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

AUDIT REPORT

OF

TOWN OF DARLINGTON

MONTGOMERY COUNTY, INDIANA

January 1, 2008 to December 31, 2009



**FILED**  
08/03/2010



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Judy D. Anderson	01-01-08 to 12-31-11
President of the Town Council	Kimberley A. Carpenter Mary Lou Weliever, DVM	01-01-08 to 12-31-08 01-01-09 to 12-31-10
Superintendent of Wastewater Utility	City of Crawfordsville Troy McKinney and Michael McKinney	01-01-08 to 08-31-08 09-01-08 to 12-31-10
Superintendent of Electric Utility	(Vacant) Gregory S. Gayler	01-01-08 to 03-31-08 04-01-08 to 12-31-10



**STATE OF INDIANA**  
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INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS  
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

TO: THE OFFICIALS OF THE TOWN OF DARLINGTON, MONTGOMERY COUNTY, INDIANA

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Darlington (Town), as of and for the years ended December 31, 2008 and 2009, which collectively comprise the Town's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note I, the Town prepares its financial statements on the prescribed basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash and investment balances of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town as of December 31, 2008 and 2009, and the respective cash receipts and cash disbursements during the years then ended on the basis of accounting described in Note I.

In accordance with Government Auditing Standards, we have also issued a report dated June 3, 2010, on our consideration of the Town's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS  
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
(Continued)

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The Schedule of Funding Progress is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The Town has not presented Management's Discussion and Analysis or Budgetary Comparison Schedules that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The Combining Schedules, as listed in the Table of Contents, and Schedule of Long-Term Debt are presented for additional analysis and are not required parts of the basic financial statements. The Combining Schedules, as listed in the Table of Contents, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The Schedule of Long-Term Debt has not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we express no opinion on it.

STATE BOARD OF ACCOUNTS

June 3, 2010



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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

TO: THE OFFICIALS OF THE TOWN OF DARLINGTON, MONTGOMERY COUNTY, INDIANA

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Darlington (Town), as of and for the years ended December 31, 2008 and 2009, which collectively comprise the Town's basic financial statements and have issued our report thereon dated June 3, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we considered to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies described in item 2009-1 of the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS  
(Continued)

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, of the significant deficiencies described above, we consider item 2009-1 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

We noted certain matters that we reported to management in a separate letter dated June 3, 2010.

The Town's response to the findings identified in our audit is described in the accompanying section of the report entitled Corrective Action Plan. We did not audit the Town's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Town's management, Town Council, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

June 3, 2010

TOWN OF DARLINGTON  
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS  
For The Year Ended December 31, 2008

Functions/Programs	Program Receipts				Net (Disbursement) Receipt and Changes in Net Assets		
	Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Totals
Primary government:							
Governmental activities:							
General government	\$ 100,320	\$ -	\$ -	\$ -	\$ (100,320)	\$ -	\$ (100,320)
Public safety	-	586	-	-	586	-	586
Highways and streets	64,287	-	22,900	3,751	(37,636)	-	(37,636)
Culture and recreation	7,994	400	-	-	(7,594)	-	(7,594)
Total governmental activities	172,601	986	22,900	3,751	(144,964)	-	(144,964)
Business-type activities:							
Darlington Electric	1,513,329	1,519,516	-	-	-	6,187	6,187
Darlington Storm Water	-	3,193	-	-	-	3,193	3,193
Darlington Wastewater	199,780	261,221	-	-	-	61,441	61,441
Darlington Trash	36,930	37,363	-	-	-	433	433
Total business-type activities	1,750,039	1,821,293	-	-	-	71,254	71,254
Total primary government	\$ 1,922,640	\$ 1,822,279	\$ 22,900	\$ 3,751	(144,964)	71,254	(73,710)
General receipts:							
Property taxes					101,293	-	101,293
Income taxes					23,398	-	23,398
Intergovernmental					22,624	-	22,624
Other local sources					16,580	-	16,580
Investment earnings					2,233	7,827	10,060
Total general receipts, special items, and transfers					166,128	7,827	173,955
Change in net assets					21,164	79,081	100,245
Net assets - beginning					252,596	376,229	628,825
Net assets - ending					\$ 273,760	\$ 455,310	\$ 729,070
<u>Assets</u>							
Cash and investments					\$ 238,748	\$ 431,349	\$ 670,097
Restricted assets:							
Cash and investments					35,012	23,961	58,973
Total assets					\$ 273,760	\$ 455,310	\$ 729,070
<u>Net Assets</u>							
Restricted for:							
Highways and streets					\$ 1,832	\$ -	\$ 1,832
Debt service					-	23,961	23,961
Capital outlay					33,180	-	33,180
Unrestricted					238,748	431,349	670,097
Total net assets					\$ 273,760	\$ 455,310	\$ 729,070

The notes to the financial statements are an integral part of this statement.

TOWN OF DARLINGTON  
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,  
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
GOVERNMENTAL FUNDS  
For The Year Ended December 31, 2008

	General Fund	Motor Vehicle Highway	Cumulative Capital Improvement	Other Governmental Funds	Totals
<b>Receipts:</b>					
Taxes	\$ 111,120	\$ 22,584	\$ -	\$ 5,046	\$ 138,750
Licenses and permits	-	-	-	120	120
Intergovernmental	4,406	32,900	2,777	9,192	49,275
Charges for services	-	-	-	400	400
Fines and forfeits	463	-	-	3	466
Other	2,388	846	-	20	3,254
<b>Total receipts</b>	<b>118,377</b>	<b>56,330</b>	<b>2,777</b>	<b>14,781</b>	<b>192,265</b>
<b>Disbursements:</b>					
General government	92,647	-	-	387	93,034
Highways and streets	-	61,948	-	2,000	63,948
Culture and recreation	-	-	-	7,994	7,994
Capital outlay:					
General government	1,663	-	1,147	4,476	7,286
Highways and streets	-	339	-	-	339
<b>Total disbursements</b>	<b>94,310</b>	<b>62,287</b>	<b>1,147</b>	<b>14,857</b>	<b>172,601</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>24,067</b>	<b>(5,957)</b>	<b>1,630</b>	<b>(76)</b>	<b>19,664</b>
<b>Other financing sources:</b>					
Other receipts	400	-	-	1,100	1,500
<b>Total other financing sources</b>	<b>400</b>	<b>-</b>	<b>-</b>	<b>1,100</b>	<b>1,500</b>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<b>24,467</b>	<b>(5,957)</b>	<b>1,630</b>	<b>1,024</b>	<b>21,164</b>
<b>Cash and investment fund balance - beginning</b>	<b>111,054</b>	<b>63,512</b>	<b>32,716</b>	<b>45,314</b>	<b>252,596</b>
<b>Cash and investment fund balance - ending</b>	<b>\$ 135,521</b>	<b>\$ 57,555</b>	<b>\$ 34,346</b>	<b>\$ 46,338</b>	<b>\$ 273,760</b>
<b><u>Cash and Investment Assets - Ending</u></b>					
Cash and investments	\$ 135,521	\$ 57,555	\$ 34,346	\$ 11,326	\$ 238,748
Restricted assets:					
Cash and investments	-	-	-	35,012	35,012
<b>Total cash and investment assets - ending</b>	<b>\$ 135,521</b>	<b>\$ 57,555</b>	<b>\$ 34,346</b>	<b>\$ 46,338</b>	<b>\$ 273,760</b>
<b><u>Cash and Investment Fund Balance - Ending</u></b>					
Restricted for:					
Highways and streets	\$ -	\$ -	\$ -	\$ 1,832	\$ 1,832
Capital outlay	-	-	-	33,180	33,180
Unrestricted	135,521	57,555	34,346	11,326	238,748
<b>Total cash and investment fund balance - ending</b>	<b>\$ 135,521</b>	<b>\$ 57,555</b>	<b>\$ 34,346</b>	<b>\$ 46,338</b>	<b>\$ 273,760</b>

The notes to the financial statements are an integral part of this statement.

