

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

EXAMINATION REPORT  
OF  
TOWN OF FARMERSBURG  
SULLIVAN COUNTY, INDIANA  
January 1, 2007 to December 31, 2008



**FILED**  
11/19/2009



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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Pamela K. Southwood	01-01-04 to 09-24-07
	Vacant	09-25-07 to 09-30-07
	Cindy Davis	10-01-07 to 12-31-11
President of the Town Council	Michael G. Cazee	01-01-07 to 12-31-08
	Woodrow Power III	01-01-09 to 12-31-09



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF FARMERSBURG, SULLIVAN COUNTY, INDIANA

We have examined the financial information presented herein of the Town of Farmersburg (Town), for the period of January 1, 2007 to December 31, 2008. 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 and 2008, 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

September 30, 2009

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

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
<b>Governmental Funds:</b>				
General	\$ 85,174	\$ 76,989	\$ 81,489	\$ 80,674
Motor Vehicle Highway	14,362	55,266	42,628	27,000
Local Road and Street	4,351	5,754	2,664	7,441
Law Enforcement Continuing Education	2,629	624	851	2,402
Cumulative Capital Development	29,756	4,678	-	34,434
Levy Excess	1,030	-	1,030	-
<b>Proprietary Funds:</b>				
Wastewater Utility - Operating	35,471	301,848	303,098	34,221
Wastewater Utility - Bond and Interest	-	178,675	14,000	164,675
Wastewater Utility - Equipment	500	732	-	1,232
Wastewater Utility - Construction	23,974	-	23,682	292
Wastewater Utility - Reserve	140,036	3,729	-	143,765
<b>Totals</b>	<b><u>\$ 337,283</u></b>	<b><u>\$ 628,295</u></b>	<b><u>\$ 469,442</u></b>	<b><u>\$ 496,136</u></b>
	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
<b>Governmental Funds:</b>				
General	\$ 80,674	\$ 81,716	\$ 86,037	\$ 76,353
Motor Vehicle Highway	27,000	40,153	39,628	27,525
Local Road and Street	7,441	5,287	10,791	1,937
Law Enforcement Continuing Education	2,402	120	1,648	874
County Economic Development Income Tax	-	48,753	15,466	33,287
Cumulative Capital Development	34,434	6,625	6,281	34,778
Levy Excess	-	2,090	-	2,090
<b>Proprietary Funds:</b>				
Wastewater Utility - Operating	34,221	298,814	314,037	18,998
Wastewater Utility - Bond and Interest	164,675	180,000	299,234	45,441
Wastewater Utility - Equipment	1,232	-	-	1,232
Wastewater Utility - Construction	292	-	-	292
Wastewater Utility - Reserve	143,765	496	-	144,261
<b>Totals</b>	<b><u>\$ 496,136</u></b>	<b><u>\$ 664,054</u></b>	<b><u>\$ 773,122</u></b>	<b><u>\$ 387,068</u></b>

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

TOWN OF FARMERSBURG  
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.

Note 6. Subsequent Event

In 2009, the Town issued Wastewater Revenue Bonds totaling \$385,000 for a new lift station and improvements to the existing treatment plant.

TOWN OF FARMERSBURG  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF CAPITAL ASSETS  
 For The Year Ended December 31, 2008

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:	
Land	\$ 5,000
Infrastructure	75,000
Buildings	60,000
Improvements other than buildings	12,000
Machinery and equipment	<u>10,000</u>
 Total governmental activities, capital assets not being depreciated	 <u>\$ 162,000</u>

<u>Primary Government</u>	<u>Ending Balance</u>
Business-type activities:	
Wastewater Utility:	
Capital assets, not being depreciated:	
Land	\$ 20,000
Construction in progress	1,421,000
Buildings	50,000
Improvements other than buildings	70,000
Machinery and equipment	<u>50,000</u>
 Total Wastewater Utility capital assets	 <u>\$ 1,611,000</u>

TOWN OF FARMERSBURG  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF LONG-TERM DEBT  
 December 31, 2008

The Town has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Business-type activities:		
Wastewater Utility:		
Notes and loans payable:		
1991 Improvements	\$ 82,000	\$ 30,100
1995 State Revolving Fund Loan	740,000	120,900
2005 Improvements	<u>584,000</u>	<u>27,820</u>
 Total Wastewater Utility	 <u>\$ 1,406,000</u>	 <u>\$ 178,820</u>

TOWN OF FARMERSBURG  
EXAMINATION RESULTS AND COMMENTS

LIST OF EMPLOYEES NOT FILED WITH COUNTY TREASURER

As stated in prior Report B31533, a list of employees was not certified to the County Treasurer.

IC 6-1.1-22-14(a) states in part:

"On or before June 1 and December 1 of each year . . . the disbursing officer of each political subdivision . . . shall certify the names and addresses of each person who has money due from the political subdivision to the treasurer of each county in which the political subdivision is located."

APPROPRIATIONS - TOWN

The records presented for examination indicated the following expenditures in excess of budgeted appropriations:

Fund	Years	Excess Amount Expended
General	2007	\$ 5,149
Local Road and Street	2007	1,369
General	2008	4,206
Local Road and Street	2008	791
Cumulative Capital Development	2008	1,282

IC 6-1.1-18-4 states in part:

". . . the proper officers of a political subdivision shall appropriate funds in such a manner that the expenditures for a year do not exceed its budget for that year as finally determined under this article."

TOWN OF FARMERSBURG  
EXIT CONFERENCE

The contents of this report were discussed on September 30, 2009, with Woodrow Power III, President of the Town Council.