

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

AUDIT REPORT

OF

TOWN OF FORTVILLE

HANCOCK COUNTY, INDIANA

January 1, 2009 to December 31, 2010



**FILED**  
05/18/2011



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### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Boyd Mitchell	01-01-08 to 12-31-11
President of the Town Council	Sean Simmons Ronald Stafford	01-01-09 to 12-31-10 01-01-11 to 12-31-11
Superintendent of Utilities	Joe Renner	01-01-09 to 12-31-11
Town Manager	Joe Renner	01-01-09 to 12-31-11



**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 FINANCIAL STATEMENTS  
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

TO: THE OFFICIALS OF THE TOWN OF FORTVILLE, HANCOCK 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 Fortville (Town), as of and for the years ended December 31, 2009 and 2010, 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, 2009 and 2010, 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 April 7, 2011, 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 Town has not presented Management's Discussion and Analysis, Schedules of Funding Progress, Schedule of Contributions from the Employer and Other Contributing Entities, 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, Schedule of Capital Assets, 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 Capital Assets and Schedule of Long-Term Debt have 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 them.

The Town's response to the Audit Results and Comments identified in our audit is described in the accompanying section of the report entitled Official Response. We did not audit the Town's response and, accordingly, we express no opinion on it.

STATE BOARD OF ACCOUNTS

April 7, 2011



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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 FORTVILLE, HANCOCK 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 Fortville (Town), as of and for the years ended December 31, 2009 and 2010, which collectively comprise the Town's basic financial statements and have issued our report thereon dated April 7, 2011. 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 2010-1 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 2010-1 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.

The Town's response to the findings identified in our audit is described in the accompanying section of the report entitled Official Response and 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

April 7, 2011

TOWN OF FORTVILLE  
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
<b>Primary government:</b>							
<b>Governmental activities:</b>							
General government	\$ 538,803	\$ 57,189	\$ -	\$ -	\$ (481,614)	\$ -	\$ (481,614)
Public safety	686,175	7,105	-	-	(679,070)	-	(679,070)
Highways and streets	300,390	660	95,362	37,922	(166,446)	-	(166,446)
Sanitation	140,167	-	-	-	(140,167)	-	(140,167)
Economic development	72,213	-	-	-	(72,213)	-	(72,213)
Culture and recreation	127,457	-	-	-	(127,457)	-	(127,457)
Principal and interest on indebtedness	73,728	-	-	-	(73,728)	-	(73,728)
<b>Total governmental activities</b>	<b>1,938,933</b>	<b>64,954</b>	<b>95,362</b>	<b>37,922</b>	<b>(1,740,695)</b>	<b>-</b>	<b>(1,740,695)</b>
<b>Business-type activities:</b>							
Storm Water Utility	80,499	271,171	-	-	-	190,672	190,672
Wastewater Utility	1,124,388	932,671	-	-	-	(191,717)	(191,717)
Water Utility	1,217,770	622,725	215,501	-	-	(379,544)	(379,544)
<b>Total business-type activities</b>	<b>2,422,657</b>	<b>1,826,567</b>	<b>215,501</b>	<b>-</b>	<b>-</b>	<b>(380,589)</b>	<b>(380,589)</b>
<b>Total primary government</b>	<b>\$ 4,361,590</b>	<b>\$ 1,891,521</b>	<b>\$ 310,863</b>	<b>\$ 37,922</b>	<b>(1,740,695)</b>	<b>(380,589)</b>	<b>(2,121,284)</b>
<b>General receipts:</b>							
Property taxes					574,650	-	574,650
Intergovernmental					646,585	-	646,585
Other local sources					77,179	-	77,179
Net proceeds from borrowings					-	438,153	438,153
Grants and contributions not restricted to specific programs					152,340	-	152,340
Investment earnings					4,672	4,513	9,185
<b>Total general receipts</b>					<b>1,455,426</b>	<b>442,666</b>	<b>1,898,092</b>
Change in net assets					(285,269)	62,077	(223,192)
Net assets - beginning					1,296,374	1,138,154	2,434,528
Net assets - ending					<b>\$ 1,011,105</b>	<b>\$ 1,200,231</b>	<b>\$ 2,211,336</b>
<b>Assets</b>							
Cash and investments					\$ 320,122	\$ 807,419	\$ 1,127,541
Restricted assets:							
Cash and investments					690,983	392,812	1,083,795
<b>Total assets</b>					<b>\$ 1,011,105</b>	<b>\$ 1,200,231</b>	<b>\$ 2,211,336</b>
<b>Net Assets</b>							
Restricted for:							
Public safety					\$ 11,946	\$ -	\$ 11,946
Highways and streets					446,189	-	446,189
Culture and recreation					74,079	-	74,079
Debt service					-	334,657	334,657
Capital outlay					158,769	-	158,769
Other purposes					-	58,155	58,155
Unrestricted					320,122	807,419	1,127,541
<b>Total net assets</b>					<b>\$ 1,011,105</b>	<b>\$ 1,200,231</b>	<b>\$ 2,211,336</b>

