

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

FINANCIAL STATEMENT EXAMINATION REPORT

OF

TOWN OF DALE

SPENCER COUNTY, INDIANA

January 1, 2010 to December 31, 2010



FILED
12/02/2011

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OFFICIALS

Office

Official

Term

Clerk-Treasurer

Cynthia Morrison

01-01-08 to 12-31-11

President of the
Town Council

Fred Weber

01-01-10 to 12-31-11



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF DALE, SPENCER COUNTY, INDIANA

We have examined the financial statement of the Town of Dale (Town), for the period of January 1, 2010 to December 31, 2010. The Town's management is responsible for the financial statement. 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 statement and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

As discussed in Note 1, the Town prepares its financial statement on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The basis noted above is a different basis than that used in the prior year.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the Town for the year ended December 31, 2010, on the basis of accounting described in Note 1.

The Combining Schedule of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis 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 financial statement. They have not been subjected to the examination procedures applied to the financial statement and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the Town's management, the Town Council, and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

October 27, 2011

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FINANCIAL STATEMENT

The financial statement and accompanying notes were approved by management of the Town. The financial statement and notes are presented as intended by the Town.

TOWN OF DALE
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For The Year Ended December 31, 2010

	Cash and Investments 01-01-10	Receipts	Disbursements	Cash and Investments 12-31-10
General	\$ 325,159	\$ 279,901	\$ 255,935	\$ 349,125
Motor Vehicle Highway	50,929	40,524	47,114	44,339
Local Road And Street	15,851	5,691	6,856	14,686
Park Nonreverting Operating	24,067	-	-	24,067
Donation-Land	2,280	-	-	2,280
Law Enforcement Continuing Ed	4,041	2,770	3,274	3,537
Riverboat	33,329	9,813	30,656	12,486
Parks And Recreation	42,514	108,934	93,652	57,796
Park Donation	9,976	7,345	11,692	5,629
Rainy Day	6,007	6,349	-	12,356
Police Department Donation	-	2,500	2,500	-
Cumulative Capl Imprv Cigarette Tax	21,186	4,591	-	25,777
Cedit Capital Projects	277,439	77,757	31,053	324,143
Park & Rec Lake Donation	1,386	-	-	1,386
Payroll	1,872	308,162	308,091	1,943
Wastewater Utility-Operating	220,422	483,420	503,907	199,935
Wastewater Util-Bond And Interest	168,284	235,053	228,570	174,767
Wastewater Utility-Deprec/Improve	86,374	31,898	59,403	58,869
Wastewater Utility-Customer Deposit	11,170	3,000	3,137	11,033
2003 Bonds	61,838	496	-	62,334
2002 SRF Reserve	164,666	149	-	164,815
Water Utility-Operating	125,825	465,241	411,654	179,412
Water Utility-Bond And Interest	135,533	107,190	108,204	134,519
Water Utility-Depreciation/Improve	19,343	5,426	159	24,610
Water Utility-Customer Deposit	11,623	3,100	3,235	11,488
1978 FMHA Reserve	56,332	530	-	56,862
2001 Bond Bank Reserve	73,323	412	-	73,735
Totals	<u>\$ 1,950,769</u>	<u>\$ 2,190,252</u>	<u>\$ 2,109,092</u>	<u>\$ 2,031,929</u>

The notes to the financial statement are an integral part of this statement.

TOWN OF DALE
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The Town was established under the laws of the State of Indiana. The Town operates under a Town Council form of government and provides some or all of the following services: public safety, highways and streets, health and social services, culture and recreation, public improvements, planning and zoning, general administrative services, water, and wastewater.

The accompanying financial statement presents the financial information for the Town (primary government), and does not include financial information for any of the Town's legally separate component units, which accounting principles generally accepted in the United States of America require to be reported with the financial information of the Town (primary government).

B. Basis of Accounting

The financial statements are reported on a regulatory basis of accounting prescribed by the State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when received and disbursements are recorded when paid.

The regulatory basis of accounting differs from accounting principles generally accepted in the United States of America in that receipts are recognized when received in cash, rather than when earned, and disbursements are recognized when paid, rather than when a liability is incurred.

C. Cash and Investments

Investments are stated at cost. Any changes in fair value of the investments are reported as receipts in the year of the sale of the investment.

D. Receipts

Receipts are presented in the aggregate on the face of the financial statements. The aggregate receipts may include, but are not limited to, the following sources:

Taxes which can include one or more of the following: property taxes, certified shares (local option tax), property tax replacement credit (local option tax), county option income tax, wheel tax, innkeepers tax, food and beverage tax, county economic development income tax, boat and trailer excise tax, county adjusted gross income tax, and other taxes that are set by the Town.

