

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

FINANCIAL STATEMENTS EXAMINATION REPORT

OF

TOWN OF EARL PARK

BENTON COUNTY, INDIANA

January 1, 2010 to December 31, 2012



**FILED**  
04/04/2014



## TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials .....	2
Independent Accountant's Report.....	3
Financial Statements:	
Statements of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis .....	7-9
Notes to Financial Statements .....	10-13
Supplementary Information - Unaudited:	
Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis .....	16-21
Schedule of Payables and Receivables .....	22
Schedule of Leases and Debt .....	23
Examination Results and Comments:	
Condition of Records .....	24
Bank Account Reconciliations .....	24
Annual Report.....	24-25
Overdrawn Cash Balance.....	25
Exit Conference.....	26

#### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Carmen M. Flook Kristen Hardebeck	01-01-08 to 07-31-10 08-01-10 to 12-31-15
President of the Town Council	Phillip L. McGinnis	01-01-10 to 12-31-14



**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 EARL PARK, BENTON COUNTY, INDIANA

We have examined the accompanying financial statements of the Town of Earl Park (Town), for the period of January 1, 2010 to December 31, 2012. The financial statements are the responsibility of the Town's management. Our responsibility is to express an opinion on the financial statements 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 Indiana 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 effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position and results of operations of the Town for the period of January 1, 2010 to December 31, 2012.

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 period of January 1, 2010 to December 31, 2012, on the basis of accounting described in Note 1.

Our examination was conducted for the purpose of forming an opinion on the Town's financial statements. The Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, Schedule of Payables and Receivables, and Schedule of Leases and Debt, 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.

*Paul D. Joyce*  
Paul D. Joyce, CPA  
State Examiner

January 21, 2014

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## FINANCIAL STATEMENTS

The financial statements and accompanying notes were approved by management of the Town. The financial statements and notes are presented as intended by the Town.

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

Fund	Cash and Investments 01-01-10	Receipts	Disbursements	Cash and Investments 12-31-10
General Fund	\$ 68,540	\$ 65,344	\$ 96,705	\$ 37,179
Motor Vehicle Highway	254,215	12,575	23,129	243,661
Local Road And Street	15,630	1,041	2,244	14,427
Sanitation	997	27,629	29,979	(1,353)
Riverboat	10,136	6,070	-	16,206
Levy Excess	1,243	-	-	1,243
Bond & Interest Fund	876	-	-	876
Depreciation	3,916	-	-	3,916
Depreciation Reserve Account	30,000	-	-	30,000
Ccif	16,517	681	-	17,198
Cedit	-	3,476	-	3,476
Payroll Clearing	-	10,443	9,502	941
Water	84,706	102,746	91,422	96,030
Customer Deposit Fund	9,470	1,020	-	10,490
SRF Earl Park Sinking Fund	27,876	15,182	16,640	26,418
SRF Earl Park Debt Service Reserve	7,804	3,066	-	10,870
Totals	<u>\$ 531,926</u>	<u>\$ 249,273</u>	<u>\$ 269,621</u>	<u>\$ 511,578</u>

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

TOWN OF EARL PARK  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For The Year Ended December 31, 2011

Fund	Cash and Investments 01-01-11	Receipts	Disbursements	Cash and Investments 12-31-11
General Fund	\$ 37,179	\$ 122,514	\$ 94,017	\$ 65,676
Motor Vehicle Highway	243,661	12,673	2,746	253,588
Local Road And Street	14,427	1,946	391	15,982
Sanitation	(1,353)	30,634	30,402	(1,121)
Riverboat	16,206	3,035	-	19,241
Levy Excess	1,243	-	-	1,243
Ccif	17,198	1,412	-	18,610
Cedit	3,476	3,924	-	7,400
Bond & Interest Fund	876	-	-	876
Depreciation	3,916	-	-	3,916
Depreciation Reserve Account	30,000	-	-	30,000
Payroll Clearing	941	20,660	20,660	941
Water	96,030	120,308	87,226	129,112
Customer Deposit Fund	10,490	1,200	240	11,450
SRF Earl Park Sinking Fund	26,418	25,880	16,703	35,595
SRF Earl Park Debt Service Reserve	10,870	9,315	-	20,185
SRFDW Earl Park	-	95,099	95,099	-
OCRA	-	234,160	234,160	-
Totals	<u>\$ 511,578</u>	<u>\$ 682,760</u>	<u>\$ 581,644</u>	<u>\$ 612,694</u>

