

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

EXAMINATION REPORT
OF
TOWN OF FRANCISCO
GIBSON COUNTY, INDIANA
January 1, 2006 to December 31, 2006



FILED
01/31/2008

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Jonnie Watkins	01-01-04 to 12-31-11
President of the Town Council	David McFetridge	01-01-06 to 12-31-07



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the financial information presented herein of the Town of Francisco (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 Long-Term Debt, as listed in the Table of Contents, is presented for additional analysis and is not a required part of the basic financial information. It has not been subjected to the examination procedures applied to the basic financial information, and accordingly, we express no opinion on it.

STATE BOARD OF ACCOUNTS

January 8, 2008

TOWN OF FRANCISCO
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, 2006

	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
Governmental Funds:				
General	\$ 28,040	\$ 67,046	\$ 62,767	\$ 32,319
Motor Vehicle Highway	3,467	23,744	6,007	21,204
Local Road and Street	7,799	2,767	2,998	7,568
Law Enforcement Continuing Education	254	113	235	132
Riverboat	3,424	3,417	-	6,841
Donation	411	876	536	751
Cumulative Capital Improvement	-	1,940	1,889	51
County Economic Development Income Tax	14,396	8,575	3,291	19,680
SITCO Deposit	1,000	-	-	1,000
Housing Lien Payback	6,902	-	-	6,902
Proprietary Funds:				
Water Utility - Operating	33,859	313,220	313,297	33,782
Water Utility - Bond and Interest	16,440	11,651	28,091	-
Water Utility - Depreciation	7,500	-	-	7,500
Water Utility - Customer Deposit	15,892	4,050	2,197	17,745
Wastewater Utility - Operating	13,767	76,854	83,553	7,068
Wastewater Utility - Bond and Interest	48,583	79,150	70,970	56,763
Wastewater Utility - Depreciation	3,600	1,200	-	4,800
Wastewater Utility - Reserve	18,515	7,167	-	25,682
Wastewater Utility - Revenue	25	163,631	163,656	-
Fiduciary Funds:				
Payroll	-	21,631	16,596	5,035
Levy Excess	2,443	-	2,443	-
Totals	<u>\$ 226,317</u>	<u>\$ 787,032</u>	<u>\$ 758,526</u>	<u>\$ 254,823</u>

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

TOWN OF FRANCISCO
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, 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.

TOWN OF FRANCISCO
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 December 31, 2006

The Town has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Business-type Activities:		
Water Utility		
Loan Payable:		
Refund outstanding bonds	\$ 45,033	\$ 3,451
Total Water Utility	<u>45,033</u>	<u>3,451</u>
Wastewater Utility		
Loan Payable:		
Construction of Wastewater Utility	3,750	3,750
Revenue bonds:		
Construction of Wastewater Utility	<u>1,231,000</u>	<u>71,317</u>
Total Wastewater Utility	<u>1,234,750</u>	<u>75,067</u>
Total business-type activities debt	<u>\$ 1,279,783</u>	<u>\$ 78,518</u>

TOWN OF FRANCISCO
EXAMINATION RESULT AND COMMENT

ACCOUNTABLE ITEMS

Records presented for examination indicated that gallons of water purchased and not billed totaled 9,264,452 for the year 2006. The percentage of water lost was 37%. Calculations indicate that the potential dollar amount of the loss would be between \$23,902 and \$47,990. The Water Utility bills on a sliding scale based on the amount of water used. This could also result in a potential loss for the Wastewater Utility of \$71,799 because Wastewater Utility bills are based on water consumption.

Goods for sale, billings, and other collections are considered accountable items for which a corresponding deposit must be made in the bank accounts of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TOWN OF FRANCISCO
EXIT CONFERENCE

The contents of this report were discussed on January 8, 2008, with Jonnie Watkins, Clerk-Treasurer. The official concurred with our finding.