

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

EXAMINATION REPORT  
OF  
TOWN OF PARAGON  
MORGAN COUNTY, INDIANA  
January 1, 2003 to December 31, 2003



**FILED**  
10/02/2006



TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Officials .....	2
Independent Accountant's Report .....	3
Schedules of Receipts, Disbursements, and Cash and Investment Balances.....	4
Notes to Schedules .....	5-6
Exit Conference.....	7

OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Evelyn Zoller	01-01-00 to 12-31-03
	Lisa Hogan	01-01-04 to 12-05-05
	Evelyn Zoller (Interim)	12-06-05 to 12-29-05
	Vickie Herrington	12-30-05 to 12-31-07
President of the Town Council	Cary Payton	01-01-03 to 12-31-03
	Ron Elliott, Sr.	01-01-04 to 05-02-04
	Dale Allen	05-03-04 to 12-31-04
	Michael Troxel	01-01-05 to 12-31-06



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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 PARAGON, MORGAN COUNTY, INDIANA

We have examined the schedules of receipts, disbursements, and cash and investment balances of the Town of Paragon (Town), for the period of January 1, 2003 to December 31, 2003. The Town's management is responsible for the schedule. 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 schedule referred to above presents fairly, in all material respects, the cash transactions of the Town for the year ended December 31, 2003, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

August 30, 2006

TOWN OF PARAGON  
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES  
ALL GOVERNMENTAL, PROPRIETARY, AND FIDUCIARY FUND TYPES  
As Of And For The Year Ended December 31, 2003

	Cash and Investments 01-01-03	Receipts	Disbursements	Cash and Investments 12-31-03
Governmental Funds:				
General	\$ 18,789	\$ 207,026	\$ 205,773	\$ 20,042
Motor Vehicle Highway	4,772	20,363	19,566	5,569
Local Road and Street	3,893	10,705	12,888	1,710
Law Enforcement Continuing Education	220	416	86	550
Light Liquidation	173,624	2,938	31,517	145,045
Cumulative Capital Improvement	5,525	5,197	2,800	7,922
Proprietary Funds:				
Water Utility - Operating	6,798	52,344	59,800	(658)
Water Utility - Depreciation	19,818	2,747	3,500	19,065
Water Utility - Customer Deposit	2,719	600	639	2,680
Wastewater Utility - Operating	2,676	123,447	121,808	4,315
Wastewater Utility - Bond and Interest	145,023	112,000	147,569	109,454
Wastewater Utility - Depreciation	65,947	20,700	21,500	65,147
Wastewater Utility - Retainage	30,397	-	30,397	-
Fiduciary Fund:				
Payroll	2,112	111,390	111,534	1,968
Totals	<u>\$ 482,313</u>	<u>\$ 669,873</u>	<u>\$ 769,377</u>	<u>\$ 382,809</u>

The accompanying notes are an integral part of the schedules.

TOWN OF PARAGON  
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, 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.

TOWN OF PARAGON  
NOTES TO SCHEDULES  
(Continued)

Note 6. Long-Term Debt

The Town has entered into a State Revolving Loan for the wastewater plant. The outstanding principal at December 31, 2003, was \$895,087.

Note 7. Restatements

For the year ended December 31, 2003, certain changes have been made to the financial statements to correct errors in amounts previously reported. The following schedule presents a summary of restated beginning balances by fund:

Fund	Balance as Previously Reported December 31, 2002	Fund Correction	Balance as Restated January 1, 2003
General	\$ 18,769	\$ 20	\$ 18,789
Motor Vehicle Highway	4,749	23	4,772
Local Road and Street	3,891	2	3,893
Light Liquidation	173,565	59	173,624
Retainage	30,397	(30,397)	-
Cumulative Capital Improvement	12,125	(6,600)	5,525
Water Utility - Operating	6,788	10	6,798

TOWN OF PARAGON  
EXIT CONFERENCE

The contents of this report were discussed on August 30, 2006, with Evelyn Zoller, former Clerk-Treasurer; and Michael Troxel, President of the Town Council. Our examination disclosed no material items that warrant comment at this time.