

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

EXAMINATION REPORT  
OF  
TOWN OF ADVANCE  
BOONE COUNTY, INDIANA  
January 1, 2002 to December 31, 2005



**FILED**  
12/19/2006



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OFFICIALS

Office

Official

Term

Clerk-Treasurer

Judy Johnson  
Dawn G. Bush

01-01-00 to 07-03-03  
07-04-03 to 12-31-07

President of the Town Council

Carolyn Booher

01-01-02 to 12-31-06



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF ADVANCE, BOONE COUNTY, INDIANA

We have examined the schedules of receipts, disbursements, and cash and investment balances of the Town of Advance (Town), for the period of January 1, 2002 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, 2002, 2003, 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

October 10, 2006

TOWN OF ADVANCE  
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, 2002, 2003, 2004, And 2005

	Cash and Investments		Cash and Investments	
	01-01-02	Receipts	Disbursements	12-31-02
<b>Governmental Funds:</b>				
General	\$ 43,915	\$ 233,308	\$ 137,446	\$ 139,777
Motor Vehicle Highway	5,401	15,019	5,758	14,662
Local Road and Street	7,206	2,830	747	9,289
Park and Recreation	4,397	2,298	-	6,695
Law Enforcement Continuing Education	165	95	-	260
Police Accident Report	88	12	-	100
Police Firearms Training	1,068	150	-	1,218
Vehicle Inspection	81	10	-	91
Police State Grant	-	11,111	867	10,244
Police Grant Payroll	2	-	-	2
Excess Levy	3,429	-	-	3,429
Cumulative Capital Improvement	4,533	2,597	2,262	4,868
Cumulative Capital Development	2,240	2,449	-	4,689
<b>Proprietary Funds:</b>				
Water Utility - Operating	1,739	102,639	100,201	4,177
Water Utility - Bond and Interest	11,324	11,500	12,000	10,824
Water Utility - Customer Deposit	2,384	239	240	2,383
Water Utility - Construction	5,590	-	4,000	1,590
Wastewater Utility - Operating	1,364	97,000	97,933	431
Wastewater Utility - Bond and Interest	45,212	40,370	34,192	51,390
Wastewater Utility - Depreciation	18,850	1,751	7,273	13,328
Wastewater Utility - Plant Replacement	32,451	3,988	-	36,439
Wastewater Utility - Revenue	5,046	170,604	179,132	(3,482)
Wastewater Utility - Debt Service Reserve	29,689	400	-	30,089
Electric Utility - Operating	863	305,086	296,739	9,210
Electric Utility - Depreciation	75,250	12,227	27,485	59,992
Electric Utility - Customer Deposit	9,409	1,172	1,144	9,437
Electric Utility - Cash Reserve	67,795	27,018	-	94,813
<b>Fiduciary Fund:</b>				
Payroll	1,696	175,254	175,444	1,506
<b>Totals</b>	<b>\$ 381,187</b>	<b>\$ 1,219,127</b>	<b>\$ 1,082,863</b>	<b>\$ 517,452</b>
	Cash and Investments		Cash and Investments	
	01-01-03	Receipts	Disbursements	12-31-03
<b>Governmental Funds:</b>				
General	\$ 139,777	\$ 163,497	\$ 141,564	\$ 161,710
Motor Vehicle Highway	14,662	16,748	9,639	21,771
Local Road and Street	9,289	2,821	4,742	7,368
Park and Recreation	6,695	2,086	-	8,781
Law Enforcement Continuing Education	260	108	-	368
Police Accident Report	100	-	-	100
Police Firearms Training	1,218	70	-	1,288
Vehicle Inspection	91	-	-	91
Police State Grant	10,244	-	10,244	-
Police Grant Payroll	2	-	-	2
Excess Levy	3,429	-	-	3,429
Cumulative Capital Improvement	4,868	2,032	6,742	158
Cumulative Capital Development	4,689	2,411	-	7,100
<b>Proprietary Funds:</b>				
Water Utility - Operating	4,177	97,491	100,741	927
Water Utility - Bond and Interest	10,824	8,000	10,910	7,914
Water Utility - Customer Deposit	2,383	285	364	2,304
Water Utility - Construction	1,590	-	1,590	-
Wastewater Utility - Operating	431	102,749	102,299	881
Wastewater Utility - Bond and Interest	51,390	40,181	33,232	58,339
Wastewater Utility - Depreciation	13,328	1,729	-	15,057
Wastewater Utility - Plant Replacement	36,439	3,568	28,200	11,807
Wastewater Utility - Revenue	(3,482)	185,451	180,423	1,546
Wastewater Utility - Debt Service Reserve	30,089	277	-	30,366
Electric Utility - Operating	9,210	351,440	360,501	149
Electric Utility - Depreciation	59,992	7,179	47,137	20,034
Electric Utility - Customer Deposit	9,437	1,344	1,509	9,272
Electric Utility - Cash Reserve	94,813	9,447	60,020	44,240
<b>Fiduciary Fund:</b>				
Payroll	1,506	224,042	223,925	1,623
<b>Totals</b>	<b>\$ 517,452</b>	<b>\$ 1,222,956</b>	<b>\$ 1,323,782</b>	<b>\$ 416,626</b>

The accompanying notes are an integral part of the schedules.

