

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

EXAMINATION REPORT
OF
TOWN OF DANVILLE
HENDRICKS COUNTY, INDIANA
January 1, 2006 to December 31, 2006



FILED
10/30/2007

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Pauletta Frye	01-01-04 to 12-31-07
President of the Town Council	Myron Anderson	01-01-06 to 12-31-07
Superintendent of Utilities	James Russell	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 DANVILLE, HENDRICKS COUNTY, INDIANA

We have examined the financial information presented herein of the Town of Danville (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

September 6, 2007

TOWN OF DANVILLE
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	\$ 936,499	\$ 3,414,267	\$ 3,550,458	\$ 800,308
Motor Vehicle Highway	285,466	378,533	505,816	158,183
Local Road and Street	84,147	90,722	93,615	81,254
Park and Recreation	8,150	14,052	7,892	14,310
Law Enforcement Continuing Education	4,172	5,504	4,986	4,690
Riverboat	90,768	40,387	33,818	97,337
Rainy Day	176,705	-	12,343	164,362
Police Donations	6,571	7,760	10,512	3,819
Police Grant	3,318	21,081	24,399	-
Fire Donations	2,248	3,556	2,445	3,359
Police Block Grant	270	-	-	270
COPS in School	3,828	12,000	15,464	364
Parking Violations	5,240	9,057	12,333	1,964
Blanton House	20,829	22,975	22,462	21,342
Train Station	2,200	6,300	6,500	2,000
Police PFT Grant	45,952	-	38,052	7,900
Park Nonreverting Fund	-	4,550	2,466	2,084
Waste Management Grant	60	-	60	-
Park Bond	173,017	38,841	112,688	99,170
General Obligation Bonds	161,553	83,038	205,043	39,548
Cumulative Capital Improvement	67,790	22,928	46,099	44,619
Cumulative Capital Development	78,271	100,964	133,526	45,709
Economic Development Income Tax	1,800,118	651,189	324,491	2,126,816
Community Host	1,698,835	709,675	1,152,049	1,256,461
Host Future	982,428	243,515	-	1,225,943
Proprietary Funds:				
Water Utility - Operating	478,644	1,362,883	1,626,892	214,635
Water Utility - Bond and Interest	190,406	372,000	371,147	191,259
Water Utility - Depreciation	358,591	120,000	-	478,591
Water Utility - Customer Deposit	38,001	18,900	21,751	35,150
Water Utility - Replacement	777,757	97,160	-	874,917
Wastewater Utility - Operating	559,178	1,534,633	1,589,970	503,841
Wastewater Utility - Bond and Interest	78,576	597,000	673,379	2,197
Wastewater Utility - Depreciation	680,901	700	-	681,601
Wastewater Utility - Escrow	202,464	40,792	-	243,256
Wastewater Utility - Construction	2,266,065	5,839	1,843,983	427,921
Wastewater Utility - Replacement	990,576	146,530	10,740	1,126,366
Fiduciary Fund:				
Payroll	6,207	3,518,957	3,512,806	12,358
Totals	<u>\$ 13,265,801</u>	<u>\$ 13,696,288</u>	<u>\$ 15,968,185</u>	<u>\$ 10,993,904</u>

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

TOWN OF DANVILLE
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, water, wastewater, 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 DANVILLE
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 DANVILLE
 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 year has been reported.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 229,004
Infrastructure	1,388,259
Buildings	2,452,422
Improvements other than buildings	2,659,440
Machinery and equipment	<u>2,003,719</u>
 Total governmental activities, capital assets not being depreciated	 <u>\$ 8,732,844</u>
<u>Primary Government</u>	<u>Ending Balance</u>
Business-type activities:	
Water Utility:	
Capital assets, not being depreciated:	
Land	\$ 40,874
Buildings	5,421,208
Improvements other than buildings	2,264,966
Machinery and equipment	<u>664,482</u>
 Total Water Utility capital assets	 <u>8,391,530</u>
Wastewater Utility:	
Capital assets, not being depreciated:	
Land	97,668
Buildings	6,256,787
Improvements other than buildings	11,315,084
Machinery and equipment	<u>852,095</u>
 Total Wastewater Utility capital assets	 <u>18,521,634</u>
Total business-type activities capital assets	 <u>\$ 26,913,164</u>

TOWN OF DANVILLE
SUPPLEMENTARY INFORMATION
SCHEDULE OF DEBT

For The Year Ended December 31, 2006

Description of Asset	Present Value of Net Minimum Lease Payments	Ending Balance	Due Within One Year
CAPITAL LEASES			
POLICE RADIO EQUIPMENT	\$ 89,703	\$ 86,311	\$ 86,311
		Ending Balance	Due Within One Year
Governmental Activities:			
Bonds payable:			
General obligation bonds:			
GO BONDS OF 2001, SERIES B	\$ 388,000	\$ 35,000	
GO BONDS OF 2005	103,000	51,000	
PARK DISTRICT GO BONDS OF 2004	1,370,000	75,000	
Total governmental activities long-term debt	\$ 1,861,000	\$ 161,000	
Business-type Activities:			
Water Utility			
Revenue bonds:			
Water Revenue Bonds of 2001	\$ 1,810,000	\$ 84,000	
Water Revenue Bonds of 2003	2,045,000	81,000	
Water Revenue Bonds of 2004	745,000	30,000	
Total Water Utility	4,600,000	195,000	
Wastewater Utility			
Revenue bonds:			
Sewage Works Revenue Bonds of 1996	875,000	70,000	
Sewage Works Revenue Bonds of 2004	7,710,000	195,000	
Total Wastewater Utility	8,585,000	265,000	
Total business-type activities:	\$ 13,185,000	\$ 460,000	

TOWN OF DANVILLE
EXIT CONFERENCE

The contents of this report were discussed on September 6, 2007, with Pauletta Frye, Clerk-Treasurer; and Dinah Wheeler, Deputy Clerk-Treasurer. Our examination disclosed no material items that warrant comment at this time.