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

TOWN OF FORTVILLE  
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS  
For The Year Ended December 31, 2010

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	\$ 441,981	\$ 54,965	\$ -	\$ -	\$ (387,016)	\$ -	\$ (387,016)
Public safety	752,274	10,279	4,840	-	(737,155)	-	(737,155)
Highways and streets	330,478	1,421	94,459	39,174	(195,424)	-	(195,424)
Sanitation	124,039	-	-	-	(124,039)	-	(124,039)
Economic development	8,104	-	-	-	(8,104)	-	(8,104)
Culture and recreation	108,670	-	-	-	(108,670)	-	(108,670)
Principal and interest on indebtedness	147,372	-	-	-	(147,372)	-	(147,372)
Total governmental activities	<u>1,912,918</u>	<u>66,665</u>	<u>99,299</u>	<u>39,174</u>	<u>(1,707,780)</u>	<u>-</u>	<u>(1,707,780)</u>
Business-type activities:							
Storm Water Utility	79,896	270,288	-	-	-	190,392	190,392
Wastewater Utility	1,119,602	816,554	-	-	-	(303,048)	(303,048)
Water Utility	1,994,628	672,550	459,499	-	-	(862,579)	(862,579)
Total business-type activities	<u>3,194,126</u>	<u>1,759,392</u>	<u>459,499</u>	<u>-</u>	<u>-</u>	<u>(975,235)</u>	<u>(975,235)</u>
Total primary government	<u>\$ 5,107,044</u>	<u>\$ 1,826,057</u>	<u>\$ 558,798</u>	<u>\$ 39,174</u>	<u>(1,707,780)</u>	<u>(975,235)</u>	<u>(2,683,015)</u>
General receipts:							
Property taxes					1,405,583	-	1,405,583
Intergovernmental					904,772	-	904,772
Other local sources					100,872	-	100,872
Net proceeds from borrowings					-	1,070,158	1,070,158
Grants and contributions not restricted to specific programs					19,798	-	19,798
Investment earnings					3,425	122,148	125,573
Transfers - internal activities					(62,100)	62,100	-
Total general receipts and transfers					<u>2,372,350</u>	<u>1,254,406</u>	<u>3,626,756</u>
Change in net assets					664,570	279,171	943,741
Net assets - beginning					<u>1,011,105</u>	<u>1,200,230</u>	<u>2,211,335</u>
Net assets - ending					<u>\$ 1,675,675</u>	<u>\$ 1,479,401</u>	<u>\$ 3,155,076</u>
<u>Assets</u>							
Cash and investments					\$ 650,760	\$ 889,569	\$ 1,540,329
Restricted assets:							
Cash and investments					<u>1,024,915</u>	<u>589,832</u>	<u>1,614,747</u>
Total assets					<u>\$ 1,675,675</u>	<u>\$ 1,479,401</u>	<u>\$ 3,155,076</u>
<u>Net Assets</u>							
Restricted for:							
Public safety					\$ 10,204	\$ -	\$ 10,204
Highways and streets					575,521	-	575,521
Culture and recreation					171,621	-	171,621
Debt service					24,074	523,646	547,720
Capital outlay					243,495	-	243,495
Other purposes					-	66,186	66,186
Unrestricted					<u>650,760</u>	<u>889,569</u>	<u>1,540,329</u>
Total net assets					<u>\$ 1,675,675</u>	<u>\$ 1,479,401</u>	<u>\$ 3,155,076</u>