TOWN OF ADVANCE  
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, 2002, 2003, 2004, And 2005  
(Continued)

	Cash and Investments 01-01-04	Receipts	Disbursements	Cash and Investments 12-31-04
<b>Governmental Funds:</b>				
General	\$ 161,710	\$ 166,538	\$ 156,525	\$ 171,723
Motor Vehicle Highway	21,771	17,431	15,083	24,119
Local Road and Street	7,368	2,926	498	9,796
Park and Recreation	8,781	2,310	-	11,091
Law Enforcement Continuing Education	368	66	-	434
Police Accident Report	100	3	-	103
Police Firearms Training	1,288	923	-	2,211
Vehicle Inspection	91	-	-	91
Police Grant Payroll	2	-	-	2
Excess Levy	3,429	-	-	3,429
Cumulative Capital Improvement	158	2,097	-	2,255
Cumulative Capital Development	7,100	2,722	-	9,822
<b>Proprietary Funds:</b>				
Water Utility - Operating	927	108,118	109,045	-
Water Utility - Bond and Interest	7,914	9,000	16,908	6
Water Utility - Customer Deposit	2,304	461	320	2,445
Wastewater Utility - Operating	881	116,000	116,642	239
Wastewater Utility - Bond and Interest	58,339	40,304	32,254	66,389
Wastewater Utility - Depreciation	15,057	1,651	10,000	6,708
Wastewater Utility - Plant Replacement	11,807	3,321	5,000	10,128
Wastewater Utility - Revenue	1,546	191,988	192,694	840
Wastewater Utility - Debt Service Reserve	30,366	130	10,356	20,140
Electric Utility - Operating	149	361,402	361,042	509
Electric Utility - Depreciation	20,034	8,089	9,820	18,303
Electric Utility - Customer Deposit	9,272	1,644	1,157	9,759
Electric Utility - Cash Reserve	44,240	8,135	27,000	25,375
<b>Fiduciary Fund:</b>				
Payroll	1,623	212,119	209,683	4,059
<b>Totals</b>	<u>\$ 416,626</u>	<u>\$ 1,257,378</u>	<u>\$ 1,274,027</u>	<u>\$ 399,977</u>

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
<b>Governmental Funds:</b>				
General	\$ 171,723	\$ 166,913	\$ 152,209	\$ 186,427
Motor Vehicle Highway	24,119	17,079	9,943	31,255
Local Road and Street	9,796	3,051	1,243	11,604
Park and Recreation	11,091	2,118	-	13,209
Law Enforcement Continuing Education	434	260	-	694
Police Accident Report	103	7	-	110
Police Firearms Training	2,211	91	-	2,302
Vehicle Inspection	91	-	-	91
Police Grant Payroll	2	-	-	2
Excess Levy	3,429	-	3,429	-
Cumulative Capital Improvement	2,255	1,738	2,163	1,830
Cumulative Capital Development	9,822	2,451	-	12,273
<b>Proprietary Funds:</b>				
Water Utility - Operating	-	93,835	101,213	(7,378)
Water Utility - Bond and Interest	6	7,000	6,710	296
Water Utility - Customer Deposit	2,445	262	280	2,427
Wastewater Utility - Operating	239	88,933	89,142	30
Wastewater Utility - Bond and Interest	66,389	39,984	36,254	70,119
Wastewater Utility - Depreciation	6,708	1,638	2,500	5,846
Wastewater Utility - Plant Replacement	10,128	3,329	-	13,457
Wastewater Utility - Revenue	840	169,330	170,094	76
Wastewater Utility - Debt Service Reserve	20,140	41	5,000	15,181
Electric Utility - Operating	509	381,339	381,293	555
Electric Utility - Depreciation	18,303	8,088	21,752	4,639
Electric Utility - Customer Deposit	9,759	1,144	1,130	9,773
Electric Utility - Cash Reserve	25,375	8,399	9,990	23,784
<b>Fiduciary Fund:</b>				
Payroll	4,059	207,640	211,703	(4)
<b>Totals</b>	<u>\$ 399,977</u>	<u>\$ 1,204,670</u>	<u>\$ 1,206,048</u>	<u>\$ 398,599</u>

The accompanying notes are an integral part of the schedules.

TOWN OF ADVANCE  
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, water, wastewater, electric 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 ADVANCE  
NOTES TO SCHEDULES  
(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.

Note 7. Long-Term Debt

The Town has entered into various debts such as bonds for Wastewater Utility improvements and a loan for Water Utility expansion. The outstanding principal at December 31, 2005, was \$185,000, and \$250,000, respectively.

TOWN OF ADVANCE  
EXAMINATION RESULTS AND COMMENTS

BANK ACCOUNT RECONCILIATIONS

Account reconciliations of the fund balances for the savings accounts to the bank account balances were not prepared.

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."

COLLECTION OF AMOUNTS DUE

Current and delinquent utility billings of \$401.85 and \$898.67 were due from Dawn G. Bush, Clerk-Treasurer, and Joe Caldwell, Town Council member, respectively, as of December 31, 2005.

Governmental units have a responsibility to collect amounts owed to the governmental unit pursuant to procedures authorized by statute. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

GUARANTEE DEPOSIT REGISTER

The Guarantee Deposit Register was not in balance with the Utility Meter Deposit Fund's cash balance by an immaterial amount. Our review of deposit transactions for the year 2005 indicated that 12 out of 19 checks and 3 out of 21 receipts had not been posted to the Guarantee Deposit Register.

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)

TOWN OF ADVANCE  
EXIT CONFERENCE

The contents of this report were discussed on October 10, 2006, with Carolyn Booher, President of the Town Council; and Dawn G. Bush, Clerk-Treasurer. The officials concurred with our findings.