

STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2765

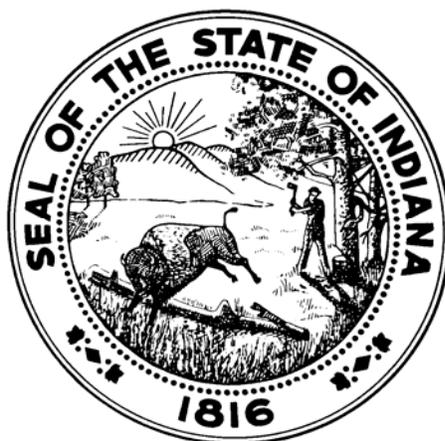
EXAMINATION REPORT

OF

TOWN OF DILLSBORO

DEARBORN COUNTY, INDIANA

January 1, 2004 to December 31, 2005



FILED
09/18/2006

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Janice Sullivan	01-01-04 to 12-31-07
President of the Town Council	Carolyn Mathes-Robers	01-01-04 to 12-31-06
Superintendent of Utilities	William Schmaltz Donald Schmaltz	01-01-04 to 01-28-05 01-29-05 to 12-31-06



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 DILLSBORO, DEARBORN COUNTY, INDIANA

We have examined the schedules of receipts, disbursements, and cash and investment balances of the Town of Dillsboro (Town), for the period of January 1, 2004 to December 31, 2005. The Town's management is responsible for the schedules. 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 schedule of receipts, disbursements, and cash and investment balances 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 schedules referred to above present fairly, in all material respects, the cash transactions of the Town for the years ended December 31, 2004 and 2005, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

July 19, 2006

TOWN OF DILLSBORO
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, 2004 And 2005

	Cash and Investments 01-01-04	Receipts	Disbursements	Cash and Investments 12-31-04
Governmental Funds:				
General	\$ 57,839	\$ 274,376	\$ 267,043	\$ 65,172
Motor Vehicle Highway	46,374	45,010	56,644	34,740
Local Road and Street	16,331	10,589	14,002	12,918
Law Enforcement Continuing Education	1,026	200	-	1,226
Riverboat	3,089,711	739,423	586,422	3,242,712
Cumulative Capital Improvement	10,947	5,359	883	15,423
Cumulative Fire Fighting Equipment	1,855	3,629	-	5,484
Cops Hiring Grant	-	15,998	15,998	-
Garbage Collection	82	42,617	42,699	-
Proprietary Funds:				
Water Utility - Operating	78,604	315,536	382,735	11,405
Water Utility - Customer Deposit	10,320	4,560	2,675	12,205
Wastewater Utility - Operating	51,596	234,525	257,915	28,206
Wastewater Utility - Bond and Interest	64,047	54,205	31,644	86,608
Wastewater Utility - Annex Bond and Interest	8,636	19,397	18,480	9,553
Wastewater Utility - Customer Deposit	8,205	3,535	1,935	9,805
Wastewater Utility - Construction	-	184,660	184,660	-
Fiduciary Fund:				
Payroll	-	537,968	537,968	-
Totals	<u>\$ 3,445,573</u>	<u>\$ 2,491,587</u>	<u>\$ 2,401,703</u>	<u>\$ 3,535,457</u>

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds:				
General	\$ 65,172	\$ 318,286	\$ 272,318	\$ 111,140
Motor Vehicle Highway	34,740	44,057	72,500	6,297
Local Road and Street	12,918	9,885	10,000	12,803
Law Enforcement Continuing Education	1,226	289	-	1,515
Riverboat	3,242,712	795,702	2,643,763	1,394,651
Cumulative Capital Improvement	15,423	2,628	96	17,955
Cumulative Fire Fighting Equipment	5,484	-	-	5,484
Garbage Collection	-	46,610	45,923	687
Proprietary Funds:				
Water Utility - Operating	11,405	293,811	304,975	241
Water Utility - Customer Deposit	12,205	6,540	2,830	15,915
Wastewater Utility - Operating	28,206	240,624	248,341	20,489
Wastewater Utility - Bond and Interest	86,608	46,714	42,641	90,681
Wastewater Utility - Annex Bond and Interest	9,553	19,979	20,045	9,487
Wastewater Utility - Customer Deposit	9,805	4,800	2,135	12,470
Wastewater Utility - Construction	-	2,983,905	2,983,905	-
Fiduciary Fund:				
Payroll	-	483,449	483,449	-
Totals	<u>\$ 3,535,457</u>	<u>\$ 5,297,279</u>	<u>\$ 7,132,921</u>	<u>\$ 1,699,815</u>

The accompanying notes are an integral part of the schedules.

TOWN OF DILLSBORO
NOTES TO SCHEDULES

Note 1. Introduction

The Town was established under the laws of the State of Indiana. The Town provides the following services: public safety (police and fire), highway and streets, sanitation, culture and recreation, public improvements, general administrative services, water, and wastewater.

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.

Note 5. Deposits and Investments

Deposits, made in accordance with 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.

TOWN OF DILLSBORO
NOTES TO SCHEDULES
(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. Long-Term Debt

The Town has entered into various debts such as bonds for wastewater improvements, a loan for wastewater improvements, and a capital lease for a fire truck. The outstanding principal at December 31, 2005, was \$526,895, \$88,000, and \$59,449, respectively.

TOWN OF DILLSBORO
EXAMINATION RESULTS AND COMMENTS

PENALTIES AND INTEREST COSTS (Applies to Clerk-Treasurer)

In the prior audit report, we reported that the Town incurred penalties and interest costs due to the late remittance of taxes. Penalties and interest costs in the amount of \$236.83 were incurred in 2005 due to the late remittance of state and county withholding taxes.

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Additionally, officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the governmental unit. Any penalties, interest or other charges paid by the governmental unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Upon our request, Janice Sullivan, Clerk-Treasurer, refunded \$236.83 to the Town of Dillsboro.

DEBT SERVICE RESERVE FUND (Applies to Wastewater Utility)

The Town adopted Ordinance 1987-101, dated June 3, 1987, which made provisions for the creation and funding of a Debt Service Reserve Fund. However, as of December 31, 2005, the Utility has not established a Debt Service Reserve Fund.

A similar comment was reported in the prior audit report.

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)

OFFICIAL BOND

Janice Sullivan, Clerk-Treasurer, has provided an official bond, but the 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. . . ."

TOWN OF DILLSBORO
EXIT CONFERENCE

The contents of this report were discussed on July 19, 2006, with the following officials: Janice Sullivan, Clerk-Treasurer; Mary Lue Powers, Town Council member; Scott Fortner, Town Manager; Donald Schmaltz, Superintendent of Utilities; and Judy Luke, Billing Clerk. The officials concurred with our findings.

TOWN OF DILLSBORO
SUMMARY

	<u>Charges</u>	<u>Credits</u>	<u>Balance Due</u>
Janice Sullivan:			
Penalties and Interest Cost, Page 7	\$ 236.83	\$ -	\$ -
Paid, Receipt 10308, July 6, 2006	<u>-</u>	<u>236.83</u>	<u>-</u>
 Totals	 <u>\$ 236.83</u>	 <u>\$ 236.83</u>	 <u>\$ -</u>