	-	-
Other services and charges	83,032	15,258	-	-	-	-
Capital outlay	14,133	272	45,000	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	2,888	5,974	10,558
Total disbursements	<u>571,406</u>	<u>56,410</u>	<u>45,000</u>	<u>2,888</u>	<u>5,974</u>	<u>10,558</u>
Excess (deficiency) of receipts over disbursements	<u>(69,023)</u>	<u>37,598</u>	<u>(25,613)</u>	<u>(1,120)</u>	<u>(1,615)</u>	<u>1,975</u>
Cash and investments - ending	<u>\$ (98,050)</u>	<u>\$ 118,752</u>	<u>\$ 22,816</u>	<u>\$ 14,738</u>	<u>\$ 4,650</u>	<u>\$ 28,370</u>

TOWN OF EDGEWOOD
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Police Grant	Rainy Day Fund	Levy Excess Fund	Court User /Deferral Fees	Loit/Public Safety Fund	Non Appropriated Fund
Cash and investments - beginning	\$ 688	\$ 9,408	\$ 2,497	\$ 59,333	\$ -	\$ 1,399
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	4,700	-	-	-	24,950	-
Charges for services	-	-	619	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	-	1,662	-	7,254	-	-
Total receipts	<u>4,700</u>	<u>1,662</u>	<u>619</u>	<u>7,254</u>	<u>24,950</u>	<u>-</u>
Disbursements:						
Personal services	4,016	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	18,578	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	6,976	-	-
Total disbursements	<u>4,016</u>	<u>-</u>	<u>-</u>	<u>6,976</u>	<u>18,578</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>684</u>	<u>1,662</u>	<u>619</u>	<u>278</u>	<u>6,372</u>	<u>-</u>
Cash and investments - ending	<u>\$ 1,372</u>	<u>\$ 11,070</u>	<u>\$ 3,116</u>	<u>\$ 59,611</u>	<u>\$ 6,372</u>	<u>\$ 1,399</u>

TOWN OF EDGEWOOD
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Casino Fund	Enhancement Fund	Cum. Cap. Improv.	Payroll Fund	Restricted Donation Fund	Sewer Operating
Cash and investments - beginning	\$ 91,632	\$ 8,095	\$ 28,379	\$ 634	\$ 3,945	\$ 461,784
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	144,924	-	5,821	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	745,263
Penalties	-	-	-	-	-	13,658
Other receipts	-	-	-	548,945	1,483	72,636
Total receipts	<u>144,924</u>	<u>-</u>	<u>5,821</u>	<u>548,945</u>	<u>1,483</u>	<u>831,557</u>
Disbursements:						
Personal services	40,620	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	39,994	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	854,657
Other disbursements	-	1,628	-	548,461	4,479	-
Total disbursements	<u>80,614</u>	<u>1,628</u>	<u>-</u>	<u>548,461</u>	<u>4,479</u>	<u>854,657</u>
Excess (deficiency) of receipts over disbursements	<u>64,310</u>	<u>(1,628)</u>	<u>5,821</u>	<u>484</u>	<u>(2,996)</u>	<u>(23,100)</u>
Cash and investments - ending	<u>\$ 155,942</u>	<u>\$ 6,467</u>	<u>\$ 34,200</u>	<u>\$ 1,118</u>	<u>\$ 949</u>	<u>\$ 438,684</u>

TOWN OF EDGEWOOD
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Water Operation	Water Depreciation	Water Meter Deposit	Wat. Met. Dep. Refund	Town Court	Totals
Cash and investments - beginning	\$ 409,961	\$ 215,327	\$ 67,704	\$ 1,600	\$ 193,391	\$ 1,704,851
Receipts:						
Taxes	-	-	-	-	-	235,760
Licenses and permits	-	-	-	-	-	1,864
Intergovernmental	-	-	-	-	-	406,897
Charges for services	-	-	-	-	-	29,702
Fines and forfeits	-	-	-	-	-	124,730
Utility fees	172,317	-	-	-	-	917,580
Penalties	-	-	-	-	-	13,658
Other receipts	4,594	23,669	3,400	-	637,862	1,318,004
Total receipts	<u>176,911</u>	<u>23,669</u>	<u>3,400</u>	<u>-</u>	<u>637,862</u>	<u>3,048,195</u>
Disbursements:						
Personal services	-	-	-	-	-	510,743
Supplies	-	-	-	-	-	49,014
Other services and charges	-	-	-	-	-	156,862
Capital outlay	-	-	-	-	-	59,405
Utility operating expenses	236,946	-	-	-	-	1,091,603
Other disbursements	43,822	6,283	-	1,221	648,193	1,280,483
Total disbursements	<u>280,768</u>	<u>6,283</u>	<u>-</u>	<u>1,221</u>	<u>648,193</u>	<u>3,148,110</u>
Excess (deficiency) of receipts over disbursements	<u>(103,857)</u>	<u>17,386</u>	<u>3,400</u>	<u>(1,221)</u>	<u>(10,331)</u>	<u>(99,915)</u>
Cash and investments - ending	<u>\$ 306,104</u>	<u>\$ 232,713</u>	<u>\$ 71,104</u>	<u>\$ 379</u>	<u>\$ 183,060</u>	<u>\$ 1,604,936</u>

TOWN OF EDGEWOOD
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 December 31, 2010

