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**STATE BOARD OF ACCOUNTS**  
**302 West Washington Street**  
**Room E418**  
**INDIANAPOLIS, INDIANA 46204-2765**

EXAMINATION REPORT

OF

TOWN OF FRANCISCO

GIBSON COUNTY, INDIANA

January 1, 2004 to December 31, 2005



**FILED**  
08/29/2006



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OFFICIALS

Office

Official

Term

Clerk-Treasurer

Jonnie Watkins

01-01-04 to 12-31-07

President of the Town Council

David McFetridge

01-01-04 to 12-31-06



**STATE OF INDIANA**  
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STATE BOARD OF ACCOUNTS  
302 WEST WASHINGTON STREET  
ROOM E418  
INDIANAPOLIS, INDIANA 46204-2765

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

INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF FRANCISCO, GIBSON COUNTY, INDIANA

We have examined the schedules of receipts, disbursements, and cash and investment balances of the Town of Francisco (Town), for the period of January 1, 2004 to December 31, 2005. The Town's management is responsible for the schedules. 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 schedule of receipts, disbursements, and cash and investment balances 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 schedules referred to above present fairly, in all material respects, the cash transactions of the Town for the years ended December 31, 2004 and 2005, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

August 15, 2006

TOWN OF FRANCISCO  
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES  
ALL GOVERNMENTAL, FIDUCIARY AND PROPRIETARY FUND TYPES  
As Of And For The Years Ended December 31, 2004 And 2005

	Cash and Investments 01-01-04	Receipts	Disbursements	Cash and Investments 12-31-04
<b>Governmental Funds:</b>				
General	\$ 35,715	\$ 65,536	\$ 67,495	\$ 33,756
Motor Vehicle Highway	23,916	24,847	28,351	20,412
Local Road and Street	6,982	2,862	1,277	8,567
Riverboat	-	6,858	-	6,858
Law Enforcement Continuing Education	345	130	361	114
EDIT	13,455	7,287	14,056	6,686
Rainy Day	-	4,046	-	4,046
Donation	-	200	200	-
Cumulative Capital Improvement	-	2,026	1,990	36
<b>Proprietary Funds:</b>				
Water Utility - Operating	30,167	266,917	268,600	28,484
Water Utility - Bond and Interest	26,240	3,600	3,550	26,290
Water Utility - Depreciation	300	3,600	-	3,900
Water Utility - Customer Deposit	15,615	3,215	3,103	15,727
Wastewater Utility - Operating	6,182	95,405	88,289	13,298
Wastewater Utility - Bond and Interest	5,862	70,426	70,347	5,941
Wastewater Utility - Depreciation	-	300	-	300
Wastewater Utility - Reserve	4,181	7,167	-	11,348
Wastewater Utility - Construction	1,231	69,620	70,851	-
Wastewater Utility - Revenue	-	173,266	173,266	-
<b>Totals</b>	<b><u>\$ 170,191</u></b>	<b><u>\$ 807,308</u></b>	<b><u>\$ 791,736</u></b>	<b><u>\$ 185,763</u></b>

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
<b>Governmental Funds:</b>				
General	\$ 33,756	\$ 60,151	\$ 65,867	\$ 28,040
Motor Vehicle Highway	20,412	20,655	37,600	3,467
Local Road and Street	8,567	2,852	3,620	7,799
Riverboat	6,858	3,424	6,858	3,424
Law Enforcement Continuing Education	114	140	-	254
EDIT	6,686	7,710	-	14,396
Rainy Day	4,046	-	4,046	-
Donation	-	730	319	411
Cumulative Capital Improvement	36	1,679	1,715	-
SITCO Deposit	-	1,000	-	1,000
Housing Lien Payback	-	6,902	-	6,902
<b>Fiduciary Fund:</b>				
Levy Excess	-	2,443	-	2,443
<b>Proprietary Funds:</b>				
Water Utility - Operating	28,484	284,166	278,791	33,859
Water Utility - Bond and Interest	26,290	3,600	13,450	16,440
Water Utility - Depreciation	3,900	3,600	-	7,500
Water Utility - Customer Deposit	15,727	3,842	3,677	15,892
Wastewater Utility - Operating	13,298	83,280	82,811	13,767
Wastewater Utility - Bond and Interest	5,941	71,285	28,643	48,583
Wastewater Utility - Depreciation	300	3,300	-	3,600
Wastewater Utility - Reserve	11,348	7,167	-	18,515
Wastewater Utility - Revenue	-	164,716	164,691	25
<b>Totals</b>	<b><u>\$ 185,763</u></b>	<b><u>\$ 732,642</u></b>	<b><u>\$ 692,088</u></b>	<b><u>\$ 226,317</u></b>

The accompanying notes are an integral part of the schedules.

TOWN OF FRANCISCO  
NOTES TO SCHEDULES

Note 1. Introduction

The Town was established under the laws of the State of Indiana. The Town provides the following services: public safety, highways and streets, general administrative services, water and wastewater.

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. Long-Term Debt

The Francisco Water and Wastewater Utilities have entered into various debts such as bonds for construction. The outstanding principal at December 31, 2005, was \$27,000, and \$1,273,000 respectively.

TOWN OF FRANCISCO  
EXIT CONFERENCE

The contents of this report were discussed on August 15, 2006, with Jonnie Watkins, Clerk-Treasurer; and Jerry McKannan, Town Council Member. Our examination disclosed no material items that warrant comment at this time.