TOWN OF DARLINGTON  
STATEMENT OF ASSETS AND FUND BALANCES AND  
RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
PROPRIETARY FUNDS  
As of and for the Year Ended December 31, 2008

	Darlington Electric	Darlington Storm Water	Darlington Wastewater	Darlington Trash	Totals
Operating receipts:					
Unmetered/flat rate	\$ -	\$ 3,193	\$ 160,885	\$ -	\$ 164,078
Metered/measured	1,490,927	-	-	-	1,490,927
Fees	-	-	-	37,363	37,363
Miscellaneous	28,589	-	100,336	-	128,925
<b>Total operating receipts</b>	<b>1,519,516</b>	<b>3,193</b>	<b>261,221</b>	<b>37,363</b>	<b>1,821,293</b>
Operating disbursements:					
Salaries and wages	128,302	-	27,411	-	155,713
Employee pensions and benefits	41,166	-	9,735	-	50,901
Sludge removal	-	-	8,694	-	8,694
Purchased power	1,106,990	-	22,726	-	1,129,716
Chemicals	-	-	4,210	-	4,210
Material and supplies	70,049	-	10,580	-	80,629
Contractual services	-	-	72,654	-	72,654
Insurance claims and expense	15,448	-	2,986	-	18,434
Refunds	7,242	-	-	-	7,242
Equipment and capital improvements	5,044	-	-	-	5,044
Miscellaneous	139,088	-	19,410	36,930	195,428
<b>Total operating disbursements</b>	<b>1,513,329</b>	<b>-</b>	<b>178,406</b>	<b>36,930</b>	<b>1,728,665</b>
Excess of operating receipts over operating disbursements	6,187	3,193	82,815	433	92,628
Nonoperating receipts (disbursements):					
Investment income	6,856	-	971	-	7,827
Debt service of principal	-	-	(13,000)	-	(13,000)
Interest disbursements	-	-	(8,374)	-	(8,374)
<b>Total nonoperating receipts (disbursements)</b>	<b>6,856</b>	<b>-</b>	<b>(20,403)</b>	<b>-</b>	<b>(13,547)</b>
Excess of receipts over disbursements and nonoperating receipts (disbursements)	13,043	3,193	62,412	433	79,081
Transfers in	-	-	29,494	-	29,494
Transfers out	-	-	(29,494)	-	(29,494)
Excess of receipts, contributions and transfers in over disbursements and transfers out	13,043	3,193	62,412	433	79,081
Cash and investment fund balance - beginning	280,785	-	84,896	10,548	376,229
Cash and investment fund balance - ending	<u>\$ 293,828</u>	<u>\$ 3,193</u>	<u>\$ 147,308</u>	<u>\$ 10,981</u>	<u>\$ 455,310</u>
<u>Cash and Investment Assets - December 31</u>					
Cash and investments	\$ 293,828	\$ 3,193	\$ 123,347	\$ 10,981	\$ 431,349
Restricted assets:					
Cash and investments	-	-	23,961	-	23,961
<b>Total cash and investment assets - December 31</b>	<b>\$ 293,828</b>	<b>\$ 3,193</b>	<b>\$ 147,308</b>	<b>\$ 10,981</b>	<b>\$ 455,310</b>
<u>Cash and Investment Fund Balance - December 31</u>					
Restricted for:					
Debt service	\$ -	\$ -	\$ 23,961	\$ -	\$ 23,961
Unrestricted	293,828	3,193	123,347	10,981	431,349
<b>Total cash and investment fund balance - December 31</b>	<b>\$ 293,828</b>	<b>\$ 3,193</b>	<b>\$ 147,308</b>	<b>\$ 10,981</b>	<b>\$ 455,310</b>

The notes to the financial statements are an integral part of this statement.

TOWN OF DARLINGTON  
STATEMENT OF ADDITIONS, DEDUCTIONS,  
AND CHANGES IN CASH AND INVESTMENT BALANCES  
FIDUCIARY FUNDS  
For The Year Ended December 31, 2008

	<u>Agency Funds</u>
Cash and investment fund balance - ending	<u>\$ 1,324</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF DARLINGTON  
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS  
For The Year Ended December 31, 2009

Functions/Programs	Program Receipts				Net (Disbursement) Receipt and Changes in Net Assets		
	Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Totals
Primary government:							
Governmental activities:							
General government	\$ 120,045	\$ -	\$ -	\$ -	\$ (120,045)	\$ -	\$ (120,045)
Public safety	25	410	-	-	385	-	385
Highways and streets	67,420	-	22,425	3,541	(41,454)	-	(41,454)
Culture and recreation	8,003	1,680	-	-	(6,323)	-	(6,323)
Total governmental activities	195,493	2,090	22,425	3,541	(167,437)	-	(167,437)
Business-type activities:							
Darlington Electric	1,723,554	1,699,008	-	-	-	(24,546)	(24,546)
Darlington Storm Water	6,842	11,241	-	-	-	4,399	4,399
Darlington Wastewater	865,699	434,689	-	816,076	-	385,066	385,066
Darlington Trash	32,329	38,210	-	-	-	5,881	5,881
Total business-type activities	2,628,424	2,183,148	-	816,076	-	370,800	370,800
Total primary government	\$ 2,823,917	\$ 2,185,238	\$ 22,425	\$ 819,617	(167,437)	370,800	203,363
General receipts:							
Property taxes					78,036	-	78,036
Intergovernmental					60,430	-	60,430
Other local sources					4,331	-	4,331
Net proceeds from borrowings					-	238,328	238,328
Investment earnings					1,864	8,985	10,849
Total general receipts, special items, and transfers					144,661	247,313	391,974
Change in net assets					(22,776)	618,113	595,337
Net assets - beginning					273,763	455,311	729,074
Net assets - ending					\$ 250,987	\$ 1,073,424	\$ 1,324,411
<u>Assets</u>							
Cash and investments					\$ 210,669	\$ 435,830	\$ 646,499
Restricted assets:							
Cash and investments					40,318	637,594	677,912
Total assets					\$ 250,987	\$ 1,073,424	\$ 1,324,411
<u>Net Assets</u>							
Restricted for:							
Highways and streets					\$ 3,374	\$ -	\$ 3,374
Debt service					-	37,594	37,594
Capital outlay					36,944	-	36,944
Other purposes					-	600,000	600,000
Unrestricted					210,669	435,830	646,499
Total net assets					\$ 250,987	\$ 1,073,424	\$ 1,324,411

The notes to the financial statements are an integral part of this statement.

