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

EXAMINATION REPORT  
OF  
TOWN OF DILLSBORO  
DEARBORN COUNTY, INDIANA  
January 1, 2008 to December 31, 2009



**FILED**  
05/07/2010



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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Janice Sullivan	01-01-08 to 12-31-10
President of the Town Council	Mary Lou Powers	01-01-08 to 12-31-10
Superintendent of Utilities	Donald Schmaltz	01-01-08 to 12-31-10



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF DILLSBORO, DEARBORN COUNTY, INDIANA

We have examined the financial information presented herein of the Town of Dillsboro (Town), for the period of January 1, 2008 to December 31, 2009. 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 present fairly, in all material respects, the financial information of the Town for the years ended December 31, 2008 and 2009, 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 required parts 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 27, 2010

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, 2008 And 2009

	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
<b>Governmental Funds:</b>				
General	\$ 35,824	\$ 328,373	\$ 300,540	\$ 63,657
Motor Vehicle Highway	44,139	39,078	24,230	58,987
Local Road and Street	15,314	9,673	24,942	45
Park and Recreation	3,587	15,990	15,522	4,055
Law Enforcement Continuing Education	2,486	963	-	3,449
Riverboat	2,107,109	663,316	670,483	2,099,942
Cumulative Capital Improvement	3,844	4,670	6,897	1,617
Cumulative Capital Development	4,987	4,025	9,012	-
Cumulative Building and Fire Fighting Equipment	41	-	-	41
Garbage Collection	186	58,111	57,861	436
Police Grant	-	5,225	5,225	-
Storm Drainage Construction	-	631,665	631,665	-
<b>Proprietary Funds:</b>				
Water Utility - Operating	52,239	406,950	418,476	40,713
Water Utility - Customer Deposit	20,405	5,465	4,090	21,780
Wastewater Utility - Operating	63,843	364,852	396,651	32,044
Wastewater Utility - Bond and Interest	28,182	40,695	43,429	25,448
Wastewater Utility - Annex Bond and Interest	8,681	20,672	21,450	7,903
Wastewater Utility - Customer Deposit	16,145	4,491	3,636	17,000
Wastewater Utility - Debt Service	50,000	-	-	50,000
<b>Fiduciary Fund:</b>				
Payroll	-	575,963	575,963	-
<b>Totals</b>	<u>\$ 2,457,012</u>	<u>\$ 3,180,176</u>	<u>\$ 3,210,072</u>	<u>\$ 2,427,117</u>
	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
<b>Governmental Funds:</b>				
General	\$ 63,657	\$ 311,995	\$ 306,824	\$ 68,828
Motor Vehicle Highway	58,987	38,366	16,109	81,244
Local Road and Street	45	8,966	7,903	1,108
Park and Recreation	4,055	12,672	15,231	1,496
Law Enforcement Continuing Education	3,449	1,118	2,628	1,939
Riverboat	2,099,942	775,036	1,279,958	1,595,019
Cumulative Capital Improvement	1,617	4,403	3,472	2,548
Cumulative Capital Development	-	3,133	3,133	-
Cumulative Building and Fire Fighting Equipment	41	4,269	-	4,310
Garbage Collection	436	57,795	57,694	537
Police Grant	-	1,094	1,094	-
Storm Drainage Construction	-	430,286	430,186	100
<b>Proprietary Funds:</b>				
Water Utility - Operating	40,713	404,725	423,232	22,206
Water Utility - Customer Deposit	21,780	4,950	2,715	24,015
Wastewater Utility - Operating	32,044	366,738	342,698	56,084
Wastewater Utility - Bond and Interest	25,448	44,193	43,421	26,220
Wastewater Utility - Annex Bond and Interest	7,903	20,639	20,870	7,672
Wastewater Utility - Customer Deposit	17,000	4,050	2,375	18,675
Wastewater Utility - Debt Service	50,000	-	-	50,000
<b>Fiduciary Fund:</b>				
Payroll	-	591,881	591,881	-
<b>Totals</b>	<u>\$ 2,427,117</u>	<u>\$ 3,086,308</u>	<u>\$ 3,551,424</u>	<u>\$ 1,962,001</u>

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

TOWN OF DILLSBORO  
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, highway and streets, sanitation, culture and recreation, public improvements, water, 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. 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.

TOWN OF DILLSBORO  
NOTES TO FINANCIAL INFORMATION  
(Continued)

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. 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 DILLSBORO  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF CAPITAL ASSETS  
 December 31, 2009

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.

General infrastructure assets (those reported by governmental activities) are included regardless of their acquisition date or amount. The government was able to estimate the historical cost for the initial reporting of these assets through backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year.) As the government constructs or acquires additional capital assets each period, including infrastructure assets, they are reported at historical cost.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 459,710
Infrastructure	913,481
Buildings	495,976
Improvements other than buildings	220,027
Machinery and equipment	<u>492,726</u>
 Total governmental activities, capital assets not being depreciated	 <u>\$ 2,581,920</u>

<u>Primary Government</u>	<u>Ending Balance</u>
Business-type activities:	
Water Utility:	
Capital assets, not being depreciated:	
Infrastructure	\$ 200,259
Buildings	10,200
Improvements other than buildings	22,342
Machinery and equipment	<u>112,599</u>
 Total Water Utility capital assets	 <u>345,400</u>
Wastewater Utility:	
Capital assets, not being depreciated:	
Land	53,670
Infrastructure	3,115,966
Buildings	97,738
Improvements other than buildings	25,922
Machinery and equipment	<u>190,162</u>
 Total Wastewater Utility capital assets	 <u>3,483,458</u>
 Total business-type activities capital assets	 <u>\$ 3,828,858</u>

TOWN OF DILLSBORO  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF LONG-TERM DEBT  
 December 31, 2009

The Town has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:		
Notes and loans payable		
Radio loan	\$ 94,297	\$ 5,791
Total governmental activities debt	<u>\$ 94,297</u>	<u>\$ 5,791</u>
Business-type activities:		
Wastewater Utility:		
Notes and loans payable:		
Wastewater Improvements	\$ 468,895	\$ 28,744
Revenue bonds:		
Wastewater Improvements	<u>10,000</u>	<u>10,844</u>
Total Wastewater Utility	<u>478,895</u>	<u>39,588</u>
Total business-type activities debt	<u>\$ 478,895</u>	<u>\$ 39,588</u>

TOWN OF DILLSBORO  
EXIT CONFERENCE

The contents of this report were discussed on January 27, 2010, with Janice Sullivan, Clerk-Treasurer. Our examination disclosed no material items that warrant comment at this time.