

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

EXAMINATION REPORT

OF

TOWN OF DUBLIN

WAYNE COUNTY, INDIANA

January 1, 2006 to December 31, 2007



FILED
10/16/2008

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Officials	2
Independent Accountant's Report.....	3
Financial Information:	
Schedules 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:	
Appropriations.....	9
Customer Deposit Register	9
Penalties, Interest and Other Charges	9
Deposits.....	10
Internal Controls	10
Billings and Penalties	10
Exit Conference.....	11

OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Julia A. McCarty	01-01-04 to 12-31-11
President of the Town Council	Dennis Lynch	01-01-06 to 12-31-08



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 DUBLIN, WAYNE COUNTY, INDIANA

We have examined the financial information presented herein of the Town of Dublin (Town), for the period of January 1, 2006 to December 31, 2007. 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 years ended December 31, 2006 and 2007, 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 25, 2008

TOWN OF DUBLIN
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL, PROPRIETARY, AND FIDUCIARY FUND TYPES
As Of And For The Years Ended December 31, 2006 And 2007

	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
Governmental Funds:				
General	\$ 3,134	\$ 77,043	\$ 65,190	\$ 14,987
Motor Vehicle Highway	48,077	33,956	68,037	13,996
Local Road and Street	16,944	9,128	19,971	6,101
Law Enforcement Continuing Education	156	121	-	277
Rainy Day	12,217	-	450	11,767
Donation	380	-	380	-
Cumulative Capital Improvement	3,785	2,490	2,400	3,875
Cumulative Capital Development	14,034	4,985	16,874	2,145
Refuse Collection	22,741	43,395	33,824	32,312
Housing Grant	2,666	-	-	2,666
Economic Development Income Tax	19,178	33,482	45,153	7,507
Donation Fund Savings	-	1,038	734	304
Levy Excess	2,261	1,793	2,261	1,793
Housing Grant - Needs Assessment	-	20,000	20,000	-
Proprietary Funds:				
Water Utility - Operating	11,552	202,829	213,914	467
Water Utility - Depreciation	76,953	10,078	24,992	62,039
Water Utility - Customer Deposit	8,382	2,287	452	10,217
Water Utility - Cash Reserve	32,992	11,333	29,350	14,975
Electric Utility - Operating	6,670	443,778	449,240	1,208
Electric Utility - Depreciation	24,129	9,768	17,295	16,602
Electric Utility - Customer Deposit	30,765	9,155	2,370	37,550
Electric Utility - Cash Reserve	28,693	9,859	27,347	11,205
Fiduciary Funds:				
WWRSD Clearing Account	5,445	86,547	86,753	5,239
Payroll	7,274	208,461	212,196	3,539
Totals	\$ 378,428	\$ 1,221,526	\$ 1,339,183	\$ 260,771
	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Governmental Funds:				
General	\$ 14,987	\$ 38,191	\$ 50,702	\$ 2,476
Motor Vehicle Highway	13,996	28,131	38,129	3,998
Local Road and Street	6,101	7,071	3,975	9,197
Law Enforcement Continuing Education	277	261	-	538
Rainy Day	11,767	-	1,172	10,595
Donation	-	260	-	260
Cumulative Capital Improvement	3,875	2,448	2,551	3,772
Cumulative Capital Development	2,145	28	1,922	251
Refuse Collection	32,312	42,367	41,514	33,165
Housing Grant	2,666	-	2,666	-
Economic Development Income Tax	7,507	31,147	25,333	13,321
Donation Fund Savings	304	965	175	1,094
Levy Excess	1,793	-	-	1,793
Housing Grant - Needs Assessment	-	282,250	282,250	-
Proprietary Funds:				
Water Utility - Operating	467	157,862	154,320	4,009
Water Utility - Depreciation	62,039	8,455	69,133	1,361
Water Utility - Customer Deposit	10,217	1,480	892	10,805
Water Utility - Cash Reserve	14,975	35,741	39,446	11,270
Water Utility - Construction	-	64,323	7,365	56,958
Electric Utility - Operating	1,208	480,631	479,104	2,735
Electric Utility - Depreciation	16,602	37,412	31,365	22,649
Electric Utility - Customer Deposit	37,550	5,700	4,119	39,131
Electric Utility - Cash Reserve	11,205	11,391	12,000	10,596
Fiduciary Funds:				
WWRSD Clearing Account	5,239	98,952	97,452	6,739
Payroll	3,539	223,698	223,274	3,963
Totals	\$ 260,771	\$ 1,558,764	\$ 1,568,859	\$ 250,676

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

TOWN OF DUBLIN
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, culture and recreation, planning and zoning, 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.

