

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

EXAMINATION REPORT

OF

TOWN OF VERSAILLES

RIPLEY COUNTY, INDIANA

January 1, 2003 to December 31, 2005



FILED

09/20/2006

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OFFICIALS

| <u>Office</u> | <u>Official</u> | <u>Term</u> |
|-------------------------------|-----------------|----------------------|
| Clerk-Treasurer | Ted Spurlock | 01-01-00 to 12-31-07 |
| President of the Town Council | Gene Cofield | 01-01-03 to 05-31-03 |
| | George Stegner | 06-01-03 to 12-31-03 |
| | Sue Meisberger | 01-01-04 to 12-31-06 |



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF VERSAILLES, RIPLEY COUNTY, INDIANA

We have examined the schedules of receipts, disbursements, and cash and investment balances of the Town of Versailles (Town), for the period of January 1, 2003 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, 2003, 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 25, 2006

TOWN OF VERSAILLES
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, 2003, 2004, And 2005

| | Cash and Investments 01-01-03 | Receipts | Disbursements | Cash and Investments 12-31-03 |
|-------------------------------------------------|-------------------------------------|---------------------|---------------------|-------------------------------------|
| Governmental Funds: | | | | |
| General | \$ 197,101 | \$ 171,172 | \$ 393,952 | \$ (25,679) |
| Motor Vehicle Highway | 50,445 | 52,930 | 93,074 | 10,301 |
| Local Road and Street | 4,594 | 7,766 | 8,027 | 4,333 |
| Park and Recreation | 19,015 | - | 9,014 | 10,001 |
| Law Enforcement Continuing Education | 12,454 | 19,437 | 29,556 | 2,335 |
| Riverboat | 275,876 | 131,029 | 93,366 | 313,539 |
| Economic Development Income Tax | 46,287 | 37,731 | 26,693 | 57,325 |
| Industrial Park Gift | 7,040 | - | - | 7,040 |
| Belterra | 28,246 | 6,970 | - | 35,216 |
| Rising Sun Foundation Grant | (3,842) | 5,748 | 7,890 | (5,984) |
| Tyson Fund | - | 24,759 | 24,759 | - |
| Riverboat Wagering Tax Revenue Sharing | - | 11,281 | - | 11,281 |
| Cumulative Capital Improvement | 26,326 | 7,800 | 5,976 | 28,150 |
| EPA Grant | 6,404 | - | 6,404 | - |
| State Grant | 1,474 | - | 1,474 | - |
| Sidewalk Project | 4,299 | - | 3,256 | 1,043 |
| Debt Service | 276 | - | 3,681 | (3,405) |
| Proprietary Funds: | | | | |
| Water Utility - Operating | 201,676 | 389,570 | 419,935 | 171,311 |
| Water Utility - Bond and Interest | 41,202 | 111,912 | 112,000 | 41,114 |
| Water Utility - Depreciation | 71,828 | - | - | 71,828 |
| Water Utility - Customer Deposit | 34,893 | 7,142 | 4,050 | 37,985 |
| Wastewater Utility - Operating | 190,923 | 295,539 | 243,070 | 243,392 |
| Wastewater Utility - Bond and Interest | 321,856 | 171,447 | 297,300 | 196,003 |
| Wastewater Utility - Depreciation | 6,256 | - | - | 6,256 |
| Wastewater Utility - Construction | 503 | 362,806 | 264,079 | 99,230 |
| Water and Wastewater Utilities Clearing Account | - | 672,158 | 604,548 | 67,610 |
| Fiduciary Funds: | | | | |
| Town Court | 48,236 | 162,772 | 168,859 | 42,149 |
| L.E.C.E. User Fees | 16,755 | 3,510 | 3,552 | 16,713 |
| Diversion | 510 | - | 510 | - |
| Levy Excess | 1,852 | 4,859 | - | 6,711 |
| Payroll | 15,099 | 276,475 | 359,390 | (67,816) |
| Totals | <u>\$ 1,627,584</u> | <u>\$ 2,934,813</u> | <u>\$ 3,184,415</u> | <u>\$ 1,377,982</u> |

The accompanying notes are an integral part of the schedules.