Licenses and permits which include amounts received from businesses, occupations, or nonbusinesses that must be licensed before doing business within the government's jurisdiction or permits levied according to the benefits presumably conferred by the permit. Examples of licenses and permits include: peddler licenses, dog tax licenses, auctioneer license, building and planning permits, demolition permits, electrical permits, sign permits, and gun permits.

TOWN OF DALE
NOTES TO FINANCIAL STATEMENT
(Continued)

Intergovernmental receipts which include receipts from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of this type of receipts include, but are not limited to: federal grants, state grants, cigarette tax distributions received from the state, motor vehicle highway distribution received from the state, local road and street distribution received from the state, financial institution tax received from the state, auto excise surtax received from the state, commercial vehicle excise tax received from the state, major moves distributions received from the state, and riverboat receipts received from the county.

Charges for services which can include, but are not limited to the following: planning commission charges, building department charges, copies of public records, copy machine charges, accident report copies, gun permit applications, 911 telephone services, recycling fees, dog pound fees, emergency medical service fees, park rental fees, swimming pool receipts, cable tv receipts, ordinance violations, fines and fees, bond forfeitures, court costs, and court receipts.

Fines and forfeits which include receipts derived from fines and penalties imposed for the commission of statutory offenses, violation of lawful administrative rules and regulations (fines), and for the neglect of official duty and monies derived from confiscating deposits held as performance guarantees (forfeitures).

Utility fees which are comprised mostly of charges for current services.

Other receipts which include amounts received from various sources which can include, but are not limited to the following: net proceeds from borrowings; interfund loan activity; transfers authorized by statute, ordinance, resolution or court order; internal service receipts; and fiduciary receipts.

E. Disbursements

Disbursements are presented in the aggregate on the face of the financial statements. The aggregate disbursements may include, but are not limited to, the following uses:

Personal services include outflows for salaries, wages, and related employee benefits provided for all persons employed. In those units where sick leave, vacation leave, overtime compensation, and other such benefits are appropriated separately, such payments would also be included.

Supplies which include articles and commodities that are entirely consumed and materially altered when used and/or show rapid depreciation after use for a short period of time. Examples of supplies include office supplies, operating supplies, and repair and maintenance supplies.

Other services and charges which include, but are not limited to: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

Debt service principal and interest which include fixed obligations resulting from financial transactions previously entered into by the Town. It includes all expenditures for the reduction of the principal and interest of the Town's general obligation indebtedness.

TOWN OF DALE
NOTES TO FINANCIAL STATEMENT
(Continued)

Capital outlay which include all outflows for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

Utility operating expenses which include all outflows for operating the utilities.

Other disbursements which include, but are not limited to the following: interfund loan payments, loans made to other funds, internal service disbursements, and transfers out that are authorized by statute, ordinance, resolution, or court order.

F. Interfund Transfers

The Town may, from time to time, transfer money from one fund to another. These transfers, if any, are included as a part of the receipts and disbursements of the affected funds and as a part of total receipts and disbursements. The transfers are used for cash flow purposes as provided by various statutory provisions.

G. Fund Accounting

Separate funds are established, maintained, and reported by the Town. Each fund is used to account for money received from and used for specific sources and uses as determined by various regulations. Restrictions on some funds are set by statute while other funds are internally restricted by the Town. The money accounted for in a specific fund may only be available for use for certain, legally restricted purposes. Additionally, some funds are used to account for assets held by the Town in a trustee capacity as an agent of individuals, private organizations, other funds, or other governmental units and therefore the funds cannot be used for any expenditures of the unit itself.

Note 2. Budgets

The operating budget is initially prepared and approved at the local level. The fiscal officer of the Town submits a proposed operating budget to the governing board for the following calendar year. The budget is advertised as required by law. Prior to adopting the budget, the governing board conducts public hearings and obtains taxpayer comments. Prior to November 1, the governing board approves the budget for the next year. The budget for funds for which property taxes are levied or highway use taxes are received is subject to final approval by the Indiana Department of Local Government Finance.

Note 3. Property Taxes

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the Town in June and December; however, situations can arise which would delay the distributions. 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 percent 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 normally become delinquent if not paid by May 10 and November 10, respectively.