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

TOWN OF FORTVILLE  
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	Local Road and Street	Other Governmental Funds	Totals
<b>Receipts:</b>					
Taxes	\$ 258,107	\$ 97,893	\$ -	\$ 218,650	\$ 574,650
Licenses and permits	-	-	-	2,359	2,359
Intergovernmental	470,845	184,012	37,922	228,596	921,375
Charges for services	15	660	-	944	1,619
Fines and forfeits	3,802	-	-	-	3,802
Other	96,194	19,162	-	34,370	149,726
<b>Total receipts</b>	<b>828,963</b>	<b>301,727</b>	<b>37,922</b>	<b>484,919</b>	<b>1,653,531</b>
<b>Disbursements:</b>					
General government	345,402	-	-	26,568	371,970
Public safety	582,778	-	-	21,027	603,805
Highways and streets	-	294,849	-	-	294,849
Sanitation	140,167	-	-	-	140,167
Economic development	5,500	-	-	66,713	72,213
Culture and recreation	-	-	-	122,457	122,457
Urban redevelopment and housing	-	-	-	118,872	118,872
Debt service:					
Principal	-	-	-	60,000	60,000
Interest	-	-	-	13,728	13,728
Capital outlay:					
General government	-	-	-	47,961	47,961
Public safety	82,370	-	-	-	82,370
Highways and streets	-	5,541	-	-	5,541
Culture and recreation	-	-	-	5,000	5,000
<b>Total disbursements</b>	<b>1,156,217</b>	<b>300,390</b>	<b>-</b>	<b>482,326</b>	<b>1,938,933</b>
Excess (deficiency) of receipts over disbursements	(327,254)	1,337	37,922	2,593	(285,402)
Other financing sources (uses):					
Other receipts	-	133	-	-	133
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(327,254)	1,470	37,922	2,593	(285,269)
Cash and investment fund balance - beginning	346,566	207,052	199,745	543,011	1,296,374
Cash and investment fund balance - ending	<u>\$ 19,312</u>	<u>\$ 208,522</u>	<u>\$ 237,667</u>	<u>\$ 545,604</u>	<u>\$ 1,011,105</u>
<b><u>Cash and Investment Assets - Ending</u></b>					
Cash and investments	\$ 19,312	\$ -	\$ -	\$ 300,810	\$ 320,122
Restricted assets:					
Cash and investments	-	208,522	237,667	244,794	690,983
Total cash and investment assets - ending	<u>\$ 19,312</u>	<u>\$ 208,522</u>	<u>\$ 237,667</u>	<u>\$ 545,604</u>	<u>\$ 1,011,105</u>
<b><u>Cash and Investment Fund Balance - Ending</u></b>					
Restricted for:					
Public safety	\$ -	\$ -	\$ -	\$ 11,946	\$ 11,946
Highways and streets	-	208,522	237,667	-	446,189
Culture and recreation	-	-	-	74,079	74,079
Capital outlay	-	-	-	158,769	158,769
Unrestricted	19,312	-	-	300,810	320,122
Total cash and investment fund balance - ending	<u>\$ 19,312</u>	<u>\$ 208,522</u>	<u>\$ 237,667</u>	<u>\$ 545,604</u>	<u>\$ 1,011,105</u>

