

**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, 2007 to December 31, 2007



**FILED**  
12/31/2008



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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Sandra C. Hash	01-01-07 to 12-31-08
President of the Town Council	Dennis L. Williamson Dan Swafford	01-01-07 to 07-09-07 07-10-07 to 12-31-08
Superintendent of Water Utility	Michael Farmer	01-01-07 to 12-31-08
Superintendent of Wastewater Utility	Jeffery Farmer	01-01-07 to 12-31-08
Superintendent of Storm Water Utility	James W. Ragle	01-22-07 to 12-31-08
Utility Office Manager	Rebecca S. Wines	01-01-07 to 12-31-08



**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, 2007 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 year ended December 31, 2007, 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

November 17, 2008

TOWN OF ELLETTSVILLE  
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES  
ALL GOVERNMENTAL, PROPRIETARY, AND FIDUCIARY FUND TYPES  
As Of And For The Year Ended December 31, 2007

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
<b>Governmental Funds:</b>				
General	\$ 689,576	\$ 1,501,078	\$ 1,836,879	\$ 353,775
Motor Vehicle Highway	133,254	475,806	433,252	175,809
Local Road and Street	20,938	53,931	45,871	28,998
Park and Recreation	22,026	20,486	8,189	34,323
Law Enforcement Continuing Education	9,269	6,341	5,903	9,707
Christmas Decoration	32	-	-	32
Developers Escrow	32,645	1,401	-	34,047
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	-	3,720	3,720	-
Ellettsville Government Center	121,557	-	38,746	82,810
Fire Department Communication Equipment	9,000	124,508	120,921	12,587
Fire Department Construction	837	9,474	9,314	997
K-9 and Handler	12,290	-	-	12,290
Memorial Park Maintenance	4,379	-	171	4,208
OWI Seatbelt Grant	111	-	-	111
Parks and Recreation Donation	-	805	805	-
Police Department Construction	13,877	-	11,213	2,663
Police Reserves	-	4,000	-	4,000
Rainy Day	48,988	37,598	20,054	66,532
Richland Township Fire Truck	-	68,798	68,798	-
Skate Park Donations	471	-	-	471
Skate Park Grant/Build Indiana	693	-	-	693
South Central Narcotics Strike Force	3,718	-	-	3,718
Street Light Donations	1,236	-	-	1,236
U.S. Department of Justice Forfeiture	4,828	-	4,828	-
Volunteer Firemen	3,922	2,122	3,025	3,019
Debt Service - Fire	102,785	180,371	161,080	122,076
Debt Service - Police	100,223	179,612	120,450	159,385
Cumulative Building	70,306	43,251	48,837	64,721
Cumulative Capital Development	67,042	65,582	48,914	83,710
Cumulative Capital Improvement	36,664	17,836	14,865	39,634
<b>Proprietary Funds:</b>				
Water Utility - Operating	288,101	1,308,231	1,341,038	255,294
Water Utility - Bond and Interest	14,413	121,870	120,455	15,828
Water Utility - Customer Deposit	23,090	6,270	6,380	22,980
Water Utility - Improvement	49,976	7,501	23,995	33,482
Water Utility - Debt Service	132,741	5,909	-	138,650
Wastewater Utility - Operating	403,435	1,672,096	1,778,858	296,674
Wastewater Utility - Bond and Interest	86,856	724,525	712,878	98,504
Wastewater Utility - Debt Service	751,615	38,466	-	790,080
Wastewater Utility - Customer Deposit	13,510	7,420	6,230	14,700
Wastewater Utility - User Capacity Fee	360,354	64,546	40,173	384,727
Wastewater Utility - Sewer Equipment Replacement	773,534	165,075	67,649	870,961
Storm Water Utility	-	56,214	46,755	9,459
<b>Fiduciary Fund:</b>				
Payroll	69	1,196,948	1,196,988	29
<b>Totals</b>	<u>\$ 4,409,079</u>	<u>\$ 8,171,791</u>	<u>\$ 8,347,232</u>	<u>\$ 4,233,638</u>

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. 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.

TOWN OF ELLETTSVILLE  
NOTES TO FINANCIAL INFORMATION  
(Continued)

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.