TOWN OF DALE
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 4. *Deposits and Investments*

Deposits, made in accordance with state statute (IC 5-13), with financial institutions in the State of Indiana at year end should be 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 statutes authorize 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 5. *Risk Management*

The Town may be exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; medical benefits to employees, and dependents; and natural disasters.

These risks can be mitigated through the purchase of insurance, establishment of a self-insurance fund, and/or participation in a risk pool. The purchase of insurance transfers the risk to an independent third party. The establishment of a self-insurance fund allows the Town to set aside money for claim settlements. The self-insurance fund would be included in the financial statements. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks. These risks may also be mitigated by the Town by recording as a disbursement and replacement items purchased.

SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the Town's Annual Report can be found on the Indiana Transparency Portal website: www.in.gov/itp/annual_reports/.

Differences may be noted between the financial information presented in the financial statement contained in this report and the financial information presented in the Annual Report of the Town which is referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the examination. This is a common occurrence in any financial statement examination. The financial information presented in this report is examined information, and the accuracy of such information can be determined by reading the opinion given in the Independent Accountant's Report.

The supplementary information presented was prepared and/or approved by management of the Town. It is presented as intended by the Town.

TOWN OF DALE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010

	General	Motor Vehicle Highway	Local Road And Street	Park Nonreverting Operating	Donation-Land	Law Enforcement Continuing Ed	Riverboat
Cash and investments - beginning	\$ 325,159	\$ 50,929	\$ 15,851	\$ 24,067	\$ 2,280	\$ 4,041	\$ 33,329
Receipts:							
Taxes	235,590	-	-	-	-	-	-
Licenses and permits	1,758	-	-	-	-	480	-
Intergovernmental	31,093	40,524	5,691	-	-	-	9,813
Charges for services	-	-	-	-	-	2,240	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	11,460	-	-	-	-	50	-
Total receipts	<u>279,901</u>	<u>40,524</u>	<u>5,691</u>	<u>-</u>	<u>-</u>	<u>2,770</u>	<u>9,813</u>
Disbursements:							
Personal services	100,632	1,818	-	-	-	-	-
Supplies	8,092	5,696	6,856	-	-	3,274	-
Other services and charges	123,404	34,791	-	-	-	-	30,090
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	23,807	4,809	-	-	-	-	566
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	<u>255,935</u>	<u>47,114</u>	<u>6,856</u>	<u>-</u>	<u>-</u>	<u>3,274</u>	<u>30,656</u>
Excess (deficiency) of receipts over disbursements	<u>23,966</u>	<u>(6,590)</u>	<u>(1,165)</u>	<u>-</u>	<u>-</u>	<u>(504)</u>	<u>(20,843)</u>
Cash and investments - ending	<u>\$ 349,125</u>	<u>\$ 44,339</u>	<u>\$ 14,686</u>	<u>\$ 24,067</u>	<u>\$ 2,280</u>	<u>\$ 3,537</u>	<u>\$ 12,486</u>

TOWN OF DALE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Parks And Recreation	Park Donation	Rainy Day	Police Department Donation	Cumulative Capl Imprv Cigarette Tax	Cedit Capital Projects	Park & Rec Lake Donation
Cash and investments - beginning	\$ 42,514	\$ 9,976	\$ 6,007	\$ -	\$ 21,186	\$ 277,439	\$ 1,386
Receipts:							
Taxes	42,685	-	-	-	-	-	-
Licenses and permits	2,408	-	-	-	-	-	-
Intergovernmental	178	3,200	6,349	-	4,591	77,757	-
Charges for services	21,462	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	42,201	4,145	-	2,500	-	-	-
Total receipts	108,934	7,345	6,349	2,500	4,591	77,757	-
Disbursements:							
Personal services	46,874	-	-	-	-	-	-
Supplies	13,961	11,692	-	2,500	-	31,053	-
Other services and charges	32,817	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	93,652	11,692	-	2,500	-	31,053	-
Excess (deficiency) of receipts over disbursements	15,282	(4,347)	6,349	-	4,591	46,704	-
Cash and investments - ending	\$ 57,796	\$ 5,629	\$ 12,356	\$ -	\$ 25,777	\$ 324,143	\$ 1,386