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

TOWN OF FORTVILLE  
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, 2010

	General Fund	Motor Vehicle Highway	Local Road and Street	Other Governmental Funds	Totals
<b>Receipts:</b>					
Taxes	\$ 675,452	\$ 214,288	\$ -	\$ 515,843	\$ 1,405,583
Licenses and permits	-	-	-	1,800	1,800
Intergovernmental	640,778	204,927	39,174	168,236	1,053,115
Charges for services	20	1,421	-	578	2,019
Fines and forfeits	7,898	-	-	3	7,901
Other	114,010	-	-	43,510	157,520
<b>Total receipts</b>	<b>1,438,158</b>	<b>420,636</b>	<b>39,174</b>	<b>729,970</b>	<b>2,627,938</b>
<b>Disbursements:</b>					
General government	393,387	-	-	14,518	407,905
Public safety	663,771	-	-	15,850	679,621
Highways and streets	-	289,772	40,660	-	330,432
Sanitation	124,039	-	-	-	124,039
Economic development	7,750	-	-	354	8,104
Culture and recreation	-	-	-	108,670	108,670
Urban redevelopment and housing	-	-	-	5,475	5,475
Debt service:					
Principal	-	-	-	107,000	107,000
Interest	-	-	-	40,372	40,372
Capital outlay:					
General government	6,026	-	-	22,575	28,601
Public safety	72,653	-	-	-	72,653
Highways and streets	-	46	-	-	46
<b>Total disbursements</b>	<b>1,267,626</b>	<b>289,818</b>	<b>40,660</b>	<b>314,814</b>	<b>1,912,918</b>
Excess (deficiency) of receipts over disbursements	170,532	130,818	(1,486)	415,156	715,020
<b>Other financing sources (uses):</b>					
Transfers in	-	-	-	92,282	92,282
Transfers out	(16,221)	-	-	(138,161)	(154,382)
Other receipts	11,650	-	-	-	11,650
<b>Total other financing sources (uses)</b>	<b>(4,571)</b>	<b>-</b>	<b>-</b>	<b>(45,879)</b>	<b>(50,450)</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	165,961	130,818	(1,486)	369,277	664,570
Cash and investment fund balance - beginning	19,312	208,522	237,667	545,604	1,011,105
Cash and investment fund balance - ending	<u>\$ 185,273</u>	<u>\$ 339,340</u>	<u>\$ 236,181</u>	<u>\$ 914,881</u>	<u>\$ 1,675,675</u>
<b><u>Cash and Investment Assets - Ending</u></b>					
Cash and investments	\$ 185,273	\$ -	\$ -	\$ 465,487	\$ 650,760
Restricted assets:					
Cash and investments	-	339,340	236,181	449,394	1,024,915
<b>Total cash and investment assets - ending</b>	<u>\$ 185,273</u>	<u>\$ 339,340</u>	<u>\$ 236,181</u>	<u>\$ 914,881</u>	<u>\$ 1,675,675</u>
<b><u>Cash and Investment Fund Balance - Ending</u></b>					
Restricted for:					
Public safety	\$ -	\$ -	\$ -	\$ 10,204	\$ 10,204
Highways and streets	-	339,340	236,181	-	575,521
Culture and recreation	-	-	-	171,621	171,621
Debt service	-	-	-	24,074	24,074
Capital outlay	-	-	-	243,495	243,495
Unrestricted	185,273	-	-	465,487	650,760
<b>Total cash and investment fund balance - ending</b>	<u>\$ 185,273</u>	<u>\$ 339,340</u>	<u>\$ 236,181</u>	<u>\$ 914,881</u>	<u>\$ 1,675,675</u>

