

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

EXAMINATION REPORT
OF
TOWN OF BURLINGTON
CARROLL COUNTY, INDIANA
January 1, 2006 to December 31, 2006



FILED
10/10/2007

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Officials	2
Independent Accountant's Report	3
Financial Information:	
Schedule of Receipts, Disbursements, and Cash and Investment Balances	4
Notes to Financial Information.....	5-6
Supplementary Information:	
Schedule of Capital Assets.....	7
Schedule of Long-Term Debt.....	8
Examination Results and Comments:	
Overdrawn Cash Balance.....	9
Condition of Records	9
Exit Conference.....	10

OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Tammy L. Dyer	01-01-03 to 12-31-07
Town Judge	John C. Adams	01-01-03 to 12-31-07
President of the Town Council	Richard Davis Robert D. Davis	01-01-06 to 12-31-06 01-01-07 to 12-31-07
Superintendent of Wastewater Utility	Les Johnson	01-01-06 to 12-31-07



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

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

INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF BURLINGTON, CARROLL COUNTY, INDIANA

We have examined the financial information presented herein of the Town of Burlington (Town), for the period of January 1, 2006 to December 31, 2006. 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 year ended December 31, 2006, 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

August 13, 2007

TOWN OF BURLINGTON
SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL, PROPRIETARY, AND FIDUCIARY FUND TYPES
As Of And For The Year Ended December 31, 2006

	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
Governmental Funds:				
General	\$ 317,172	\$ 235,914	\$ 154,018	\$ 399,068
Motor Vehicle Highway	118,886	31,419	38,616	111,689
Local Road and Street	23,608	2,603	199	26,012
Law Enforcement Continuing Education	2,236	363	200	2,399
Riverboat	5,653	2,876	2,500	6,029
State Grant IDEM	-	6,997	-	6,997
State Grant Water Study	-	12,000	12,000	-
Police Firearms Training	1,903	1,135	403	2,635
Cumulative Capital Improvement	10,496	1,708	3,221	8,983
Cumulative Capital Development	60,800	10,815	90	71,525
Cumulative Fire Fund	60,171	7,831	60	67,942
Cumulative Building and Fire Fighting Equipment	10,748	5,731	2,423	14,056
Levy Excess	-	1,783	-	1,783
Proprietary Funds:				
Wastewater Utility - Operating	131,048	233,717	300,566	64,199
Wastewater Utility - Bond and Interest	116	35,294	-	35,410
Wastewater Utility - Depreciation	13,732	-	-	13,732
Wastewater Utility - Reserve Fund	47,709	1,012	-	48,721
Wastewater Utility - Construction	(97,399)	97,399	-	-
Fiduciary Funds:				
Town Court	933	22,203	22,333	803
Payroll	-	86,416	86,416	-
Totals	<u>\$ 707,812</u>	<u>\$ 797,216</u>	<u>\$ 623,045</u>	<u>\$ 881,983</u>

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

TOWN OF BURLINGTON
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.

TOWN OF BURLINGTON
NOTES TO FINANCIAL INFORMATION
(Continued)

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 BURLINGTON
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 For The Year Ended December 31, 2006

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 completed in the current and prior years have been reported.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Buildings	\$ 60,000
Machinery and equipment	<u>69,154</u>
 Total governmental activities, capital assets not being depreciated	 \$ <u><u>129,154</u></u>

<u>Primary Government</u>	<u>Ending Balance</u>
Business-type activities:	
Wastewater Utility:	
Capital assets, not being depreciated:	
Land	\$ 121,757
Infrastructure	683,288
Buildings	212,406
Improvements other than buildings	1,694,288
Machinery and equipment	<u>15,035</u>
 Total business-type activities capital assets	 \$ <u><u>2,726,773</u></u>

TOWN OF BURLINGTON
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 For The Year Ended December 31, 2006

Description of Debt	Ending Balance	Due Within One Year
Business-type Activities:		
Wastewater Utility		
Revenue bonds:		
1980 Improvement and Construction	<u>\$ 327,000</u>	<u>\$ 19,000</u>

TOWN OF BURLINGTON
EXAMINATION RESULTS AND COMMENTS

OVERDRAWN CASH BALANCE

The cash balance of the Wastewater Construction Fund was overdrawn during 2006 in the amount of \$97,399.

The cash balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

CONDITION OF RECORDS (Town Court)

The following deficiencies, relating to the recordkeeping that were cited in the prior examination report, were again present during our period of examination:

Financial records presented for examination of the activity of the Town Court Fund were incomplete. The records presented did not provide beginning balances, receipt totals, disbursement totals, ending balances, or accuracy or correctness of the transactions.

1. Record balances were not properly reconciled to depository balances during the examination period.

Indiana Code 5-13-6-1(e) states in part: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

2. There were numerous errors which included: receipts not recorded in the proper amounts, receipts not always deposited timely, and record balances not kept.

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for City and Town Courts, Chapter 4)

TOWN OF BURLINGTON
EXIT CONFERENCE

The contents of this report were discussed on August 13, 2007, with Tammy L. Dyer, Clerk-Treasurer; and Robert D. Davis, President of the Town Council. The officials concurred with our findings.