TOWN OF DARLINGTON  
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,  
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
GOVERNMENTAL FUNDS  
For The Year Ended December 31, 2009

	General Fund	Motor Vehicle Highway	Cumulative Capital Improvement	Other Governmental Funds	Totals
<b>Receipts:</b>					
Taxes	\$ 60,929	\$ 14,774	\$ -	\$ 2,333	\$ 78,036
Licenses and permits	-	-	-	410	410
Intergovernmental	36,316	34,813	2,619	12,648	86,396
Charges for services	-	-	-	1,680	1,680
Other	3,705	-	-	2,490	6,195
<b>Total receipts</b>	<b>100,950</b>	<b>49,587</b>	<b>2,619</b>	<b>19,561</b>	<b>172,717</b>
<b>Disbursements:</b>					
General government	110,325	-	-	189	110,514
Public safety	-	-	-	25	25
Highways and streets	-	65,420	-	2,000	67,420
Culture and recreation	-	-	-	8,003	8,003
Capital outlay:					
General government	9,531	-	-	-	9,531
<b>Total disbursements</b>	<b>119,856</b>	<b>65,420</b>	<b>-</b>	<b>10,217</b>	<b>195,493</b>
Excess (deficiency) of receipts over disbursements	(18,906)	(15,833)	2,619	9,344	(22,776)
<b>Other financing sources (uses):</b>					
Transfers in	-	-	-	13,802	13,802
Transfers out	-	-	-	(13,802)	(13,802)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(18,906)	(15,833)	2,619	9,344	(22,776)
Cash and investment fund balance - beginning	135,522	57,555	34,346	46,340	273,763
Cash and investment fund balance - ending	\$ 116,616	\$ 41,722	\$ 36,965	\$ 55,684	\$ 250,987
<b>Cash and Investment Assets - Ending</b>					
Cash and investments	\$ 116,616	\$ 41,722	\$ 36,965	\$ 15,366	\$ 210,669
Restricted assets:					
Cash and investments	-	-	-	40,318	40,318
<b>Total cash and investment assets - ending</b>	<b>\$ 116,616</b>	<b>\$ 41,722</b>	<b>\$ 36,965</b>	<b>\$ 55,684</b>	<b>\$ 250,987</b>
<b>Cash and Investment Fund Balance - Ending</b>					
Restricted for:					
Highways and streets	\$ -	\$ -	\$ -	\$ 3,374	\$ 3,374
Capital outlay	-	-	-	36,944	36,944
Unrestricted	116,616	41,722	36,965	15,366	210,669
<b>Total cash and investment fund balance - ending</b>	<b>\$ 116,616</b>	<b>\$ 41,722</b>	<b>\$ 36,965</b>	<b>\$ 55,684</b>	<b>\$ 250,987</b>

The notes to the financial statements are an integral part of this statement.

TOWN OF DARLINGTON  
STATEMENT OF ASSETS AND FUND BALANCES AND  
RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
PROPRIETARY FUNDS  
As of and for the Year Ended December 31, 2009

	Darlington Electric	Darlington Storm Water	Darlington Wastewater	Darlington Trash	Totals
Operating receipts:					
Unmetered/flat rate	\$ -	\$ -	\$ 236,677	\$ -	\$ 236,677
Metered/measured	1,664,134	-	-	-	1,664,134
Fees	-	9,709	-	38,123	47,832
Miscellaneous	34,874	1,532	198,012	87	234,505
Total operating receipts	1,699,008	11,241	434,689	38,210	2,183,148
Operating disbursements:					
Salaries and wages	142,253	-	37,864	-	180,117
Employee pensions and benefits	53,210	-	8,005	-	61,215
Sludge removal	-	-	11,407	-	11,407
Purchased power	1,258,187	-	25,745	-	1,283,932
Chemicals	-	-	7,800	-	7,800
Material and supplies	62,908	-	24,089	1,009	88,006
Contractual services	11,469	-	124,033	-	135,502
Insurance claims and expense	12,200	-	2,502	-	14,702
Refunds	6,063	-	-	-	6,063
Equipment and capital improvements	41,928	6,821	454,404	-	503,153
Miscellaneous	135,336	21	125,418	31,320	292,095
Total operating disbursements	1,723,554	6,842	821,267	32,329	2,583,992
Excess (deficiency) of operating receipts over operating disbursements	(24,546)	4,399	(386,578)	5,881	(400,844)
Nonoperating receipts (disbursements):					
Investment income	7,195	-	1,790	-	8,985
Net proceeds from borrowings	-	-	238,328	-	238,328
Debt service of principal	-	-	(28,000)	-	(28,000)
Interest disbursements	-	-	(16,432)	-	(16,432)
Total nonoperating receipts (disbursements)	7,195	-	195,686	-	202,881
Excess (deficiency) of receipts over disbursements and nonoperating receipts (disbursements)	(17,351)	4,399	(190,892)	5,881	(197,963)
Capital contributions	-	-	816,076	-	816,076
Transfers in	-	-	116,784	-	116,784
Transfers out	-	-	(116,784)	-	(116,784)
Excess (deficiency) of receipts, contributions and transfers in over disbursements and transfers out	(17,351)	4,399	625,184	5,881	618,113
Cash and investment fund balance - beginning	293,830	3,193	147,308	10,980	455,311
Cash and investment fund balance - ending	\$ 276,479	\$ 7,592	\$ 772,492	\$ 16,861	\$ 1,073,424
<u>Cash and Investment Assets - December 31</u>					
Cash and investments	\$ 276,479	\$ 7,592	\$ 134,898	\$ 16,861	\$ 435,830
Restricted assets:					
Cash and investments	-	-	637,594	-	637,594
Total cash and investment assets - December 31	\$ 276,479	\$ 7,592	\$ 772,492	\$ 16,861	\$ 1,073,424
<u>Cash and Investment Fund Balance - December 31</u>					
Restricted for:					
Debt service	\$ -	\$ -	\$ 37,594	\$ -	\$ 37,594
Other purposes	-	-	600,000	-	600,000
Unrestricted	276,479	7,592	134,898	16,861	435,830
Total cash and investment fund balance - December 31	\$ 276,479	\$ 7,592	\$ 772,492	\$ 16,861	\$ 1,073,424

The notes to the financial statements are an integral part of this statement.

TOWN OF DARLINGTON  
STATEMENT OF ADDITIONS, DEDUCTIONS,  
AND CHANGES IN CASH AND INVESTMENT BALANCES  
FIDUCIARY FUNDS  
For The Year Ended December 31, 2009

	<u>Agency Funds</u>
Cash and investment fund balance - ending	<u>\$ (419)</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF DARLINGTON  
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

The Town was established under the laws of the State of Indiana. The Town operates under a Town Council form of government and provides the following services: public safety (police and fire), highways and streets, culture and recreation, public improvements, general administrative services, wastewater, electric, storm water, and trash.

The Town's financial reporting entity is composed of the following:

Primary Government: Town of Darlington

In determining the financial reporting entity, the Town complies with the provisions of GASB Statement No. 14, *The Financial Reporting Entity*.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The Statement of Activities and Net Assets – Cash and Investment Basis displays information about the reporting government as a whole. It includes all funds of the reporting entity except for fiduciary funds. The statement distinguishes between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, fund equity, receipts, and disbursements. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The Town reports the following major governmental funds:

The general fund is the primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The motor vehicle highway fund (MVH) accounts for state and local monies collected for highway and street construction and improvements.

The cumulative capital improvement fund accounts for receipts and disbursements of state cigarette tax distributions.

The Town reports the following major enterprise funds:

The electric utility fund accounts for the operation of the electric distribution system.

TOWN OF DARLINGTON  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

The wastewater utility fund accounts for the operation of the wastewater treatment plant, pumping stations, and collection systems.

The storm water utility fund accounts for the operation of the storm water collection system.

The trash utility fund accounts for the operation of trash collection system.

Additionally, the Town reports the following fund types:

Agency funds account for assets held by the City as an agent for federal and state revenue agencies and serve as control of accounts for cash transactions during the time they are a liability to the City.

C. Measurement Focus and Basis of Accounting

The government-wide, governmental fund, proprietary fund, and fiduciary fund financial statements are reported using the basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when received and disbursements are recorded when paid.

The cash and investment basis of accounting differs from accounting principles generally accepted in the United States of America in that receipts are recognized when received in cash rather than when earned and disbursements are recognized when paid rather than when a liability is incurred. Investment transactions are not presented on the financial statements.

If the Town utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the fund financial statements for proprietary fund types would use the accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the enterprise fund statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their enterprise funds, subject to this same limitation. The Town has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the Town and its enterprise funds. Elimination of these charges would distort the direct costs and program receipts reported for the various functions concerned.