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 are included if acquired (purchased, constructed, or donated) after July 1, 1980, or if they received major renovations, restorations, or improvements after that date. 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>Ending Balance</u>
Town Capital Assets:	
Capital assets, not being depreciated:	
Land	\$ 339,013
Infrastructure	689,416
Improvements other than buildings	283,143
Machinery and equipment	<u>574,416</u>
 Total Town Assets	 <u>\$ 1,885,988</u>

<u>Primary Government</u>	<u>Ending Balance</u>
Utility Capital Assets:	
Water Utility:	
Capital assets, not being depreciated:	
Land	\$ 3,300
Buildings	211,718
Improvements other than buildings	243,861
Machinery and equipment	<u>175,467</u>
 Total Water Utility capital assets	 <u>634,346</u>
Wastewater Utility:	
Capital assets, not being depreciated:	
Land	10,830
Buildings	172,301
Improvements other than buildings	2,539,971
Machinery and equipment	<u>100,334</u>
 Total Wastewater Utility capital assets	 <u>2,823,436</u>
 Total Utility Capital Assets	 <u>\$ 3,457,782</u>

TOWN OF EDGEWOOD
EXAMINATION RESULTS AND COMMENTS

SUPPORTING DOCUMENTATION

Payments were observed which did not contain adequate supporting documentation, such as receipts, invoices, and other public records. Some of these payments were payments on the Town's credit card which had no supporting documentation for payment. Due to the lack of supporting documentation we were unable to determine if the payment was a proper expenditure for the Town. In one instance, the supporting documentation did not agree with the amount paid.

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for audit to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

LAW ENFORCEMENT DISBURSEMENTS FROM MOTOR VEHICLE HIGHWAY FUND

Law enforcement disbursements from the Motor Vehicle Highway Fund exceeded the allowable percentage in 2009 and 2010. The percentages spent on law enforcement purposes were 26.32% and 21.05%, respectively.

A similar comment appeared in prior Report B35513.

Motor Vehicle Highway distributions may be spent on law enforcement purposes subject to limitations. Indiana Code 8-14-1-5(b)(1) states: "For cities and towns with a population of less than five thousand (5,000), no more than fifteen percent (15%) may be spent for law enforcement purposes."

FUND SOURCES AND USES

The following amounts were receipted into the incorrect fund:

2009:

\$10,989.77 of wheel and excise tax was receipted into the General Fund instead of the MVH Fund.

\$61,434.59 of slot machine wagering was receipted into the General Fund instead of the Casino Fund.

2010:

\$2,751.52 of wheel and excise tax was receipted into the General Fund instead of the MVH Fund.

\$92,807.16 of slot machine wagering was receipted into the General Fund instead of the Casino Fund.

TOWN OF EDGEWOOD
EXAMINATION RESULTS AND COMMENTS
(Continued)

These errors were communicated to management and adjusted on the financial statements presented.

Additionally, the July 2009 and September 2010 Excise Tax distributions were properly accounted for in the General Fund but were improperly posted to the ABC Gallonage receipt classification on the annual report presented for examination. No adjustment needed to be made for this due to the manner reported in the financial statements.

Sources and uses of funds should be limited to those authorized by the enabling statute, ordinance, resolution, or grant agreement. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

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

CAPITAL ASSET RECORDS

The prescribed Capital Asset Ledger (Town/City Form 211) is not maintained. Instead a nonprescribed (and nonapproved) form is used which is not a replica of the prescribed form.

The nonprescribed form contains the following errors:

- Town and utility assets are co-mingled within capital asset classifications instead of maintained separately for the Town, the Water Utility, and the Wastewater Utility.
- Assets within each classification are not listed in chronological purchase date order.
- Deletions or disposals of capital assets during the period were not recorded.

A similar comment in prior Report B35513.

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

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)

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)

TOWN OF EDGEWOOD
EXIT CONFERENCE

The contents of this report were discussed on August 25, 2011, with Katherine L. Tanner, Clerk-Treasurer. The Official Response has been made a part of this report and may be found on page 26.

August 29, 2011

State Board of Accounts
Official Response
302 West Washington Street
Room E418
Indianapolis, Indiana 46204-2738

Re: Official Response for Audit Period January 1, 2009 – December 31, 2010

Dear State Board of Accounts:

On behalf of the Town of Edgewood – Office of the Clerk-Treasurer, I would like to make an official response in regards to the exit conference, which was held August 25, 2011.

Supporting Documentation

This item was not brought to my attention until the exit conference. All supporting documentation for the police car purchased is attached to the title. This has never been an issue, but we can begin making additional copies to attach to the claim. The Lowes and Office Depot invoices itemize all purchases. We were told the original receipt should be attached, which in 95% of the time they were, according to the State Board of Accounts Manual, “accounts payable vouchers should be properly itemized, with the original copy of the purchase order attached or suitable reference thereto”. I feel that the invoices from these two entities properly show all items purchased. To appease you we will enforce the receipt issue.

Capital Asset Records

I was under the impression that Form 211 was being used. I was negligent in not micro managing and actually look at the Form. I believe there was confusion between Form 211 and the inventory ledger.

If you have any questions, or need assistance in this matter, please feel free to contact me at the number listed below.

Sincerely,

Katherine Tanner
Clerk-Treasurer