Note 7. Subsequent Events

The Town entered into a loan agreement to purchase a street sweeper in 2008. The annual debt payments are \$26,000. The final maturity is in 2015.

TOWN OF ELLETTSVILLE  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF CAPITAL ASSETS

For The Year Ended December 31, 2007

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>3,130,680</u>
 Total governmental activities, capital assets not being depreciated	 <u>\$ 6,914,346</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	1,260,179
Improvements other than buildings	4,772,368
Machinery and equipment	<u>354,124</u>
 Total Water Utility capital assets	 <u>6,419,171</u>
Wastewater Utility:	
Capital assets, not being depreciated:	
Land	112,210
Capital assets, being depreciated:	
Buildings	8,164,631
Improvements other than buildings	3,509,971
Machinery and equipment	<u>777,442</u>
 Total Wastewater Utility capital assets	 <u>12,564,254</u>
 Total business-type activities capital assets	 <u>\$ 18,983,425</u>

TOWN OF ELLETTSVILLE  
 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
Governmental Activities:		
Capital leases:		
Police Station	\$ 1,795,000	\$ 154,780
Fire Station	1,805,000	156,625
2007 Ford Explorer-Police	12,918	13,893
Notes and loans payable	<u>690,747</u>	<u>140,970</u>
Total governmental activities debt	<u>\$ 4,303,665</u>	<u>\$ 466,268</u>
Business-type Activities:		
Water Utility		
Revenue bonds:		
Storage Tank and Supply Main	\$ 945,000	\$ 122,200
Wastewater Utility		
Notes and Loans Payable	<u>5,435,000</u>	<u>715,230</u>
Total business-type activities debt:	<u>\$ 6,380,000</u>	<u>\$ 837,430</u>

TOWN OF ELLETTSVILLE  
EXAMINATION RESULT AND COMMENT

PAVEMENT OF PRIVATE PARKING LOT

During 2007, Town and utility employees paved the Kenny's Tavern parking lot. All expenses of paving, including the wages of the employees, were paid equally by the Water and Wastewater Utilities. According to the minutes from a Town Council meeting held on June 11, 2007, Council members questioned the authorization for the paving project. In response, Mike Farmer, contractor for the management of the Utilities, indicated that there was a verbal agreement to pave the parking lot, in order to repair damage inflicted during completion of an Indiana Department of Transportation project. Mr. Farmer explained that underground utilities in the area in question were replaced, a water line was run across the front of the parking lot, and a conduit was laid for future plans to run power lines underground. He further explained that this verbal agreement allowed the Town to avoid time delays and easement purchases.

Indiana Code 36-1-4-7 empowers a town to enter into contracts. As Town officials have indicated that the contract was verbal, there is no written contract. Additionally, there has been no evidence presented to indicate that the Council discussed or approved an agreement by which the Town would pave the Kenny's Tavern parking lot, as compensation for damages incurred during road construction.

Generally, public funds may not be used to make improvements to property not owned by the governmental unit, unless permitted by statute, federal or state requirements, or safety concerns. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Payments made or received for contractual services should be supported by a written contract. Each governmental unit is responsible for complying with the provisions of its contracts. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Indiana Code 35-44-2-4 states in part:

"(b) A public servant who knowingly or intentionally assigns to an employee under his supervision any duties not related to the operation of the governmental entity that he serves commits ghost employment, a Class D felony. . . .

(d) A person employed by a governmental entity who knowingly or intentionally accepts property from the entity for the performance of duties not related to the operation of the entity commits ghost employment, a Class D felony.

(e) Any person who accepts property from a governmental entity in violation of this section and any public servant who permits the payment of property in violation of this section are jointly and severally liable to the governmental entity for that property. The attorney general may bring a civil action to recover that property in the county where the governmental entity is located or the person or public servant resides."

TOWN OF ELLETTSVILLE  
EXIT CONFERENCE

The contents of this report were discussed on December 2, 2008, with Sandra C. Hash, Clerk-Treasurer; Dan Swafford, President of the Town Council; and Dianna S. Bastin, Vice President of the Town Council. The officials concurred with our finding.