Enterprise funds distinguish operating receipts and disbursements from nonoperating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal ongoing operations. The principal operating receipts of the enterprise funds are charges to customers for sales and services. Operating disbursements for enterprise funds include the cost of sales and services and administrative costs. All receipts and disbursements not meeting this definition are reported as nonoperating receipts and disbursements. Internal service funds are used to account for activities provided to other departments or agencies primarily with the government. The Town does not have any internal service funds.

TOWN OF DARLINGTON  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

When both restricted and unrestricted resources are available for use, the Town's policy is to use restricted resources first, then unrestricted resources as they are needed.

D. Assets and Cash and Investment Balances

1. Restricted Assets

All restricted assets, as presented in the accompanying financial statements, are restricted due to enabling legislation.

2. Cash and Investments

Investments are stated at cost. Any changes in fair value of the investments are reported as interest receipts in the year of the sale of the investment.

3. Property Taxes

Normally, property taxes levied are collected by the County Treasurer and are distributed to the Town in June and in 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. 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). Ordinarily, taxes may be paid in two equal installments which may become delinquent if not paid by May 10 and November 10, respectively. In 2008, taxes were due July 20 and November 13. In 2009, taxes were due August 15 and November 10.

4. Capital Assets

Capital assets arising from cash transactions acquired for use in governmental or proprietary fund operations are accounted for as capital outlay disbursements of the fund upon acquisition.

5. Long-Term Debt

Long-term debt arising from cash basis transactions of governmental and proprietary funds is not reported as a liability in the basic financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as disbursements.

6. Equity Classification

Government-Wide Statements

Equity is classified as net assets and displayed in two components:

- a. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or (2) law through constitutional provisions or enabling legislation.
- b. Unrestricted net assets – All other net assets that do not meet the definition of "restricted."

TOWN OF DARLINGTON  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Fund Financial Statements

Governmental fund equity is classified as fund balance. Proprietary fund equity is classified the same as in the government-wide statements.

E. Receipts and Disbursements

1. Program Receipts

Amounts reported as program receipts include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general receipts rather than as program receipts. Likewise, general receipts include all taxes.

2. Operating Receipts and Disbursements

Operating receipts and disbursements for proprietary funds result from providing services and producing and delivering goods and/or services. They also include all receipts and disbursements not related to capital and related financing, noncapital financing, or investing activities.

F. Internal and Interfund Activities

In the process of aggregating the financial information for the government-wide Statement of Activities and Net Assets – Cash and Investment Basis, some amounts reported as interfund activity in the fund financial statements have been eliminated or reclassified.

Fund Financial Statements

1. Interfund services – Sales or purchases of goods and services between funds are reported as receipts and disbursements.
2. Interfund reimbursements – Repayments from funds responsible for certain disbursements to the funds that initially paid for them are not reported as reimbursements but as adjustments to disbursements in the respective funds.
3. Interfund transfers – Flow of assets from one fund to another where repayment is not expected is reported as transfers in and out.
4. Interfund loans – Flow of assets from one fund to another where repayment is expected is reported as interfund loans.

Government-Wide Financial Statements

Interfund activity, if any, is eliminated or reclassified in the government-wide financial statements as follows:

Internal activities – Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis except for the net amount of transfers between governmental and business-type activities, which are reported as Transfers – Internal Activities. The effects of interfund loans and services between funds, if any, are not eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis.

TOWN OF DARLINGTON  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

II. Stewardship, Compliance and Accountability

A. Budgetary Information

Annual budgets are adopted on the cash basis, which is not consistent with accounting principles generally accepted in the United States of America. All annual appropriations lapse at calendar year end.

Prior to the first required publication, the fiscal officer of the Town submits to the governing board a proposed operating budget for the year commencing the following January 1. Prior to adoption, the budget is advertised and public hearings are conducted by the governing board to obtain taxpayer comments. Prior to November 1, the governing board, through the passage of a resolution/ordinance, approves the budget for the next year. Copies of the budget resolution/ordinance and the advertisement for funds for which property taxes are levied or highway use taxes are received are sent to the Indiana Department of Local Government Finance. The budget becomes legally enacted after the fiscal officer of the Town receives approval of the Indiana Department of Local Government Finance.

The Town's management cannot transfer budgeted appropriations between object classifications of a budget without approval of the governing board. The Indiana Department of Local Government Finance must approve any revisions to the appropriations for any fund or any department of the General Fund. The legal level of budgetary control is by object and department within the fund for the General Fund and by object within the fund for all other budgeted funds.

B. Disbursements in Excess of Appropriations

For the years ended December 31, 2008 and 2009, disbursements exceeded budgeted appropriations in the following funds by the amounts below:

Fund	2008	2009
General	\$ -	\$ 7,782
Motor Vehicle Highway	1,886	2,620
Totals	\$ 1,886	\$ 10,402

These disbursements were funded by available fund balances.

C. Cash and Investment Balance Deficits

At December 31, 2008 and 2009, the following funds reported deficits in cash and investments, which are violations of the Uniform Compliance Guidelines as authorized by state statute:

Fund	2008	2009
Armory (Community Center) Fund	\$ 7,574	\$ -
Payroll	-	922

TOWN OF DARLINGTON  
 NOTES TO FINANCIAL STATEMENTS  
 (Continued)

Cash and investment deficits arose primarily from disbursements exceeding receipts due to the underestimate of current requirements; these deficits are to be repaid from future receipts.

III. Detailed Notes on All Funds

A. Deposits and Investments

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. IC 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision. The Town does not have a deposit policy for custodial credit risk. At December 31, 2009, the Town had deposit balances in the amount of \$1,306,629.

The bank balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

B. Interfund Transfers

There were no interfund transfers for the year ended December 31, 2008. Interfund transfers for the year ended December 31, 2009, were as follows:

Transfer From	Transfer To	2009
Other governmental funds	Other governmental funds	\$ 13,802

The Town typically uses transfers for cash flow purposes as provided by various statutory provisions.

IV. Other Information

A. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; and natural disasters.

The risks of torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; and natural disasters are covered by commercial insurance from independent third parties.

Settled claims from risks covered by commercial insurance have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance by major category of risk.

TOWN OF DARLINGTON  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

B. Rate Structure – Enterprise Funds

Wastewater Utility

The current rate structure was approved by the Town Council on November 17, 2008.

Electric Utility

On February 25, 1986, the Town Council adopted Ordinance 86-2-1 to withdraw from the jurisdiction of the Indiana Utility Regulatory Commission. The current rate structure was approved by the Council on June 16, 2008.

Storm Water Utility

The current rate structure was approved by the Town Council on July 21, 2008.

Trash Utility

The current rate structure was approved by the Town Council on October 16, 2006.

C. Receipts Pledged

Wastewater Utility Receipts Pledged

The Town has pledged future operating revenue receipts, net of specified operating expenditures, to repay revenue bonds issued in 2009. Proceeds from the bonds provided financing for wastewater improvements. The bonds are payable solely from operating revenue net receipts and are payable through 2029. Annual principal and interest payments are expected to require less than 2 percent of net receipts.

The Town has pledged future operating revenue receipts, net of specified operating expenditures, to repay revenue bonds issued in 2009. Proceeds from the bonds provided financing for defeasement of previous bond issue. The bonds are payable solely from operating revenue net receipts and are payable through 2013. Annual principal and interest payments are expected to require less than 3 percent of net receipts.

D. Pension Plan

Agent Multiple-Employer Defined Benefit 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 the 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

TOWN OF DARLINGTON  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of member's 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. The 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

The contribution requirements of plan members for PERF are established by the Board of Trustees of PERF. The total contributions made to PERF by the Town during the period were \$30,481.