TOWN OF VERSAILLES
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, 2003, 2004, And 2005
(Continued)

| | Cash and Investments 01-01-04 | Receipts | Disbursements | Cash and Investments 12-31-04 |
|-------------------------------------------------|-------------------------------------|---------------------|---------------------|-------------------------------------|
| Governmental Funds: | | | | |
| General | \$ (25,679) | \$ 434,038 | \$ 453,670 | \$ (45,311) |
| Motor Vehicle Highway | 10,301 | 142,335 | 105,226 | 47,410 |
| Local Road and Street | 4,333 | 8,190 | 38,511 | (25,988) |
| Park and Recreation | 10,001 | 10,526 | 8,573 | 11,954 |
| Law Enforcement Continuing Education | 2,335 | 4,589 | 7,054 | (130) |
| Riverboat | 313,539 | 159,774 | 97,495 | 375,818 |
| Economic Development Income Tax | 57,325 | 40,406 | 40,000 | 57,731 |
| Industrial Park Gift | 7,040 | - | - | 7,040 |
| Belterra | 35,216 | 37,038 | 41,000 | 31,254 |
| Rising Sun Foundation Grant | (5,984) | - | - | (5,984) |
| Tyson Fund | - | 5,000 | 5,000 | - |
| Riverboat Wagering Tax Revenue Sharing | 11,281 | - | - | 11,281 |
| Rainy Day | - | 14,346 | - | 14,346 |
| Cumulative Capital Improvement | 28,150 | 6,658 | 882 | 33,926 |
| Sidewalk Project | 1,043 | - | - | 1,043 |
| Debt Service | (3,405) | 4,906 | 3,500 | (1,999) |
| Proprietary Funds: | | | | |
| Water Utility - Operating | 171,311 | 423,538 | 403,939 | 190,910 |
| Water Utility - Bond and Interest | 41,114 | 111,808 | 109,400 | 43,522 |
| Water Utility - Depreciation | 71,828 | - | - | 71,828 |
| Water Utility - Customer Deposit | 37,985 | 9,350 | 5,347 | 41,988 |
| Wastewater Utility - Operating | 243,392 | 331,590 | 288,938 | 286,044 |
| Wastewater Utility - Bond and Interest | 196,003 | 289,480 | 476,790 | 8,693 |
| Wastewater Utility - Depreciation | 6,256 | - | - | 6,256 |
| Wastewater Utility - Debt Service Reserve | - | 86,400 | - | 86,400 |
| Wastewater Utility - Construction | 99,230 | 610 | 99,840 | - |
| Water and Wastewater Utilities Clearing Account | 67,610 | 693,800 | 700,096 | 61,314 |
| Fiduciary Funds: | | | | |
| Town Court | 42,149 | 165,196 | 191,227 | 16,118 |
| L.E.C.E. User Fees | 16,713 | 3,774 | 3,609 | 16,878 |
| Levy Excess | 6,711 | - | - | 6,711 |
| Payroll | (67,816) | 432,085 | 380,228 | (15,959) |
| Totals | <u>\$ 1,377,982</u> | <u>\$ 3,415,437</u> | <u>\$ 3,460,325</u> | <u>\$ 1,333,094</u> |

The accompanying notes are an integral part of the schedules.

