

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

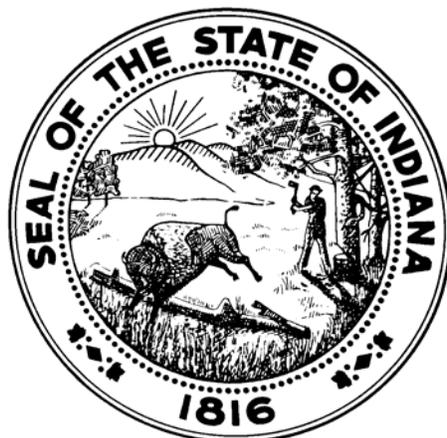
EXAMINATION REPORT

OF

TOWN OF FRANCESVILLE

PULASKI COUNTY, INDIANA

January 1, 2005 to December 31, 2006



FILED
02/08/2007

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Marla J. Dawson	01-01-04 to 12-31-07
President of the Town Council	Douglas Gutwein	01-01-05 to 12-31-07



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF FRANCESVILLE, PULASKI COUNTY, INDIANA

We have examined the financial information presented herein of the Town of Francesville (Town), for the period of January 1, 2005 to December 31, 2006. 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, 2005 and 2006, 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 a required part 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 18, 2007

TOWN OF FRANCESVILLE
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, 2005 And 2006

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds:				
General	\$ 92,045	\$ 154,578	\$ 173,661	\$ 72,962
Motor Vehicle Highway	53,308	72,735	73,504	52,539
Local Road and Street	1,189	3,299	2,950	1,538
Park and Recreation	24,537	20,987	13,682	31,842
Law Enforcement Continuing Education	1,272	2,712	1,215	2,769
Cumulative Capital Improvement	1,689	2,797	2,830	1,656
County Economic Development Income Tax	10,728	9,829	16,000	4,557
Francesville/Salem Rescue	34,586	107,294	130,110	11,770
Sanitation	2,920	32,346	32,780	2,486
Zoning Permits	586	380	530	436
Fire Department Grant	-	2,600	2,600	-
Proprietary Funds:				
Water Utility - Operating	25,018	187,374	186,665	25,727
Water Utility - Bond and Interest	3,939	47,403	47,263	4,079
Water Utility - Customer Deposit	8,910	1,400	1,250	9,060
Water Utility - Debt Reserve	44,762	5,074	-	49,836
Water Utility - Improvement	8,366	67,847	73,062	3,151
Wastewater Utility - Operating	15,485	192,863	193,689	14,659
Wastewater Utility - Bond and Interest	-	102,770	102,770	-
Wastewater Utility - Debt Reserve	106,407	-	-	106,407
Wastewater Utility - Replacement	56,770	13,961	58,770	11,961
Wastewater Utility - Improvement	43,323	31,424	8,000	66,747
Fiduciary Funds:				
Utility Clearing	602	356,034	356,507	129
Koebcke Trust	12,907	49	369	12,587
Payroll	-	156,268	156,268	-
Totals	\$ 549,349	\$ 1,572,024	\$ 1,634,475	\$ 486,898

	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
Governmental Funds:				
General	\$ 72,962	\$ 180,145	\$ 180,895	\$ 72,212
Motor Vehicle Highway	52,539	82,214	61,970	72,783
Local Road and Street	1,538	3,203	-	4,741
Park and Recreation	31,842	11,422	20,562	22,702
Law Enforcement Continuing Education	2,769	1,228	1,738	2,259
Cumulative Capital Improvement	1,656	3,233	1,100	3,789
County Economic Development Income Tax	4,557	10,829	1,183	14,203
Francesville/Salem Rescue	11,770	5,129	800	16,099
Sanitation	2,486	36,748	35,253	3,981
Zoning Permits	436	380	390	426
Proprietary Funds:				
Water Utility - Operating	25,727	184,983	187,395	23,315
Water Utility - Bond and Interest	4,079	48,899	48,943	4,035
Water Utility - Customer Deposit	9,060	1,850	1,200	9,710
Water Utility - Debt Reserve	49,836	1,057	1,057	49,836
Water Utility - Improvement	3,151	25,222	5,318	23,055
Wastewater Utility - Operating	14,659	189,559	181,826	22,392
Wastewater Utility - Bond and Interest	-	100,170	100,170	-
Wastewater Utility - Debt Reserve	106,407	-	-	106,407
Wastewater Utility - Replacement	11,961	17,661	-	29,622
Wastewater Utility - Improvement	66,747	6,000	20,345	52,402
Fiduciary Funds:				
Utility Clearing	129	395,995	395,795	329
Koebcke Trust	12,587	395	551	12,431
Excess Levy	-	432	-	432
Payroll	-	160,023	160,023	-
Totals	\$ 486,898	\$ 1,466,777	\$ 1,406,514	\$ 547,161

The accompanying notes are an integral part of the schedules.

TOWN OF FRANCESVILLE
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 FRANCESVILLE
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 For The Year Ended December 31, 2006

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.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Buildings	\$ 553,800
Improvements other than buildings	101,684
Machinery and equipment	<u>717,133</u>
 Total governmental activities, capital assets not being depreciated	 \$ <u>1,372,617</u>

<u>Primary Government</u>	<u>Ending Balance</u>
Business-type activities:	
Water Utility:	
Capital assets, not being depreciated:	
Buildings	\$ 435,424
Improvements other than buildings	947,855
Machinery and equipment	<u>73,233</u>
 Total water utility capital assets	 <u>1,456,512</u>
Wastewater Utility:	
Capital assets, not being depreciated:	
Buildings	79,800
Improvements other than buildings	3,596,777
Machinery and equipment	<u>93,267</u>
 Total wastewater utility capital assets	 <u>3,769,844</u>
 Total business-type activities capital assets	 \$ <u>5,226,356</u>

TOWN OF FRANCESVILLE
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 For The Year Ended December 31, 2006

Description of Asset	Ending Balance	Due Within One Year
Business-type Activities:		
Water Utility		
Revenue bonds:		
Waterworks refunding revenue bonds of 2003	\$ 582,000	\$ 22,000
Wastewater Utility		
Revenue bonds:		
Wastewater revenue bonds of 1996	<u>815,000</u>	<u>-</u>
Total business-type activities long-term debt:	<u>\$ 1,397,000</u>	<u>\$ 22,000</u>

TOWN OF FRANCESVILLE
EXAMINATION RESULTS AND COMMENTS

COMPENSATION AND BENEFITS

During our review of payroll for 2005 and 2006, the following items were noted: An employee received \$1,000 in payments for maintaining the park which were not included in the salary ordinance. Part-time help was paid at a rate of \$8 per hour, but no rate of pay was included for part-time help in the salary ordinance. Another employee was paid for issuing zoning permits, there was no compensation included in the salary ordinance for this work.

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, resolution or salary schedule adopted by the governing body unless otherwise authorized by statute. Compensation should be made in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

ADVANCE PAYROLL PAYMENTS

As noted in the prior Report B26094, amounts paid for salaried employees are paid in advance. Amounts paid on the first of the month are for the first half of the current month, amounts paid on the fifteenth are for the second half of the current month.

Compensation and any other payments for goods and services should not be paid in advance of receipt of the goods or services unless specifically authorized by statute. Payments made for goods or services which are not received may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TOWN OF FRANCESVILLE
EXIT CONFERENCE

The contents of this report were discussed on January 18, 2007, with Douglas Gutwein, President of the Town Council; and Marla J. Dawson, Clerk-Treasurer. The officials concurred with our findings.