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

TOWN OF EARL PARK  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For The Year Ended December 31, 2012

Fund	Cash and Investments 01-01-12	Receipts	Disbursements	Cash and Investments 12-31-12
General Fund	\$ 65,676	\$ 97,174	\$ 87,391	\$ 75,459
Motor Vehicle Highway	253,588	12,950	45,721	220,817
Local Road And Street	15,982	2,007	2,239	15,750
Sanitation	(1,121)	31,350	31,722	(1,493)
Riverboat	19,241	2,062	4,634	16,669
Levy Excess	1,243	-	-	1,243
Ccif	18,610	1,154	1,119	18,645
Cedit	7,400	4,292	-	11,692
Bond & Interest Fund	876	-	-	876
Depreciation	3,916	-	-	3,916
Depreciation Reserve Account	30,000	-	7,643	22,357
Payroll Clearing	941	9,262	9,110	1,093
Water	129,112	115,318	84,679	159,751
Customer Deposit Fund	11,450	851	111	12,190
SRF Earl Park Sinking Fund	35,595	19,922	1,784	53,733
SRF Earl Park Debt Service Reserve	20,185	-	-	20,185
SRFDW Earl Park	-	-	-	-
OCRA	-	217,833	217,833	-
Totals	<u>\$ 612,694</u>	<u>\$ 514,175</u>	<u>\$ 493,986</u>	<u>\$ 632,883</u>

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

TOWN OF EARL PARK  
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.

*B. Basis of Accounting*

The financial statements are reported on a regulatory basis of accounting prescribed by the Indiana 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. The basis of accounting involves the reporting of only cash and investments and the changes therein resulting from cash inflows (receipts) and cash outflows (disbursements) reported in the period in which they occurred.

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 include 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.

Licenses and permits which include 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 licenses and permits include: peddler licenses, dog tax licenses, auctioneer license, building and planning permits, demolition permits, electrical permits, sign permits, and gun permits.

TOWN OF EARL PARK  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Intergovernmental receipts which include receipts from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of this type of receipts include, but are 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.

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

Other receipts which include amounts received from various sources which can include, but are not limited to the following: net proceeds from borrowings; interfund loan activity; transfers authorized by statute, ordinance, resolution, or court order; internal service receipts; and fiduciary receipts.

*E. Disbursements*

Disbursements are presented in the aggregate on the face of the financial statements. The aggregate disbursements include the following uses:

Personal services include 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 include 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 include, but are not limited to: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

Debt service principal and interest which include 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 include all outflows for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

Utility operating expenses which include all outflows for operating the utilities.

TOWN OF EARL PARK  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Other disbursements which include, but are not limited to the following: interfund loan payments, loans made to other funds, internal service disbursements, and transfers out that are authorized by statute, ordinance, resolution, or court order.

*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.

**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 percent 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.

TOWN OF EARL PARK  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

**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 should be 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 statutes authorize 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.

**Note 6. *Cash Balance Deficits***

The financial statements contain some funds with deficits in cash. This is a result of excess of services and charges over utility fees received in the Sanitation Fund for the examination period.

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### SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the Town's Annual Reports for years prior to 2011 can be found on the Indiana Transparency Portal website: [www.in.gov/itp/annual\\_reports/](http://www.in.gov/itp/annual_reports/).

For additional financial information, the Town's Annual Report information for years 2011 and later can be found on the Gateway website: <https://gateway.ifionline.org/>.

Differences may be noted between the financial information presented in the financial statements contained in this report and the financial information presented in the Annual Reports of the Town which are referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the examination. This is a common occurrence in any financial statement examination. The financial information presented in this report is examined information, and the accuracy of such information can be determined by reading the opinion given in the Independent Accountant's Report.

The supplementary information presented was approved by management of the Town. It is presented as intended by the Town.