TOWN OF DALE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Payroll	Wastewater Utility-Operating	Wastewater Util-Bond And Interest	Wastewater Utility Deprec Improvement	Wastewater Utility-Customer Deposit	2003 Bonds	2002 SRF Reserve
Cash and investments - beginning	\$ 1,872	\$ 220,422	\$ 168,284	\$ 86,374	\$ 11,170	\$ 61,838	\$ 164,666
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Utility fees	-	469,310	-	-	-	-	149
Penalties	-	7,778	-	-	-	-	-
Other receipts	308,162	6,332	235,053	31,898	3,000	496	-
Total receipts	308,162	483,420	235,053	31,898	3,000	496	149
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	226,870	-	-	-	-
Capital outlay	-	31,050	-	-	-	-	-
Utility operating expenses	-	152,581	-	-	3,137	-	-
Other disbursements	308,091	320,276	1,700	59,403	-	-	-
Total disbursements	308,091	503,907	228,570	59,403	3,137	-	-
Excess (deficiency) of receipts over disbursements	71	(20,487)	6,483	(27,505)	(137)	496	149
Cash and investments - ending	\$ 1,943	\$ 199,935	\$ 174,767	\$ 58,869	\$ 11,033	\$ 62,334	\$ 164,815

TOWN OF DALE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Water Utility-Operating	Water Utility-Bond And Interest	Water Utility Deprec Improvement	Water Utility-Customer Deposit	1978 Fmha Reserve	2001 Bond Bank Reserve	Totals
Cash and investments - beginning	\$ 125,825	\$ 135,533	\$ 19,343	\$ 11,623	\$ 56,332	\$ 73,323	\$ 1,950,769
Receipts:							
Taxes	-	-	-	-	-	-	278,275
Licenses and permits	-	-	-	-	-	-	4,646
Intergovernmental	-	-	-	-	-	-	179,196
Charges for services	-	-	-	-	-	-	23,702
Utility fees	459,412	-	-	-	-	-	928,871
Penalties	1,366	-	-	-	-	-	9,144
Other receipts	4,463	107,190	5,426	3,100	530	412	766,418
Total receipts	<u>465,241</u>	<u>107,190</u>	<u>5,426</u>	<u>3,100</u>	<u>530</u>	<u>412</u>	<u>2,190,252</u>
Disbursements:							
Personal services	-	-	-	-	-	-	149,324
Supplies	-	-	-	-	-	-	83,124
Other services and charges	-	-	-	-	-	-	221,102
Debt service - principal and interest	-	108,204	-	-	-	-	335,074
Capital outlay	-	-	159	-	-	-	60,391
Utility operating expenses	259,116	-	-	3,235	-	-	418,069
Other disbursements	152,538	-	-	-	-	-	842,008
Total disbursements	<u>411,654</u>	<u>108,204</u>	<u>159</u>	<u>3,235</u>	<u>-</u>	<u>-</u>	<u>2,109,092</u>
Excess (deficiency) of receipts over disbursements	<u>53,587</u>	<u>(1,014)</u>	<u>5,267</u>	<u>(135)</u>	<u>530</u>	<u>412</u>	<u>81,160</u>
Cash and investments - ending	<u>\$ 179,412</u>	<u>\$ 134,519</u>	<u>\$ 24,610</u>	<u>\$ 11,488</u>	<u>\$ 56,862</u>	<u>\$ 73,735</u>	<u>\$ 2,031,929</u>

TOWN OF DALE
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 Decemeber 31, 2010

The Town has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Revenue bonds:		
1978 Water Revenue	\$ 411,000	\$ 63,550
2001 Water Refunding Revenue	40,000	42,311
2003 Wastewater Refunding Revenue	565,000	51,235
2002 Wastewater Revenue	<u>1,780,000</u>	<u>175,550</u>
Total debt	<u>\$ 2,796,000</u>	<u>\$ 332,646</u>

TOWN OF DALE
EXAMINATION RESULT AND COMMENT

CAPITAL ASSET RECORDS (Applies to the Town, Water Utility, and Wastewater Utility)

As stated in several prior reports, adequate capital asset records were not maintained for the Town or the Utilities. The Town has not maintained comprehensive detailed records of capital assets, including additions, deletions, and balances. The Utilities do not maintain sufficient detailed records of capital assets for its Utility Plant in Service accounts. Upon purchase, the costs of the capital assets are added to an aggregate Utility Plant in Service account, and to subsidiary accounts for land, buildings, etc., in the General Ledger. However, 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. Deletions or disposals of capital assets are not recorded.

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 DALE
EXIT CONFERENCE

The contents of this report were discussed on October 27, 2011, with Cynthia Morrison, Clerk-Treasurer. The official concurred with our finding.

Separate telephone exit conferences were held with Fred Weber, President of the Town Council; and Council members: Ray Striegel, Deloss Painter, Rick Hile, and Alice Pund.