TOWN OF DARLINGTON  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF FUNDING PROGRESS

Public Employees' Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Excess of Assets Over (Unfunded) AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Excess (Unfunded) AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-07	\$ 428,741	\$ 365,044	\$ 63,697	117%	\$ 91,604	70%
07-01-08	315,781	290,367	25,414	109%	97,371	26%
07-01-09	318,065	281,181	36,884	113%	160,802	23%

TOWN OF DARLINGTON  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND  
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2008

	Local Road and Street	Local Law Enforcement Continuing Education	Riverboat	User Fee Fund	Armory (Community Center) Fund	Cumulative Capital Development	Park Resricted Donations	Totals
<b>Receipts:</b>								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,046	\$ -	\$ 5,046
Licenses and permits	-	120	-	-	-	-	-	120
Intergovernmental	3,751	-	5,357	-	-	84	-	9,192
Charges for services	-	-	-	-	400	-	-	400
Fines and forfeits	-	-	-	3	-	-	-	3
Other	-	-	-	-	20	-	-	20
<b>Total receipts</b>	<b>3,751</b>	<b>120</b>	<b>5,357</b>	<b>3</b>	<b>420</b>	<b>5,130</b>	<b>-</b>	<b>14,781</b>
<b>Disbursements:</b>								
General government	-	-	-	-	-	-	387	387
Highways and streets	2,000	-	-	-	-	-	-	2,000
Culture and recreation	-	-	-	-	7,994	-	-	7,994
Capital outlay:								
General government	-	-	921	-	-	3,555	-	4,476
<b>Total disbursements</b>	<b>2,000</b>	<b>-</b>	<b>921</b>	<b>-</b>	<b>7,994</b>	<b>3,555</b>	<b>387</b>	<b>14,857</b>
Excess (deficiency) of receipts over disbursements	1,751	120	4,436	3	(7,574)	1,575	(387)	(76)
<b>Other financing sources:</b>								
Other receipts	-	-	-	-	-	1,100	-	1,100
<b>Total other financing sources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,100</b>	<b>-</b>	<b>1,100</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,751	120	4,436	3	(7,574)	2,675	(387)	1,024
Cash and investment fund balance - beginning	81	844	13,350	147	-	24,291	6,601	45,314
Cash and investment fund balance - ending	\$ 1,832	\$ 964	\$ 17,786	\$ 150	\$ (7,574)	\$ 26,966	\$ 6,214	\$ 46,338
<b>Cash and Investment Assets - Ending</b>								
Cash and investments	\$ -	\$ 964	\$ 17,786	\$ 150	\$ (7,574)	\$ -	\$ -	\$ 11,326
Restricted assets:								
Cash and investments	1,832	-	-	-	-	26,966	6,214	35,012
<b>Total cash and investment assets - ending</b>	<b>\$ 1,832</b>	<b>\$ 964</b>	<b>\$ 17,786</b>	<b>\$ 150</b>	<b>\$ (7,574)</b>	<b>\$ 26,966</b>	<b>\$ 6,214</b>	<b>\$ 46,338</b>
<b>Cash and Investment Fund Balance - Ending</b>								
Restricted for:								
Highways and streets	\$ 1,832	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,832
Capital outlay	-	-	-	-	-	26,966	6,214	33,180
Unrestricted	-	964	17,786	150	(7,574)	-	-	11,326
<b>Total cash and investment fund balance - ending</b>	<b>\$ 1,832</b>	<b>\$ 964</b>	<b>\$ 17,786</b>	<b>\$ 150</b>	<b>\$ (7,574)</b>	<b>\$ 26,966</b>	<b>\$ 6,214</b>	<b>\$ 46,338</b>

TOWN OF DARLINGTON  
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
 AGENCY FUNDS  
 For The Year Ended December 31, 2008

	Levy Excess Fund	Payroll	Totals
Additions:			
Agency fund additions	\$ -	\$ 248,352	\$ 248,352
Deductions:			
Agency fund deductions	-	252,678	252,678
Deficiency of total additions over total deductions	-	(4,326)	(4,326)
Cash and investment fund balance - beginning	503	5,147	5,650
Cash and investment fund balance - ending	<u>\$ 503</u>	<u>\$ 821</u>	<u>\$ 1,324</u>

TOWN OF DARLINGTON  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND  
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2009

	Local Road and Street	Local Law Enforcement Continuing Education	Riverboat	User Fee Fund	Armory (Community Center) Fund	Rainy Day	Cumulative Capital Development	Park Restricted Donations	Totals
Receipts:									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,333	\$ -	\$ 2,333
Licenses and permits	-	410	-	-	-	-	-	-	410
Intergovernmental	3,541	-	5,344	-	-	3,064	699	-	12,648
Charges for services	-	-	-	-	1,680	-	-	-	1,680
Other	-	-	-	-	1,570	-	-	920	2,490
<b>Total receipts</b>	<b>3,541</b>	<b>410</b>	<b>5,344</b>	<b>-</b>	<b>3,250</b>	<b>3,064</b>	<b>3,032</b>	<b>920</b>	<b>19,561</b>
Disbursements:									
General government	-	-	-	-	-	-	-	189	189
Public safety	-	25	-	-	-	-	-	-	25
Highways and streets	2,000	-	-	-	-	-	-	-	2,000
Culture and recreation	-	-	-	-	8,003	-	-	-	8,003
<b>Total disbursements</b>	<b>2,000</b>	<b>25</b>	<b>-</b>	<b>-</b>	<b>8,003</b>	<b>-</b>	<b>-</b>	<b>189</b>	<b>10,217</b>
Excess (deficiency) of receipts over disbursements	1,541	385	5,344	-	(4,753)	3,064	3,032	731	9,344
Other financing sources (uses):									
Transfers in	-	-	-	-	13,802	-	-	-	13,802
Transfers out	-	-	(13,802)	-	-	-	-	-	(13,802)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>(13,802)</b>	<b>-</b>	<b>13,802</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,541	385	(8,458)	-	9,049	3,064	3,032	731	9,344
Cash and investment fund balance - beginning	1,833	964	17,786	150	(7,574)	-	26,966	6,215	46,340
<b>Cash and investment fund balance - ending</b>	<b>\$ 3,374</b>	<b>\$ 1,349</b>	<b>\$ 9,328</b>	<b>\$ 150</b>	<b>\$ 1,475</b>	<b>\$ 3,064</b>	<b>\$ 29,998</b>	<b>\$ 6,946</b>	<b>\$ 55,684</b>
<b><u>Cash and Investment Assets - Ending</u></b>									
Cash and investments	\$ -	\$ 1,349	\$ 9,328	\$ 150	\$ 1,475	\$ 3,064	\$ -	\$ -	\$ 15,366
Restricted assets:									
Cash and investments	3,374	-	-	-	-	-	29,998	6,946	40,318
<b>Total cash and investment assets - ending</b>	<b>\$ 3,374</b>	<b>\$ 1,349</b>	<b>\$ 9,328</b>	<b>\$ 150</b>	<b>\$ 1,475</b>	<b>\$ 3,064</b>	<b>\$ 29,998</b>	<b>\$ 6,946</b>	<b>\$ 55,684</b>
<b><u>Cash and Investment Fund Balance - Ending</u></b>									
Restricted for:									
Highways and streets	\$ 3,374	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,374
Capital outlay	-	-	-	-	-	-	29,998	6,946	36,944
Unrestricted	-	1,349	9,328	150	1,475	3,064	-	-	15,366
<b>Total cash and investment fund balance - ending</b>	<b>\$ 3,374</b>	<b>\$ 1,349</b>	<b>\$ 9,328</b>	<b>\$ 150</b>	<b>\$ 1,475</b>	<b>\$ 3,064</b>	<b>\$ 29,998</b>	<b>\$ 6,946</b>	<b>\$ 55,684</b>

