

**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, 2006 to December 31, 2007



**FILED**  
12/31/2008



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OFFICIALS

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



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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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, 2006 to December 31, 2007. 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, 2006 and 2007, 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

October 21, 2008

TOWN OF EARL PARK  
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES  
ALL GOVERNMENTAL AND PROPRIETARY FUND TYPES  
As Of And For The Years Ended December 31, 2006 And 2007

	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
Governmental Funds:				
General	\$ 84,954	\$ 78,992	\$ 117,361	\$ 46,585
Motor Vehicle Highway	28,468	17,908	281	46,095
Local Road and Street	11,212	2,163	170	13,205
Sanitation	(3,148)	15,137	14,646	(2,657)
Riverboat	9,183	3,052	-	12,235
Levy Excess	1,243	-	-	1,243
Cumulative Capital Improvement	10,772	1,733	-	12,505
Proprietary Funds:				
Water Utility - Operating	71,206	97,182	92,564	75,824
Water Utility - Bond and Interest	1	29,920	29,919	2
Water Utility - Bond and Interest Reserve	30,000	-	-	30,000
Water Utility - Depreciation	3,916	-	-	3,916
Water Utility - Customer Deposit	11,536	1,460	6,495	6,501
Totals	<u>\$ 259,343</u>	<u>\$ 247,547</u>	<u>\$ 261,436</u>	<u>\$ 245,454</u>

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Governmental Funds:				
General	\$ 46,585	\$ 86,890	\$ 84,372	\$ 49,103
Motor Vehicle Highway	46,095	17,331	977	62,449
Local Road and Street	13,205	2,189	1,982	13,412
Sanitation	(2,657)	22,346	21,248	(1,559)
Riverboat	12,235	3,058	4,678	10,615
Levy Excess	1,243	-	-	1,243
Cumulative Capital Improvement	12,505	1,704	-	14,209
State Revolving Loan Fund	-	45,637	45,637	-
Proprietary Funds:				
Water Utility - Operating	75,824	92,479	83,470	84,833
Water Utility - Bond and Interest	2	30,408	30,408	2
Water Utility - Bond and Interest Reserve	30,000	-	-	30,000
Water Utility - Depreciation	3,916	-	-	3,916
Water Utility - Customer Deposit	6,501	1,060	160	7,401
Totals	<u>\$ 245,454</u>	<u>\$ 303,102</u>	<u>\$ 272,932</u>	<u>\$ 275,624</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, 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, only \$45,637 of the loan had been drawdown for project use.

TOWN OF EARL PARK  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF LONG-TERM DEBT  
 December 31, 2007

The Town has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Business-type Activities:		
Water Utility		
Revenue bonds:		
Water Upgrades	\$ 28,000	\$ -

TOWN OF EARL PARK  
EXAMINATION RESULTS AND COMMENTS

OFFICIAL BOND

The Clerk-Treasurer's official bond was not filed in the Office of the County Recorder.

Indiana Code 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. . . ."

CAPITAL ASSET RECORDS

The Town and the Utility do not maintain sufficient detailed records of capital assets for its Utility Plant in Service accounts. Upon purchase, the costs of the capital assets are added to an aggregate Plant account, and to subsidiary accounts for land, buildings, etc., in the General Ledger. However, records providing historical costs for some of the Town and Utility's capital assets are not available, and records classifying and summarizing the Town and Utility's capital assets are incomplete. Deletions or disposals of capital assets are not recorded.

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)

OVERDRAWN CASH BALANCES

The cash balance of the Sanitation Fund was overdrawn in 2006 and 2007.

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 October 20, 2008, with Carmen M. Flook, Clerk-Treasurer; and Phillip L. McGinnis, President of the Town Council. The officials concurred with our findings.