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

	General Fund	Motor Vehicle Highway	Local Road And Street	Sanitation	Riverboat	Levy Excess	Bond & Interest Fund	Depreciation	Depriciation Reserve Account
Cash and investments - beginning	\$ 68,540	\$ 254,215	\$ 15,630	\$ 997	\$ 10,136	\$ 1,243	\$ 876	\$ 3,916	\$ 30,000
Receipts:									
Taxes	31,274	-	-	-	-	-	-	-	-
Licenses and permits	230	-	-	-	-	-	-	-	-
Intergovernmental	22,510	12,575	1,041	-	6,070	-	-	-	-
Charges for services	6,970	-	-	-	-	-	-	-	-
Utility fees	-	-	-	27,629	-	-	-	-	-
Other receipts	4,360	-	-	-	-	-	-	-	-
Total receipts	65,344	12,575	1,041	27,629	6,070	-	-	-	-
Disbursements:									
Personal services	30,046	-	-	-	-	-	-	-	-
Supplies	5,525	-	-	-	-	-	-	-	-
Other services and charges	51,511	-	-	29,979	-	-	-	-	-
Capital outlay	9,623	23,129	2,244	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-	-	-
Total disbursements	96,705	23,129	2,244	29,979	-	-	-	-	-
Excess (deficiency) of receipts over disbursements	(31,361)	(10,554)	(1,203)	(2,350)	6,070	-	-	-	-
Cash and investments - ending	\$ 37,179	\$ 243,661	\$ 14,427	\$ (1,353)	\$ 16,206	\$ 1,243	\$ 876	\$ 3,916	\$ 30,000

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

	Ccif	Cedit	Payroll Clearing	Water	Customer Deposit Fund	SRF Earl Park Sinking Fund	SRF Earl Park Debt Service Reserve	Totals
Cash and investments - beginning	\$ 16,517	\$ -	\$ -	\$ 84,706	\$ 9,470	\$ 27,876	\$ 7,804	\$ 531,926
Receipts:								
Taxes	-	-	-	-	-	-	-	31,274
Licenses and permits	-	-	-	-	-	-	-	230
Intergovernmental	681	3,476	-	-	-	15,182	3,066	64,601
Charges for services	-	-	-	-	-	-	-	6,970
Utility fees	-	-	-	158	-	-	-	27,787
Other receipts	-	-	10,443	102,588	1,020	-	-	118,411
Total receipts	681	3,476	10,443	102,746	1,020	15,182	3,066	249,273
Disbursements:								
Personal services	-	-	-	-	-	-	-	30,046
Supplies	-	-	-	-	-	-	-	5,525
Other services and charges	-	-	-	-	-	-	-	81,490
Capital outlay	-	-	-	37,163	-	16,640	-	88,799
Utility operating expenses	-	-	-	13,768	-	-	-	13,768
Other disbursements	-	-	9,502	40,491	-	-	-	49,993
Total disbursements	-	-	9,502	91,422	-	16,640	-	269,621
Excess (deficiency) of receipts over disbursements	681	3,476	941	11,324	1,020	(1,458)	3,066	(20,348)
Cash and investments - ending	\$ 17,198	\$ 3,476	\$ 941	\$ 96,030	\$ 10,490	\$ 26,418	\$ 10,870	\$ 511,578

TOWN OF EARL PARK  
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For The Year Ended December 31, 2011

	General Fund	Motor Vehicle Highway	Local Road And Street	Sanitation	Riverboat	Levy Excess	Ccif	Cedit	Bond & Interest Fund	Depreciation
Cash and investments - beginning	\$ 37,179	\$ 243,661	\$ 14,427	\$ (1,353)	\$ 16,206	\$ 1,243	\$ 17,198	\$ 3,476	\$ 876	\$ 3,916
Receipts:										
Taxes	83,879	-	-	-	-	-	1,412	-	-	-
Licenses and permits	145	-	-	-	-	-	-	-	-	-
Intergovernmental	22,550	12,673	1,946	-	3,035	-	-	3,924	-	-
Charges for services	2,054	-	-	30,634	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-	-	-
Other receipts	13,886	-	-	-	-	-	-	-	-	-
Total receipts	122,514	12,673	1,946	30,634	3,035	-	1,412	3,924	-	-
Disbursements:										
Personal services	34,810	-	-	-	-	-	-	-	-	-
Supplies	1,826	-	391	-	-	-	-	-	-	-
Other services and charges	35,400	-	-	30,402	-	-	-	-	-	-
Capital outlay	21,506	2,746	-	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-	-	-	-
Other disbursements	475	-	-	-	-	-	-	-	-	-
Total disbursements	94,017	2,746	391	30,402	-	-	-	-	-	-
Excess (deficiency) of receipts over disbursements	28,497	9,927	1,555	232	3,035	-	1,412	3,924	-	-
Cash and investments - ending	\$ 65,676	\$ 253,588	\$ 15,982	\$ (1,121)	\$ 19,241	\$ 1,243	\$ 18,610	\$ 7,400	\$ 876	\$ 3,916