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

TOWN OF FORTVILLE  
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

	Storm Water Utility	Wastewater Utility	Water Utility	Totals
Operating receipts:				
Unmetered/flat rate	\$ -	\$ 6,673	\$ -	\$ 6,673
Metered/measured	-	-	414,393	414,393
Fire protection receipts	-	-	117,199	117,199
Fees	271,141	799,751	-	1,070,892
Miscellaneous	30	126,247	91,133	217,410
	<u>271,171</u>	<u>932,671</u>	<u>622,725</u>	<u>1,826,567</u>
Operating disbursements:				
Salaries and wages	40,758	189,940	186,976	417,674
Employee pensions and benefits	16,303	74,782	67,151	158,236
Purchased power	-	45,689	29,277	74,966
Chemicals	-	42,194	52,287	94,481
Material and supplies	2,906	34,025	62,128	99,059
Contractual services	-	92,102	50,758	142,860
Transportation	-	4,078	2,346	6,424
Insurance claims and expense	-	8,942	9,610	18,552
Refunds	-	12,319	3,460	15,779
Equipment and capital improvements	1,162	3,365	-	4,527
Miscellaneous	19,370	67,196	70,750	157,316
	<u>80,499</u>	<u>574,632</u>	<u>534,743</u>	<u>1,189,874</u>
Excess (deficiency) of operating receipts over operating disbursements	<u>190,672</u>	<u>358,039</u>	<u>87,982</u>	<u>636,693</u>
Nonoperating receipts (disbursements):				
Plant and line extensions	-	(106,913)	(546,741)	(653,654)
Investment income	-	3,615	898	4,513
Net proceeds from borrowings	-	106,913	331,240	438,153
Grants	-	-	215,501	215,501
Debt service of principal	-	(291,000)	(110,000)	(401,000)
Interest disbursements	-	(151,843)	(26,286)	(178,129)
	<u>-</u>	<u>(439,228)</u>	<u>(135,388)</u>	<u>(574,616)</u>
Excess (deficiency) of receipts over disbursements and nonoperating receipts (disbursements)	190,672	(81,189)	(47,406)	62,077
Transfers in	-	657,974	463,474	1,121,448
Transfers out	<u>(168,938)</u>	<u>(489,036)</u>	<u>(463,474)</u>	<u>(1,121,448)</u>
Excess (deficiency) of receipts, contributions and transfers in over disbursements and transfers out	21,734	87,749	(47,406)	62,077
Cash and investment fund balance - beginning	<u>157,885</u>	<u>762,069</u>	<u>218,200</u>	<u>1,138,154</u>
Cash and investment fund balance - ending	<u>\$ 179,619</u>	<u>\$ 849,818</u>	<u>\$ 170,794</u>	<u>\$ 1,200,231</u>
<u>Cash and Investment Assets - December 31</u>				
Cash and investments	\$ 179,619	\$ 491,175	\$ 136,625	\$ 807,419
Restricted assets:				
Cash and investments	<u>-</u>	<u>358,643</u>	<u>34,169</u>	<u>392,812</u>
Total cash and investment assets - December 31	<u>\$ 179,619</u>	<u>\$ 849,818</u>	<u>\$ 170,794</u>	<u>\$ 1,200,231</u>
<u>Cash and Investment Fund Balance - December 31</u>				
Restricted for:				
Debt service	\$ -	\$ 320,047	\$ 14,610	\$ 334,657
Other purposes	-	38,596	19,559	58,155
Unrestricted	<u>179,619</u>	<u>491,175</u>	<u>136,625</u>	<u>807,419</u>
Total cash and investment fund balance - December 31	<u>\$ 179,619</u>	<u>\$ 849,818</u>	<u>\$ 170,794</u>	<u>\$ 1,200,231</u>