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.

TOWN OF DUBLIN
NOTES TO FINANCIAL INFORMATION
(Continued)

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. 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 DUBLIN
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS

For The Year Ended December 31, 2007

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 are included if acquired (purchased, constructed, or donated) after July 1, 1980, or if they received major renovations, restorations, or improvements after that date. The government was able to estimate the historical cost for the initial reporting of these assets through backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year.) As the government constructs or acquires additional capital assets each period, including infrastructure assets, they are reported at historical cost.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 74,545
Infrastructure	386,574
Buildings	632,597
Improvements other than buildings	191,693
Machinery and equipment	<u>378,167</u>
 Total governmental activities, capital assets not being depreciated	 <u>\$ 1,663,576</u>

<u>Primary Government</u>	<u>Ending Balance</u>
Business-type activities:	
Water Utility:	
Capital assets, not being depreciated:	
Land	\$ -
Buildings	1,043,942
Infrastructure	118,669
Improvements other than buildings	331,589
Machinery and equipment	<u>107,307</u>
 Total Water Utility capital assets	 <u>1,601,507</u>
 Electric Utility:	
Capital assets, not being depreciated:	
Land	4,629
Buildings	79,803
Improvements other than buildings	3,075
Machinery and equipment	<u>152,442</u>
 Total Electric Utility capital assets	 <u>239,949</u>
 Total business-type activities capital assets	 <u>\$ 1,841,456</u>

TOWN OF DUBLIN
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 December 31, 2007

The Town has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental Activities:		
Capital leases:		
Police Car	\$ 15,230	\$ 5,551

TOWN OF DUBLIN
EXAMINATION RESULTS AND COMMENTS

APPROPRIATIONS

The records presented for examination indicated the following expenditures in excess of budgeted appropriations:

<u>Fund</u>	<u>Year</u>	<u>Excess Amount Expended</u>
Local Road and Street	2006	\$ 2,190
Motor Vehicle Highway	2006	12,907
Cumulative Capital Development	2006	12,474

Indiana Code 6-1.1-18-4 states in part: ". . . the proper officers of a political subdivision shall appropriate funds in such a manner that the expenditures for a year do not exceed its budget for that year as finally determined under this article."

CUSTOMER DEPOSIT REGISTER

The detailed customer deposit register does not reconcile with the customer deposit amount recorded on the general ledger.

At all times, the manual and 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)

PENALTIES, INTEREST AND OTHER CHARGES

The Town did not properly calculate the payroll taxes that were due. As a result, the amount paid to the Indiana Department of Revenue was \$165 more than owed and the amount remitted for federal taxes was \$236 less than due. In addition, one payment to the US Treasury was paid late, resulting in a penalty of \$79.

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Failure to pay claims or remit taxes in a timely manner could be an indicator of serious financial problems which should be investigated by the governmental unit.

Additionally, officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the governmental unit.

Any penalties, interest or other charges paid by the governmental unit may be the personal obligation of the responsible official or employee.

(Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TOWN OF DUBLIN
EXAMINATION RESULTS AND COMMENTS
(Continued)

DEPOSITS

As stated in the prior examination report, in a few instances, receipts were deposited later than the next business day.

Indiana Code 5-13-6-1(d) states: "A city (other than a consolidated city) or a town shall deposit funds not later than the next business day following the receipt of the funds in depositories (1) selected by the city or town as provided in an ordinance adopted by the city or the town; and (2) approved as depositories of state funds."

INTERNAL CONTROLS

Controls for receipts are weak due to the method of payment not being indicated on all receipts.

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

BILLINGS AND PENALTIES

The rate ordinance for the Electric Utility states that homes with an electric water heater will be charged a lower rate for the last 40mhz used. This reduced rate would apply as long as monthly usage exceeded 200 mhz. Not all customers with electric water heaters were entered in the billing system as having an electric water heater and no customers were given the reduced rate.

The Electric Utility rate ordinance also establishes penalties for delinquent payments of 10% on the first \$3.00 of unpaid balance and 3% of the unpaid balance over \$3.00. Customers were being charged 10% on the entire delinquent balance.

Each governmental unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TOWN OF DUBLIN
EXIT CONFERENCE

The contents of this report were discussed on August 25, 2008, with Julia A. McCarty, Clerk-Treasurer; and Dennis Lynch, President of the Town Council. The officials concurred with our findings.