TOWN OF DARLINGTON  
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
 AGENCY FUNDS  
 For The Year Ended December 31, 2009

	Levy Excess Fund	Payroll	Totals
Additions:			
Agency fund additions	\$ -	\$ 310,775	\$ 310,775
Deductions:			
Agency fund deductions	-	312,518	312,518
Deficiency of total additions over total deductions	-	(1,743)	(1,743)
Cash and investment fund balance - beginning	503	821	1,324
Cash and investment fund balance - ending	<u>\$ 503</u>	<u>\$ (922)</u>	<u>\$ (419)</u>

TOWN OF DARLINGTON  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF LONG-TERM DEBT  
 December 31, 2009

The Town has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Business-type activities:		
Wastewater Utility:		
Loans:		
NRWA Revolving Loan	\$ 89,076	\$ 11,587
Revenue bonds:		
Sewage Works Revenue Bonds, Series 2009A	400,000	12,480
Sewage Works Revenue Bonds, Series 2009B	<u>128,000</u>	<u>36,400</u>
 Total Wastewater Utility	 <u>617,076</u>	 <u>60,467</u>
 Electric Utility:		
Capital leases:		
Bucket Truck	<u>81,324</u>	<u>22,373</u>
 Total business-type activities debt	 <u>\$ 698,400</u>	 <u>\$ 82,840</u>

TOWN OF DARLINGTON  
AUDIT RESULTS AND COMMENTS

OVERDRAWN FUND BALANCES

The Armory (Community Center) Fund was overdrawn in 2008. The Payroll Withholding Fund was overdrawn in 2009.

The fund 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)

APPROPRIATIONS

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

Fund	2008 Excess Amount Expended	2009 Excess Amount Expended
General	\$ -	\$ 7,782
Motor Vehicle Highway	1,886	2,620

IC 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."

INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

We noted several deficiencies in the internal control system of the Town and Utilities related to financial transactions and reporting. We believe the following deficiencies constitute material weaknesses:

1. Lack of Segregation of Duties: Control activities should be selected and developed at various levels of the Town and Utilities to reduce risks to achievement of financial reporting objectives. The Town has not separated incompatible activities related to receipts, (utility billings and collections,) disbursements, payroll and related liabilities, and cash and investment balances. The failure to establish these controls could enable material misstatements or irregularities to go undetected.
  
2. Preparing Financial Statements: Effective internal control over financial reporting involves the identification and analysis of the risks of material misstatement to the Town's financial statements and then determining how those identified risks should be managed. The Town has not identified risks to the preparation of reliable financial statements and as a result has failed to design effective controls over the preparation of the financial statements to prevent or detect material misstatements, including notes to the financial statements.

TOWN OF DARLINGTON  
AUDIT RESULTS AND COMMENTS  
(Continued)

3. Monitoring of Controls: Effective internal control over financial reporting requires the Town Council to monitor and assess the quality of the Town's system of internal control. The Town Council has not performed either an ongoing or separate evaluation of their system of internal controls. The failure to exercise its oversight responsibility places the Town at risk that controls may not be designed or operating effectively to provide reasonable assurance that controls will prevent or detect material misstatements in a timely manner. Additionally, the Town has no process to identify or communicate corrective actions to improve controls.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objections, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control.

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)

#### CAPITAL ASSET RECORDS

The Town records capital asset additions, but disposals are not being recorded. When the Town disposes of a capital asset, the cost of the asset and the related accumulated depreciation should also be recorded in the records as deletions. The record has not been posted since November 2007. Handwritten records have not been entered into the computer program, so there are no accurate cumulative totals.

Every governmental unit should have a complete inventory of all capital assets owned which reflect their acquisition value. Such inventory should be recorded in the Capital Assets Ledger form. A complete inventory should be taken every year for good internal control and for verifying account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

#### FEDERAL AND STATE AGENCIES - COMPLIANCE REQUIREMENTS

The Town overpaid Triad Associates, Inc., by \$53,400. The overpayments resulted from incorrect calculations on the invoices that were not detected by the Town's personnel.

Political subdivisions are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings and filing requirements concerning reports and other procedural matters of federal and state agencies, including opinions of the Attorney General of the State of Indiana, and court decisions. Governmental units should file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



**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](http://www.in.gov/sboa)

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

TO: THE OFFICIALS OF THE TOWN OF DARLINGTON, MONTGOMERY COUNTY, INDIANA

Compliance

We have audited the compliance of the Town of Darlington (Town) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the years ended December 31, 2008 and 2009. The Town's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Town's management. Our responsibility is to express an opinion on the Town's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Town's compliance with those requirements.

As described in item 2009-2, in the accompanying Schedule of Findings and Questioned Costs, the Town did not comply with requirements regarding Allowable Costs that are applicable to its Capitalization Grants for Clean Water State Revolving Funds. Compliance with such requirements is necessary, in our opinion, for the Town to comply with requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, the Town complied, in all material respects, with the requirements referred to above that are applicable to each of its other major federal programs for the years ended December 31, 2008 and 2009.

Internal Control Over Compliance

The management of the Town is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Town's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133  
(Continued)

determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A control deficiency in a Town's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies in internal control over compliance described in item 2009-2 of the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. Of the significant deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs, we consider item 2009-2, to be a material weakness.

The Town's response to the findings identified in our audit is described in the accompanying Corrective Action Plan. We did not audit the Town's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Town's management, Town Council, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

June 3, 2010

TOWN OF DARLINGTON  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Years Ended December 31, 2008 and 2009

Federal Grantor Agency/Pass-Through Entity Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 12-31-08	Total Federal Awards Expended 12-31-09
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>				
Pass-Through Indiana Office of Community and Rural Affairs State Administered CDBG Program	14.228			
Disaster Recovery Community Focus Fund		B10DC18001 DR1A-09-018 B09DC18001 CF-08-210	\$ - -	\$ 3,530 198,450
Total for program			-	201,980
<u>ENVIRONMENTAL PROTECTION AGENCY</u>				
Pass-Through Indiana Finance Authority Capitalization Grants for Clean Water State Revolving Funds	66.458			
ARRA - Wastewater and Drinking Water Revolving Loan (SRF) Program		2W-00E73001-0	-	216,076
Wastewater and Drinking Water Revolving Loan (SRF) Program		CS 182 38301	-	85,965
Total for program			-	302,041
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>				
Pass-Through Indiana Department of Homeland Security Public Assistance	97.036			
		Disaster 1766	4,589	-
Total federal awards expended			<u>\$ 4,589</u>	<u>\$ 504,021</u>

The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards.

TOWN OF DARLINGTON  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

I. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Town of Darlington (Town) and is presented in accordance with the cash and investment basis of accounting used in the preparation of the financial statements. Accordingly, the amount of federal awards expended is based on when the disbursement related to the award occurs except when the federal award is received on a reimbursement basis. In these instances the federal awards are considered expended when the reimbursement is received.

Circular A-133 requires an annual audit of nonfederal entities expending a total amount of federal awards equal to or in excess of \$500,000 in any fiscal year unless by constitution or statute a less frequent audit is required. In accordance with the Indiana Code (IC 5-11-1 et seq.), audits of Towns with populations under 5,000 shall be conducted biennially. Such audits shall include both years within the biennial period.