TOWN OF EARL PARK  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For The Year Ended December 31, 2011  
 (Continued)

	Depreciation Reserve Account	Payroll Clearing	Water	Customer Deposit Fund	SRF Earl Park Sinking Fund	SRF Earl Park Debt Service Reserve	SRFDW Earl Park	OCRA	Totals
Cash and investments - beginning	\$ 30,000	\$ 941	\$ 96,030	\$ 10,490	\$ 26,418	\$ 10,870	\$ -	\$ -	\$ 511,578
Receipts:									
Taxes	-	-	-	-	-	-	-	-	85,291
Licenses and permits	-	-	-	-	-	-	-	-	145
Intergovernmental	-	-	-	-	25,880	9,315	95,099	234,160	408,582
Charges for services	-	-	-	-	-	-	-	-	32,688
Utility fees	-	-	98,755	1,200	-	-	-	-	99,955
Other receipts	-	20,660	21,553	-	-	-	-	-	56,099
Total receipts	-	20,660	120,308	1,200	25,880	9,315	95,099	234,160	682,760
Disbursements:									
Personal services	-	-	-	-	-	-	-	-	34,810
Supplies	-	-	-	-	-	-	-	-	2,217
Other services and charges	-	-	-	-	-	-	-	-	65,802
Capital outlay	-	-	8,548	-	16,703	-	95,099	234,160	378,762
Utility operating expenses	-	-	10,703	-	-	-	-	-	10,703
Other disbursements	-	20,660	67,975	240	-	-	-	-	89,350
Total disbursements	-	20,660	87,226	240	16,703	-	95,099	234,160	581,644
Excess (deficiency) of receipts over disbursements	-	-	33,082	960	9,177	9,315	-	-	82,624
Cash and investments - ending	\$ 30,000	\$ 941	\$ 129,112	\$ 11,450	\$ 35,595	\$ 20,185	\$ -	\$ -	\$ 612,694

TOWN OF EARL PARK  
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
For The Year Ended December 31, 2012

	General Fund	Motor Vehicle Highway	Local Road And Street	Sanitation	Riverboat	Levy Excess	Ccif	Cedit	Bond & Interest Fund	Depreciation
Cash and investments - beginning	\$ 65,676	\$ 253,588	\$ 15,982	\$ (1,121)	\$ 19,241	\$ 1,243	\$ 18,610	\$ 7,400	\$ 876	\$ 3,916
Receipts:										
Taxes	63,757	-	-	-	2,062	-	-	-	-	-
Licenses and permits	65	-	-	-	-	-	-	-	-	-
Intergovernmental	22,418	12,950	2,007	-	-	-	1,154	4,292	-	-
Charges for services	7,844	-	-	31,350	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-	-	-
Other receipts	3,090	-	-	-	-	-	-	-	-	-
Total receipts	97,174	12,950	2,007	31,350	2,062	-	1,154	4,292	-	-
Disbursements:										
Personal services	30,732	-	-	-	-	-	-	-	-	-
Supplies	6,225	-	-	-	3,925	-	1,119	-	-	-
Other services and charges	37,815	-	-	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-	-	-	-
Capital outlay	2,443	45,721	2,239	-	709	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-	-	-	-
Other disbursements	10,176	-	-	31,722	-	-	-	-	-	-
Total disbursements	87,391	45,721	2,239	31,722	4,634	-	1,119	-	-	-
Excess (deficiency) of receipts over disbursements	9,783	(32,771)	(232)	(372)	(2,572)	-	35	4,292	-	-
Cash and investments - ending	\$ 75,459	\$ 220,817	\$ 15,750	\$ (1,493)	\$ 16,669	\$ 1,243	\$ 18,645	\$ 11,692	\$ 876	\$ 3,916

TOWN OF EARL PARK  
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
For The Year Ended December 31, 2012  
(Continued)

