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

EXAMINATION REPORT

OF

TOWN OF ETNA GREEN

KOSCIUSKO COUNTY, INDIANA

January 1, 2007 to December 31, 2009

FILED
05/14/2010

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OFFICIALS

Office	Official	Term
Clerk-Treasurer	Laura L. Baker	01-01-04 to 12-31-11
President of the Town Council	Eileen M. Hall	01-01-07 to 12-31-07
	Todd Slabaugh	01-01-08 to 12-31-10

STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF ETNA GREEN, KOSCIUSKO COUNTY, INDIANA

We have examined the financial information presented herein of the Town of Etna Green (Town), for the period of January 1, 2007 to December 31, 2009. The Town's management is responsible for the financial information presented herein. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the financial information presented herein and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the financial information referred to above presents fairly, in all material respects, the financial information of the Town for the years ended December 31, 2007, 2008 and 2009, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The Schedule of 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

January 25, 2010

TOWN OF ETNA GREEN
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL, PROPRIETARY, AND FIDUCIARY FUND TYPES
As Of And For The Years Ended December 31, 2007, 2008 And 2009

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Governmental Funds:				
General	$ 126,551	$ 150,413	$ 126,453	$ 150,511
Motor Vehicle Highway	46,855	24,316	15,305	55,866
Sanitation	12,727	21,228	23,060	10,895
Local Road and Street	18,106	6,363	2,340	22,129
Park and Recreation	5,957	4,593	5,203	5,347
Levy Excess	-	816	-	816
Rainy Day	1	3,813	-	3,814
Economic Development Income Tax	-	42,442	23,855	18,587
Cumulative Capital Improvement	3,995	2,329	2,398	3,926
Proprietary Funds:				
Electric Utility - Operating	168,135	453,471	508,616	112,990
Electric Utility - Depreciation	177,710	22,500	-	200,210
Electric Utility - Customer Deposit	4,946	2,400	1,526	5,820
Water Utility - Operating	4,256	123,912	111,095	17,073
Water Utility - Bond and Interest	43,898	28,832	36,700	36,030
Water Utility - Depreciation	5,264	3,120	-	8,384
Water Utility - Customer Deposit	1,300	440	180	1,560
Wastewater Utility - Operating	11,341	163,680	146,887	28,134
Wastewater Utility - Bond and Interest	56,936	62,977	70,211	49,702
Wastewater Utility - Depreciation	2,508	3,700	3,191	3,017
Fiduciary Fund:				
Payroll	-	162,803	162,803	-
Totals	$ 690,486	$ 1,284,148	$ 1,239,823	$ 734,811

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

TOWN OF ETNA GREEN
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL, PROPRIETARY, AND FIDUCIARY FUND TYPES
As Of And For The Years Ended December 31, 2007, 2008 And 2009
(Continued)

	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
Governmental Funds:				
General	$ 150,511	$ 109,700	$ 133,248	$ 126,963
Motor Vehicle Highway	55,866	18,392	22,113	52,145
Sanitation	10,895	23,794	22,469	12,220
Local Road and Street	22,129	6,004	5,121	23,012
Park and Recreation	5,347	4,664	5,541	4,470
Levy Excess	816	871	816	871
Grant	-	1,000	-	1,000
Rainy Day	3,814	10,184	-	13,998
Economic Development Income Tax	18,587	46,589	10,867	54,309
Cumulative Capital Improvement	3,926	2,156	1,640	4,442
Proprietary Funds:				
Electric Utility - Operating	112,990	518,682	486,877	144,795
Electric Utility - Depreciation	200,210	15,000	-	215,210
Electric Utility - Customer Deposit	5,820	2,960	5,760	3,020
Water Utility - Operating	17,073	139,372	115,353	41,092
Water Utility - Bond and Interest	36,030	24,712	35,800	24,942
Water Utility - Depreciation	8,384	5,500	-	13,884
Water Utility - Customer Deposit	1,560	473	1,340	693
Wastewater Utility - Operating	28,134	175,053	174,300	28,887
Wastewater Utility - Bond and Interest	49,702	68,697	69,565	48,834
Wastewater Utility - Depreciation	3,017	8,500	-	11,517
Fiduciary Fund:				
Payroll	-	158,791	158,789	2
Totals	$ 734,811	$ 1,341,094	$ 1,249,599	$ 826,306

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

TOWN OF ETNA GREEN
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL, PROPRIETARY, AND FIDUCIARY FUND TYPES
As Of And For The Years Ended December 31, 2007, 2008 And 2009
(Continued)