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

TOWN OF FORTVILLE  
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, 2010

	Storm Water Utility	Wastewater Utility	Water Utility	Totals
Operating receipts:				
Unmetered/flat rate	\$ -	\$ 12,653	\$ -	\$ 12,653
Metered/measured	-	-	419,660	419,660
Fire protection receipts	-	-	178,144	178,144
Fees	270,288	781,589	-	1,051,877
Miscellaneous	-	22,312	74,746	97,058
	<u>270,288</u>	<u>816,554</u>	<u>672,550</u>	<u>1,759,392</u>
Total operating receipts				
Operating disbursements:				
Salaries and wages	44,144	200,468	198,767	443,379
Employee pensions and benefits	16,934	77,200	65,925	160,059
Purchased power	-	44,761	30,039	74,800
Chemicals	-	39,103	47,019	86,122
Material and supplies	1,044	7,152	28,785	36,981
Contractual services	-	104,132	18,910	123,042
Transportation	-	4,309	3,297	7,606
Insurance claims and expense	-	15,931	17,317	33,248
Refunds	-	10,522	3,338	13,860
Equipment and capital improvements	5,242	-	-	5,242
Miscellaneous	12,532	87,828	95,850	196,210
	<u>79,896</u>	<u>591,406</u>	<u>509,247</u>	<u>1,180,549</u>
Total operating disbursements				
Excess (deficiency) of operating receipts over operating disbursements	<u>190,392</u>	<u>225,148</u>	<u>163,303</u>	<u>578,843</u>
Nonoperating receipts (disbursements):				
Plant and line extensions	-	(85,311)	(1,444,346)	(1,529,657)
Investment income	-	1,857	120,291	122,148
Net proceeds from borrowings	-	85,311	984,847	1,070,158
Grants	-	-	459,499	459,499
Debt service of principal	-	(301,000)	-	(301,000)
Interest disbursements	-	(141,885)	(41,035)	(182,920)
	<u>-</u>	<u>(441,028)</u>	<u>79,256</u>	<u>(361,772)</u>
Total nonoperating receipts (disbursements)				
Excess (deficiency) of receipts over disbursements and nonoperating receipts (disbursements)	190,392	(215,880)	242,559	217,071
Transfers in	-	536,227	220,728	756,955
Transfers out	(325,821)	(148,306)	(220,728)	(694,855)
Excess (deficiency) of receipts and transfers in over disbursements and transfers out	(135,429)	172,041	242,559	279,171
Cash and investment fund balance - beginning	<u>179,618</u>	<u>849,818</u>	<u>170,794</u>	<u>1,200,230</u>
Cash and investment fund balance - ending	<u>\$ 44,189</u>	<u>\$ 1,021,859</u>	<u>\$ 413,353</u>	<u>\$ 1,479,401</u>
<u>Cash and Investment Assets - December 31</u>				
Cash and investments	\$ 44,189	\$ 625,033	\$ 220,347	\$ 889,569
Restricted assets:				
Cash and investments	-	396,826	193,006	589,832
Total cash and investment assets - December 31	<u>\$ 44,189</u>	<u>\$ 1,021,859</u>	<u>\$ 413,353</u>	<u>\$ 1,479,401</u>
<u>Cash and Investment Fund Balance - December 31</u>				
Restricted for:				
Debt service	\$ -	\$ 351,289	\$ 172,357	\$ 523,646
Other purposes	-	45,537	20,649	66,186
Unrestricted	<u>44,189</u>	<u>625,033</u>	<u>220,347</u>	<u>889,569</u>
Total cash and investment fund balance - December 31	<u>\$ 44,189</u>	<u>\$ 1,021,859</u>	<u>\$ 413,353</u>	<u>\$ 1,479,401</u>

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

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

	<u>Agency Fund</u>
Cash and investment fund balance - ending	<u>\$ 19,446</u>

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

TOWN OF FORTVILLE  
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
FIDUCIARY FUNDS  
For The Year Ended December 31, 2010

	Private-Purpose Trust Fund	Agency Funds
Additions:		
Contributions:		
Other	\$ 50,000	
Total additions	50,000	
Deductions:		
Total deductions	-	
Excess (deficiency) of total additions over total deductions	50,000	
Cash and investment fund balance - beginning	-	
Cash and investment fund balance - ending	\$ 50,000	\$ 21,338

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

TOWN OF FORTVILLE  
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, health and social services, culture and recreation, public improvements, planning and zoning, general administrative services, water, wastewater, storm water, and urban redevelopment.

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

Primary Government: Town of Fortville

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 Local Road and Street Fund is used for engineering, land acquisition, construction, resurfacing, maintenance, restoration or rehabilitation of local road and street systems.

The Town reports the following major enterprise funds:

The Water Utility Fund accounts for the operation of the water distribution system.

TOWN OF FORTVILLE  
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.

Additionally, the Town reports the following fund types:

The private-purpose trust fund reports trust arrangements under which principal and income benefit the citizens of the Town.

Agency funds account for assets held by the Town as an agent for payroll related withholdings and serves as control of account for certain cash transactions during the time they are a liability to the Town.

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 FORTVILLE  
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). Taxes may be paid in two equal installments which may 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.

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 FORTVILLE  
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 FORTVILLE  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

G. Rounding Differences

The financial statements may contain immaterial differences due to rounding of amounts when the statements were compiled. These differences are considered trivial and do not affect the overall presentation of the financial statements.

II. Stewardship, Compliance and Accountability

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.

III. Detailed Notes on All Funds

A. Deposits

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, 2010, the Town had deposit balances in the amount of \$3,269,410.

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

Interfund transfers for the years ended December 31, 2009 and 2010, were as follows:

TOWN OF FORTVILLE  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Transfer From	Transfer To	2009	2010
General Fund	Other Governmental Funds	\$ -	\$ 16,221
Water Utility	Water Utility	463,474	220,728
Wastewater Utility	Wastewater Utility	489,036	148,306
Storm Water Utility	Wastewater Utility	168,938	325,821
Other Governmental Funds	Wastewater Utility	-	62,100
Other Governmental Funds	Other Governmental Funds	-	76,061
<b>Totals</b>		<b>\$ 1,121,448</b>	<b>\$ 849,237</b>

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; medical benefits to employees, and dependents; and natural disasters.