II. Loans Outstanding

The Town had the following loan balances, with continuing federal compliance requirements, outstanding at December 31, 2008 and 2009. These loan balances outstanding are also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	2009
Capitalization Grants for Clean Water State Revolving Funds	66.458	<u>\$ 85,965</u>

TOWN OF DARLINGTON  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified?	yes
Significant deficiencies identified that are not considered to be material weaknesses?	no

Noncompliance material to financial statements noted? no

Federal Awards:

Internal control over major programs:

Material weaknesses identified?	yes
Significant deficiencies identified that are not considered to be material weaknesses?	no

Type of auditor's report issued on compliance for major programs: Qualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? yes

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
66.458	Capitalization Grants for Clean Water State Revolving Funds
66.458	ARRA - Capitalization Grants for Clean Water State Revolving Funds

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? no

Section II - Financial Statement Findings

FINDING 2009-1, INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

We noted several deficiencies in the internal control system of the Town and Utilities related to financial transactions and reporting. We believe the following deficiencies constitute material weaknesses:

1. Lack of Segregation of Duties: Control activities should be selected and developed at various levels of the Town and Utilities to reduce risks to achievement of financial reporting objectives. The Town has not separated incompatible activities related to receipts,

TOWN OF DARLINGTON  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

utility billings and collections, disbursements, payroll and related liabilities, and cash and investment balances. The failure to establish these controls could enable material misstatements or irregularities to go undetected.

2. **Preparing Financial Statements:** Effective internal control over financial reporting involves the identification and analysis of the risks of material misstatement to the Town's audited financial statements and then determining how those identified risks should be managed. The Town has not identified risks to the preparation of reliable financial statements and as a result has failed to design effective controls over the preparation of the financial statements to prevent or detect material misstatements, including notes to the financial statements.
3. **Monitoring of Controls:** Effective internal control over financial reporting requires the Town Council to monitor and assess the quality of the Town's system of internal control. The Town Council has not performed either an ongoing or separate evaluation of their system of internal controls. The failure to exercise its oversight responsibility places the Town at risk that controls may not be designed or operating effectively to provide reasonable assurance that controls will prevent or detect material misstatements in a timely manner. Additionally, the Town has no process to identify or communicate corrective actions to improve controls.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objections, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Section III – Federal Award Findings and Questioned Costs

FINDING 2009-2. CONTRACTOR OVERPAYMENT

Federal Agency: Environmental Protection Agency  
Federal Program: ARRA - Capitalization Grants for Clean Water State Revolving Funds  
CFDA Number: 66.458  
Federal Award Number: 2W-00E73001-0  
Pass-through Entity: Indiana Finance Authority

Contractor invoices from Triad Associates, Inc., were improperly calculated and the errors went undetected, resulting in overpayments of \$53,400 as of December 31, 2009. These amounts were submitted for reimbursement and were paid from ARRA funding.

The amount of overpayments was 49% of the total contract amount for the related contract areas.

Questioned costs: \$53,400 (the total amount of the overpayments)

OMB Circular A133 Compliance Supplements, Part 3 Improper Payments (2) defines improper payments in part as: Any payment for an ineligible service, any duplicate payment, any payment for services not received, and any payment that does not account for credit for applicable discounts.

TOWN OF DARLINGTON  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

The Wastewater Revolving Loan Program Financial Assistance Agreement, Section 2.04 also states: Loan proceeds shall be disbursed to the participant by the disbursement agent for actual eligible costs with respect to the project.

Failure to audit and verify invoices can result in unauthorized payment of grant funds. This could cause the Town to have to pay funding back to the Federal agency or could jeopardize future funding. Inaccurate accounting of expenses makes it difficult to effectively manage the grant budget.

We recommended that all invoices be adequately reviewed and recalculated prior to payment. We also recommended that the Town request a refund from Triad Associates, Inc.

TOWN OF DARLINGTON  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

# Town of Darlington

P.O. Box 578 • Darlington, IN 47940-0578 • 765-794-4496

June 3, 2010

## CORRECTIVE ACTION PLAN

### 2009-1 INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

1. Lack of Segregation of Duties:

I'm not sure I understand what you want to see here we are very small and cannot afford to hire someone else to do what you are asking. We do what we can to check and double check. At the end of the month the utility collections must balance with the bank receipts. The Billing Clerk does not do the reconciliations with the bank accounts; the Clerk Treasurer does the bank reconciliations so we feel this is a good way to audit the cash receipts for the utilities by the Billing Clerk. As far as disbursements, payroll, cash and investment balances someone from the Town Council will be checking these on a monthly basis and signing off on an appropriation report that will be kept for SBOA inspection. They will also be checking Claim Vouchers against the Claim Docket more carefully.

2. Preparing Financial Statements:

The Town Council will have a more active role in preparing the financial statements. Together with the Clerk Treasurer they will be analyzing those closely before submitting for audit.

3. Monitoring of Controls:

Again I am not certain what you want a small town like this to do about monitoring controls. As the Clerk Treasurer I am the only one in the office that is capable of preparing and keeping the accounts of the Town and the Utilities in order and do the best I can. The Town Council will be actively monitoring the Clerk Treasurer and the Utility Billing Clerk.



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Judy D. Anderson, Clerk-Treasurer

# Town of Darlington

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P.O. Box 578 • Darlington, IN 47940-0578 • 765-794-4496

June 3, 2010

## CORRECTIVE ACTION PLAN

### 2009-2 CONTRACTOR OVERPAYMENT

Federal Agency: Environmental Protection Agency

Federal Program: ARRA – Capitalization Grants for Clean Water State Revolving Funds

CFDA Number: 66.458

Federal Award Number: 2W-00E73001-0

Pass-through Entity: Indiana Finance Authority

Contractor invoices from Triad Associates, Inc. were improperly calculated resulting in an error of \$53,400. These invoices have been brought to their attention and have been credited to the Town of Darlington. See attached customer ledger that agrees with the invoices I have. Also please find attached an amendment to the original contract with Triad Associates allowing for an additional amount of \$11,906 approved May 7, 2009 and the Town Council minutes of December 21, 2009 allowing for an additional hourly amount not exceeding \$2,000 for their services. This brings the contract total to \$286,406. We have only paid Triad Associates a total of \$285,423. I have been over these with our grant writer who is monitoring all of this along with me and the people at Triad Associates and we all agree we cannot find they have been overpaid. The transactions for 2010 on the customer ledger included have not been paid or approved by council therefore we cannot ask for a refund.

The SRF/IDEM required us to have a Business Plan in place as a condition of the funding but this was not required until after the funding was in place. At the next Town Council meeting the contract with Triad Associates, Inc. will be amended to include payment for these services they provided.

I can assure you there will be better monitoring of these invoices before submitting for payment in the future by myself (Clerk-Treasurer) and the Town Council.



---

Judy D. Anderson, Clerk-Treasurer



April 30, 2009

Town Council  
222 W. Main Street  
Darlington, Indiana 47940

**Amendment to the Original Engineering Services Agreement  
Wastewater System Improvements Project**

Dear Council,

Per the discussion at the special meeting held on April 29, 2009, Triad Associates, Inc. is pleased to provide this Engineering Services Agreement for your consideration.

In order to properly assist the Town of Darlington in determining the approach and specific course of action relative to the bids received on April 2, 2009 for Division II – Collection System Rehabilitation Project, the cleaning and televising of the sanitary sewers within the project will be accomplished under this agreement.

Triad will coordinate and pay for the cleaning and televising of 4,447 LF of 8-inch, 1,336 LF of 12-inch, and 170 LF of 15-inch sanitary sewer for a price of \$2.00 per LF. The total price of the work will be \$11,906.00.

Please be advised that any contents removed from the sewers as a result of the cleaning will be the responsibility of the town. It is anticipated that the debris can be dumped on the existing sludge drying beds at the wastewater treatment plant.