	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
Governmental Funds:				
General	$ 126,963	$ 98,032	$ 129,178	$ 95,817
Motor Vehicle Highway	52,145	18,056	21,092	49,109
Sanitation	12,220	31,813	27,830	16,203
Local Road and Street	23,012	5,719	599	28,132
Park and Recreation	4,470	4,726	5,703	3,493
Levy Excess	871	-	-	871
Grant	1,000	-	-	1,000
Rainy Day	13,998	1,985	-	15,983
Economic Development Tax	54,309	54,859	38,004	71,164
Cumulative Capital Improvement	4,442	2,033	1,650	4,825
Proprietary Funds:				
Electric Utility - Operating	144,795	493,484	537,231	101,048
Electric Utility - Depreciation	215,210	12,500	10,000	217,710
Electric Utility - Customer Deposit	3,020	1,440	3,140	1,320
Water Utility - Operating	41,092	153,801	147,677	47,216
Water Utility - Bond and Interest	24,942	66,497	69,958	21,481
Water Utility - Debt Reserve	-	35,058	-	35,058
Water Utility - Depreciation	13,884	-	10,122	3,762
Water Utility - Customer Deposit	693	180	673	200
Wastewater Utility - Operating	28,887	172,722	186,576	15,033
Wastewater Utility - Bond and Interest	48,834	71,140	79,829	40,145
Wastewater Utility - Debt Reserve	-	17,002	-	17,002
Wastewater Utility - Depreciation	11,517	-	11,137	380
Fiduciary Fund:				
Payroll	2	159,017	159,019	-
Totals	$ 826,306	$ 1,400,064	$ 1,439,418	$ 786,952

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

TOWN OF ETNA GREEN
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 (DLGF) 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.

Due to errors in processing the 2009 budget and property tax rates and levies, the Town had no 2009 property tax levy. The Clerk-Treasurer appealed the 2010 tax rates to include $40,000 for the 2009 year. The DLGF approved $24,110.

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 ETNA GREEN
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS
As of December 31, 2009

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.

Primary Government	Ending Balance
Governmental activities:	
Capital assets, not being depreciated:	
Land	$ 22,001
Infrastructure	45,104
Buildings	206,001
Improvements other than buildings	5,168
Machinery and equipment	23,254
Total governmental activities, capital assets not being depreciated	$ 301,528

Primary Government	Ending Balance
Business-type activities:	
Water Utility:	
Capital assets, not being depreciated:	
Land	$ 4,200
Buildings	14,253
Improvements other than buildings	1,041,744
Machinery and equipment	6,430
Total Water Utility capital assets	1,066,627
Wastewater Utility:	
Capital assets, not being depreciated:	
Land	11,527
Buildings	50,000
Improvements other than buildings	3,221,435
Machinery and equipment	176,668
Total Wastewater Utility capital assets	3,459,630
Electric Utility:	
Capital assets, not being depreciated:	
Land	40,000
Buildings	1,510
Improvements other than buildings	404,568
Machinery and equipment	138,027
Total Electric Utility capital assets	584,105
Total business-type activities capital assets	$ 5,110,362

TOWN OF ETNA GREEN
SUPPLEMENTARY INFORMATION
SCHEDULE OF LONG-TERM DEBT
December 31, 2009

The Town has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities: None		
Business-type activities:		
Water Utility:		
Revenue bonds:		
1999 Waterworks Improvements	$ 300,000	$ 34,000
Wastewater Utility:		
Revenue bonds:		
1991 Sewage Works Improvements	98,000	35,847
1999A Sewage Works Improvements	418,000	18,788
1999B Sewage Works Improvements	297,000	13,343
Total Wastewater Utility	813,000	67,978
Total business-type activities debt	$ 1,113,000	$ 101,978

TOWN OF ETNA GREEN
EXAMINATION RESULT AND COMMENT

CREDIT CARD PURCHASES

In our tests we found a credit card purchase that was not supported by a vendor invoice. Expanding our tests and reviewing more credit card purchases, we found additional purchases not supported by vendor invoices. In one instance, the Clerk-Treasurer was able to contact a vendor and obtain a copy of an invoice.

We also found that the Town's credit card was used for non-Town purchases. One instance was a Town employee incurring personal travel related expenses. In another instance, expenses of another organization were paid with the Town's credit card. In both of these instances, these expenses were not paid by the Town, because the purchaser paid that portion of the Town's credit card billing.

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)

Ordinance 2005-02, describing the Town's credit card usage shows in Section 3, " . . . shall utilize such credit cards only for the business of the town . . ."

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)

TOWN OF ETNA GREEN
EXIT CONFERENCE

The contents of this report were discussed on January 25, 2010, with Laura L. Baker, Clerk-Treasurer; and Todd Slabaugh, President of the Town Council.