	Depreciation Reserve Account	Payroll Clearing	Water	Customer Deposit Fund	SRF Earl Park Sinking Fund	SRF Earl Park Debt Service Reserve	SRFDW Earl Park	OCRA	Totals
Cash and investments - beginning	\$ 30,000	\$ 941	\$ 129,112	\$ 11,450	\$ 35,595	\$ 20,185	\$ -	\$ -	\$ 612,694
Receipts:									
Taxes	-	-	-	-	-	-	-	-	65,819
Licenses and permits	-	-	-	-	-	-	-	-	65
Intergovernmental	-	-	-	-	19,922	-	-	217,833	280,576
Charges for services	-	-	-	-	-	-	-	-	39,194
Utility fees	-	-	107,963	851	-	-	-	-	108,814
Other receipts	-	9,262	7,355	-	-	-	-	-	19,707
Total receipts	-	9,262	115,318	851	19,922	-	-	217,833	514,175
Disbursements:									
Personal services	-	-	-	-	-	-	-	-	30,732
Supplies	-	-	-	-	-	-	-	-	11,269
Other services and charges	-	-	-	-	-	-	-	-	37,815
Debt service - principal and interest	7,643	-	-	-	-	-	-	-	7,643
Capital outlay	-	-	12,484	-	1,784	-	-	217,833	283,213
Utility operating expenses	-	-	11,641	-	-	-	-	-	11,641
Other disbursements	-	9,110	60,554	111	-	-	-	-	111,673
Total disbursements	7,643	9,110	84,679	111	1,784	-	-	217,833	493,986
Excess (deficiency) of receipts over disbursements	(7,643)	152	30,639	740	18,138	-	-	-	2,051
Cash and investments - ending	\$ 22,357	\$ 1,093	\$ 159,751	\$ 12,190	\$ 53,733	\$ 20,185	\$ -	\$ -	\$ 632,883

TOWN OF EARL PARK  
SCHEDULE OF PAYABLES AND RECEIVABLES  
December 31, 2012

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Water	\$ 6,390	\$ 26,322
Governmental activities	<u>10,343</u>	<u>-</u>
Totals	<u>\$ 16,733</u>	<u>\$ 26,322</u>



TOWN OF EARL PARK  
SCHEDULE OF LEASES AND DEBT  
December 31, 2012

Description of Debt		Ending	Principal and
Type	Purpose	Principal	Interest Due
		Balance	Within One
			Year
Water:			
Revenue bonds	SRF Loan - New Well	\$ 168,173	\$ 20,059
Totals		<u>\$ 168,173</u>	<u>\$ 20,059</u>

TOWN OF EARL PARK  
EXAMINATION RESULTS AND COMMENTS

**CONDITION OF RECORDS**

Financial records presented for examination were incomplete and not reflective of the activity of the OCRA Fund, SRF Earl Park Sinking Fund, SRF Earl Park Debt Service Reserve Fund, and SRFDW Earl Park Fund. There were also posting errors or untimely postings to several other funds.

Some of the deficiencies include:

1. Disbursements and receipts of the OCRA Fund (Community Development Block Grant) were not posted to the ledger for 2011.
2. Funds related to the State Revolving Fund loan were omitted from the ledgers for 2012. This includes the Sinking Fund, debt service fund and the fund showing debt proceeds and payments to contractors.
3. There were several state distributions that were not posted timely to the unit's ledger. In some instances, distributions were posted to the ledger eight months after their payment date. The following funds were affected: Ccif Fund, General Fund, MVH Fund, and LRS Fund.
4. There were several local distributions that were not posted timely to the unit's ledger. In some instances, distributions were posted to the ledger three months after their payment date. The following funds were affected: CEDIT Fund, Riverboat Fund, and General Fund.
5. A receipt in the amount of \$50.45 was incorrectly recorded into the Local Road And Street Fund. This receipt should have been recorded in the Motor Vehicle Highway Fund.

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (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 conducted; however, the reconciliation did not balance. As of December 31, 2012, the bank account reconciliation identified a cash long in the amount of \$46.35. A similar comment was made in prior Report B38645.

TOWN OF EARL PARK  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

Indiana Code 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."

**ANNUAL REPORT**

The Annual Reports for 2010, 2011, and 2012 contained a number of errors and did not properly reflect the financial activity of the Town. Any material errors were adjusted with approval of the Clerk-Treasurer.

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every municipality and every state or local governmental unit, entity, or instrumentality financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each fiscal year. The reports must be in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under IC 5-14-3.8-7."

**OVERDRAWN CASH BALANCE**

The financial statements presented in this report included the following fund with an overdrawn cash balance as of December 31, 2012:

Fund	Amount Overdrawn
Sanitation	\$ 1,493

The cash balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TOWN OF EARL PARK  
EXIT CONFERENCE

The contents of this report were discussed on January 21, 2014, with Kristen Hardebeck, Clerk-Treasurer, and Phillip L. McGinnis, President of the Town Council. Also, the contents of this report were discussed with Carmen M. Flook, former Clerk-Treasurer, via telephone on January 22, 2014.