TOWN OF VERSAILLES
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, 2003, 2004, And 2005
(Continued)

| | Cash and Investments 01-01-05 | Receipts | Disbursements | Cash and Investments 12-31-05 |
|-------------------------------------------------|-------------------------------------|---------------------|---------------------|-------------------------------------|
| Governmental Funds: | | | | |
| General | \$ (45,311) | \$ 532,942 | \$ 476,645 | \$ 10,986 |
| Motor Vehicle Highway | 47,410 | 71,429 | 99,629 | 19,210 |
| Local Road and Street | (25,988) | 16,429 | 631 | (10,190) |
| Park and Recreation | 11,954 | 8,830 | 11,874 | 8,910 |
| Law Enforcement Continuing Education | (130) | 3,098 | 1,878 | 1,090 |
| Riverboat | 375,818 | 172,836 | 121,536 | 427,118 |
| Economic Development Income Tax | 57,731 | 36,758 | 48,849 | 45,640 |
| Industrial Park Gift | 7,040 | - | - | 7,040 |
| Belterra | 31,254 | 26,418 | 51,339 | 6,333 |
| Rising Sun Foundation Grant | (5,984) | 5,984 | - | - |
| Tyson Fund | - | 72,000 | 72,000 | - |
| Riverboat Wagering Tax Revenue Sharing | 11,281 | 22,499 | 33,780 | - |
| Rainy Day | 14,346 | - | - | 14,346 |
| Cumulative Capital Improvement | 33,926 | 6,181 | 1,338 | 38,769 |
| Sidewalk Project | 1,043 | - | - | 1,043 |
| Debt Service | (1,999) | 6,060 | 3,400 | 661 |
| Proprietary Funds: | | | | |
| Water Utility - Operating | 190,910 | 462,212 | 552,947 | 100,175 |
| Water Utility - Bond and Interest | 43,522 | 111,840 | 111,807 | 43,555 |
| Water Utility - Depreciation | 71,828 | - | - | 71,828 |
| Water Utility - Customer Deposit | 41,988 | 8,500 | 6,500 | 43,988 |
| Water Utility - Construction | - | 50,000 | - | 50,000 |
| Wastewater Utility - Operating | 286,044 | 321,260 | 450,110 | 157,194 |
| Wastewater Utility - Bond and Interest | 8,693 | 309,029 | 67,359 | 250,363 |
| Wastewater Utility - Depreciation | 6,256 | - | - | 6,256 |
| Wastewater Utility - Debt Service Reserve | 86,400 | 1,204 | - | 87,604 |
| Wastewater Utility - Construction | - | 107,118 | 175,026 | (67,908) |
| Water and Wastewater Utilities Clearing Account | 61,314 | 704,773 | 702,765 | 63,322 |
| Fiduciary Funds: | | | | |
| Town Court | 16,118 | 166,225 | 164,285 | 18,058 |
| L.E.C.E. User Fees | 16,878 | 3,366 | 3,183 | 17,061 |
| Levy Excess | 6,711 | - | - | 6,711 |
| Payroll | (15,959) | 430,043 | 389,879 | 24,205 |
| Totals | <u>\$ 1,333,094</u> | <u>\$ 3,657,034</u> | <u>\$ 3,546,760</u> | <u>\$ 1,443,368</u> |

The accompanying notes are an integral part of the schedules.

TOWN OF VERSAILLES
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, culture and recreation, public improvements, planning and zoning, sanitation, general administrative services, water, wastewater, and urban redevelopment.

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 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 VERSAILLES
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 general obligation bonds for firehouse construction, waterwork revenue bonds and wastewater revenue bonds for improvements. The outstanding principal at December 31, 2005, was \$26,000, \$975,000, and \$790,000, respectively.

Note 8. Subsequent Event

On February 15, 2006, Mitchell & Stark Construction Co. Inc., was awarded a contract for \$1,189,000 to improve the Town's Water Treatment Facility. To finance the project the Town obtained a loan in the amount of \$825,000 and received a Community Development Block Grant for \$467,000.

TOWN OF VERSAILLES
EXIT CONFERENCE

The contents of this report were discussed on July 25, 2006, with Ted Spurlock, Clerk-Treasurer. Our examination disclosed no material items that warrant comment at this time.