Triad will review the videos upon completion and will report to the council immediately. We will invoice upon completion and expect payment upon closing of the project loan. If this agreement meets your approval, please sign both originals, retain one for your records and return one to us.

Respectfully,

TRIAD ASSOCIATES, INC.

*[Signature]*  
Lou Savka

*Our amendment includes Triad providing a copy of the videos upon completion to our wastewater operators Jay and Mike McKenney for their review.*

Approved this 7<sup>th</sup> day of May, 2009

TOWN OF DARLINGTON

Signed: *Mary Jo Welber*  
Printed: *Mary Jo Welber*  
Title: *President*

**Town Council Meeting  
Minutes  
December 21, 2009**

President Mary Lou Weliever brought the regular council meeting to order with all members present.

The minutes from the last regular meeting were approved and signed. The claim docket was approved and signed.

At this time President Weliever suspended the order of business to open the public hearing concerning the vacation of the north-south alley that runs between the two properties owned by The Fountain Trust Company on West Main Street.

President Weliever read:

Ordinance Number 12-21-2009

An Ordinance Vacating a Portion of an Alley in Darlington,  
Montgomery County, Indiana

Mr. Brian Dowers, Chief Operations Officer and Mr. Curt Allison, Loan Officer were present to represent The Fountain Trust Company. There was no one present opposing the ordinance. Council Member Kimberley Carpenter made a motion to approve vacating the alley. Council Member Charles Taylor seconded, the motion passed unanimously.

The hearing was closed.

At this time the regular meeting continued. President Weliever then recognized Tom Schubert of TRIAD. Mr. Schubert reported we are still waiting for equipment to finalize the work at the wastewater plant it should be here by January 29, 2010 and that the project would be finished on time. He also addressed the problem with the drying bed gates. He then reported <sup>ON</sup> of the invoices Ms. Anderson turned in for reimbursement for the \$100,000.00 loan we borrowed prior to the wastewater project starting, that \$60,000.00 has been approved for reimbursement and if the council wishes Triad will look into the remaining to see if they can get more of the remaining \$40,000.00 approved but they will have to charge us by the hour because this is not in our contract with them for the project. After some discussion Charles Taylor made a motion for Triad to go forward with this not to exceed \$2,000.00 in hourly charges. Kimberley Carpenter seconded the motion passed unanimously.

At this time Troy McKinney presented the land application permit authorization to the council by Karle Enviro. After discussion Kimberley Carpenter moved to proceed with this, Charles Taylor seconded the vote was unanimous.

President Weliever then recognized Mr. Hershel Yater. He is concerned about abandoned vehicles blocking the east-west alley on Mill Street that leads to his property. The council is not even sure it is really an alley. Mr. Yater says it is an alley and had a map with him. President Weliever stated we would check on this with our attorney and see what we can legally do. President Weliever asked Marshal Cox to take some pictures to send to our attorney David Peebles.

Electric Superintendent Greg Gayler reported a pole was hit on November 20<sup>th</sup> near Spi-Binding on South Street. Meridian and Academy Street they set 2 poles and a new transformer. That makes 45 poles replaced this year. They have been tree trimming and cleaning and waxing the trucks. The John Deere tractor has been delivered and is in the basement garage of the Armory. Had an outage at Diana Sparks at Garfield which wasn't us it was the wiring and another outage at Franklin Street (squirrel in cage). President Weliever thanked Mr. Gayler for all the new poles and maintenance he has been doing.

Marshal Mark Cox reported there had been a break in at the garage behind the Town Hall building. He recommended we replace the back door with a more secure door without a window in it. Ms. Anderson will get some estimates on a door with a steel frame and installation. President Weliever asked Marshal Cox if he could get some information on a grant for a new police vehicle like the Town of Ladoga did. He will look into this.

Clerk-Treasurer Judy Anderson presented the council with the Marshal's Bond for their signature to renew for our file. She then presented the 2010 Darlington Fire Department contract for their signature. There were no changes from last year's contract.

A representative from the debit and credit card company PayGov.us will possibly attend the next meeting to go over us receiving payment with debit and credit cards. The Energy Grant is finished and has been turned in by Amy Miller of Cornerstone. The alarm system is fully installed and will be activated Wednesday afternoon December 23<sup>rd</sup>.

The wastewater Case tractor can be sold by sealed bid after we advertise it. The ad will be coming out next week that the bids will be opened at the Utility meeting January 7, 2010.

At this time the council unanimously decided that President Weliever would continue as Council President for 2010.

Ms. Carpenter then started a discussion about the residents leaving their leaves on the streets and if we could charge those residents for cleaning them up or at least notify them they have to clean them up or they will be charged a fine, which the council will have to set. The council all agreed this should happen and tabled it until around next August.

Meeting Adjourned.

  
\_\_\_\_\_  
Mary Lou Weliever, DVM, Council President

  
\_\_\_\_\_  
Kimberley A. Carpenter, Council Member

\_\_\_\_\_  
Charles F. Taylor, Council Member

Attest:  
  
\_\_\_\_\_  
Judy D. Anderson, Clerk-Treasurer

Triad Associates, Inc.  
Customer Ledgers

For the Period From Jan 1, 2008 to Apr 30, 2010

Filter Criteria includes: 1) IDs from DAR0050 to DAR0050. Report order is by ID. Repo

Customer ID	Date	Trans No	Type	Debit Amt	payment no.	payments	Balance
DAR0050	6/30/08	200731A-1	SJ	72,000.00	1		72,000.00
Town of Darlington	8/31/08	200731a-2	SJ	24,000.00	1		96,000.00
	10/31/08	200731A-3	SJ	48,000.00	1		144,000.00
	12/31/08	200837A-1	SJ	640.00	1		144,640.00
	12/31/08	200731A-4	SJ	8,000.00	1		152,640.00
	3/12/09	200731A-5	SJ	8,000.00	1		160,640.00
	4/30/09	200731A-6	SJ	4,500.00	1		165,140.00
	6/11/09	200731B-1	SJ	11,906.00	1		177,046.00
	7/30/09	SRF2959085	CRJ			177,046.00	0.00
	8/31/09	200731A-7	SJ	21,600.00	2	8	21,600.00
	9/30/09	200731A-8	SJ	15,600.00	2	8	37,200.00
	10/30/09	200731A-9BC	SJ	977.50	3	16	38,177.50
	10/31/09	200731A-9	SJ	16,200.00	3	16	54,377.50
	11/18/09	SRF2985548	CRJ			37,200.00	17,177.50
	11/30/09	200731A-10	SJ	54,000.00	3	16	71,177.50
	2/28/10	200928B-1	SJ	573.75			71,751.25
	2/28/10	200731A-11	SJ	16,200.00			87,951.25
	3/31/10	200731A-12	SJ	10,800.00			98,751.25
	3/31/10	200928B-2	SJ	1,020.00			99,771.25
	4/19/10	CM-8	SJ	-4,800.00			94,971.25
	4/19/10	CM-10	SJ	-48,600.00			46,371.25
	4/19/10	SRF3029611	CRJ			71,177.00	-24,805.75
	4/30/10	200731A-13	SJ	27,000.00			2,194.25
Report Total				287,617.25		285,423.00	2,194.25

Not paid yet

paid

TRIAD

\$ 272,500.00 - Original Contract 11/19/2007  
 + 11,906.00 - Amendment To Contract 5/7/2009

\$ 284,406.00

+ 2,000.00 Approved Additional Hourly Fee 12/21/2009

\$ 286,406.00

Total Contract to date 6/3/2010

TOWN OF DARLINGTON  
EXIT CONFERENCE

The contents of this report were discussed on June 3, 2010, with Judy D. Anderson, Clerk-Treasurer, and Mary Lou Weliever, DVM, President of the Town Council. The officials concurred with our audit findings.