

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

EXAMINATION REPORT
OF
TOWN OF DARLINGTON
MONTGOMERY COUNTY, INDIANA
January 1, 2006 to December 31, 2007



FILED
12/08/2008

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Teresa A. Sutherlin	01-01-04 to 12-31-07
	Judy D. Anderson	01-01-08 to 12-31-11
President of the Town Council	Charles Taylor	01-01-06 to 12-31-06
	Kimberley A. Carpenter	01-01-07 to 12-31-08



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF DARLINGTON, MONTGOMERY COUNTY, INDIANA

We have examined the financial information presented herein of the Town of Darlington (Town), for the period of January 1, 2006 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 years ended December 31, 2006 and 2007, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The Schedule of Long-Term Debt, as listed in the Table of Contents, is presented for additional analysis and is not a required part of the basic financial information. It has not been subjected to the examination procedures applied to the basic financial information and, accordingly, we express no opinion on it.

STATE BOARD OF ACCOUNTS

October 16, 2008

TOWN OF DARLINGTON
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, 2006 And 2007

	Cash and Investments		Cash and Investments	
	01-01-06	Receipts	Disbursements	12-31-06
Governmental Funds:				
General	\$ 105,046	\$ 103,126	\$ 89,827	\$ 118,345
Motor Vehicle Highway	65,670	48,384	49,371	64,683
Local Road and Street	8,137	3,942	10,000	2,079
Wheel Tax	9,666	3,631	5,250	8,047
Firearms Training	325	269	-	594
Park and Recreation	15,981	1,487	2,016	15,452
Law Enforcement Continuing Education	147	-	-	147
Riverboat	9,590	5,374	-	14,964
Cumulative Capital Improvement	26,666	3,051	-	29,717
Cumulative Capital Development	23,177	3,896	2,998	24,075
Levy Excess	-	529	-	529
Proprietary Funds:				
Electric Utility - Operating	79,918	1,296,639	1,320,627	55,930
Electric Utility - Depreciation	99,049	-	-	99,049
Electric Utility - Customer Deposit	53,119	6,902	4,593	55,428
Electric Utility - Reserve	123,845	3,366	-	127,211
Wastewater Utility - Operating	19,894	134,327	135,448	18,773
Wastewater Utility - Bond and Interest	988	21,832	21,624	1,196
Wastewater Utility - Depreciation	71,038	6,566	-	77,604
Wastewater Utility - Rehabilitation	19,523	-	-	19,523
Wastewater Utility - Reserve	22,400	-	-	22,400
Trash Hauling	-	3,000	-	3,000
Fiduciary Fund:				
Payroll	7,157	261,430	261,415	7,172
Totals	\$ 761,336	\$ 1,907,751	\$ 1,903,169	\$ 765,918

	Cash and Investments		Cash and Investments	
	01-01-07	Receipts	Disbursements	12-31-07
Governmental Funds:				
General	\$ 118,345	\$ 91,387	\$ 98,678	\$ 111,054
Motor Vehicle Highway	64,683	39,131	45,551	58,263
Local Road and Street	2,079	3,952	5,950	81
Wheel Tax	8,047	5,722	8,520	5,249
Firearms Training	594	250	-	844
Park and Recreation	15,452	275	9,126	6,601
Law Enforcement Continuing Education	147	-	-	147
Riverboat	14,964	5,385	7,000	13,349
Cumulative Capital Improvement	29,717	3,000	-	32,717
Cumulative Capital Development	24,075	1,946	1,730	24,291
Levy Excess	529	503	529	503
Proprietary Funds:				
Electric Utility - Operating	55,930	1,373,344	1,416,988	12,286
Electric Utility - Depreciation	99,049	-	14,948	84,101
Electric Utility - Customer Deposit	55,428	7,497	5,737	57,188
Electric Utility - Reserve	127,211	-	-	127,211
Wastewater Utility - Operating	18,773	137,252	148,589	7,436
Wastewater Utility - Bond and Interest	1,196	22,227	22,024	1,399
Wastewater Utility - Depreciation	77,604	6,709	31,110	53,203
Wastewater Utility - Rehabilitation	19,523	-	19,066	457
Wastewater Utility - Reserve	22,400	-	-	22,400
Trash Hauling	3,000	36,292	28,744	10,548
Fiduciary Fund:				
Payroll	7,172	233,470	235,495	5,147
Totals	\$ 765,918	\$ 1,968,342	\$ 2,099,785	\$ 634,475

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

TOWN OF DARLINGTON
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, electric, wastewater, 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.

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 DARLINGTON
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.

TOWN OF DARLINGTON
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 December 31, 2007

The Town has entered into the following debt:

<u>Description of Debt</u>	<u>Ending Principal Balance</u>	<u>Principal and Interest Due Within One Year</u>
Governmental Activities:		
Capital leases:		
2005 Ford F-350	\$ 15,478	\$ 8,348
Business-type Activities:		
Wastewater Utility		
Revenue bonds:		
Improvement Project	169,000	-

TOWN OF DARLINGTON
EXAMINATION RESULT AND COMMENT

CAPITAL ASSET RECORDS

The Town and Utilities do not maintain sufficient detailed records of capital assets. The records are not maintained on a current basis. Deletions or disposals of capital assets are not recorded. Records providing historical costs for some of the Utility's capital assets are not available, and records classifying and summarizing the Utility's capital assets are incomplete. The Town is in the process of completing the capital asset records.

Every governmental unit should have a complete inventory of all capital assets owned which reflect their acquisition value. Such inventory should be recorded in the Capital Assets Ledger. A complete inventory should be taken every year for good internal control and for verifying account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TOWN OF DARLINGTON
EXIT CONFERENCE

The contents of this report were discussed on October 16, 2008, with Judy D. Anderson, Clerk-Treasurer; and Mary Lou Weliever, Council member.