The risks of torts; theft of, damage to, and destruction of assets; errors and omissions; medical benefits 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.

Job Related Illnesses or Injuries to Employees

During 1993, the Town joined with other governmental entities in the IPEP, a public entity risk pool currently operating as a common risk management and insurance program for many governmental entities. This risk pool was formed in 1990. The purpose of the risk pool is to provide a medium for the funding and administration of job related illnesses and injury coverage. The Town pays an annual premium to the risk pool for its operating as a common risk management and insurance program for governmental entities. The risk pool is considered a self-sustaining risk pool that will provide coverage for its members for up to \$1,000,000 per insured event.

B. Rate Structure – Enterprise Funds

Water Utility

The Utility was granted approval by the Indiana Utility Regulatory Commission to increase rates. The increase became effective September 1, 2009, and amounted to approximately a 51.7% increase to all customers.

TOWN OF FORTVILLE  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Wastewater Utility

The current rate structure was approved by the Town Council on December 13, 2005.

Storm Water Utility

The current rate structure was approved by the Town Council on October 12, 2004.

C. Receipts Pledged

Water Utility Receipts Pledged

The Town has pledged future user fees receipts, net of specified operating expenditures, to repay revenue bonds issued in 2009. Proceeds from the bonds provided financing for a new elevated storage tank, repairs to existing elevated storage tank, and replacement water mains. The bonds are payable solely from user fees net receipts and are payable through 2030. Annual principal and interest payments are expected to require approximately 30 percent of gross receipts.

Wastewater Utility Receipts Pledged

The Town has pledged future user fees receipts, net of specified operating expenditures, to repay revenue bonds issued in 1999. Proceeds from the bonds provided financing for sewer separation South of Michigan. The bonds are payable solely from user fees net receipts and are payable through 2020. Annual principal and interest payments are expected to require approximately 14 percent of gross receipts.

The Town has pledged future user fees receipts, net of specified operating expenditures, to repay revenue bonds issued in 2000. Proceeds from the bonds provided financing for sewer separation. The bonds are payable solely from user fees net receipts and are payable through 2020. Annual principal and interest payments are expected to require approximately 11 percent of gross receipts.

The Town has pledged future user fees receipts, net of specified operating expenditures, to repay revenue bonds issued in 2004. Proceeds from the bonds provided financing for sewer separation phase II. The bonds are payable solely from user fees net receipts and are payable through 2025. Annual principal and interest payments are expected to require approximately 19 percent of gross receipts.

The Town has pledged future user fees receipts, net of specified operating expenditures, to repay revenue bonds issued in 2005. Proceeds from the bonds provided financing for sewer separation phase II. The bonds are payable solely from user fees net receipts and are payable through 2025. Annual principal and interest payments are expected to require approximately 12 percent of gross receipts.

Tax Increment Receipts Pledged

The Town has pledged a portion of property tax revenues from the Tax Increment Financing District to repay \$350,000 in tax increment bonds issued in 2005. The bond proceeds were used to make improvements to the taxing district. The bonds are payable solely from the incremental property tax revenues from the Tax Increment Financing District, generated by property taxes. Incremental property tax revenues from the Tax Increment Financing District were pledged to repay the bond issue. Property tax revenues were projected to produce 100 percent of the debt service requirements over the life of the bonds.

TOWN OF FORTVILLE  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

The Town has pledged a portion of property tax revenues from the Tax Increment Financing District to repay \$400,000 in tax increment bonds issued in 2005. The bond proceeds were used to make improvements to the taxing district. The bonds are payable solely from the incremental property tax revenues from the Tax Increment Financing District, generated by property taxes. Incremental property tax revenues from the Tax Increment Financing District were pledged to repay the bond issue. Property tax revenues were projected to produce 100 percent of the debt service requirements over the life of the bonds.

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 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 \$198,926.

TOWN OF FORTVILLE  
 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

	Donations Specified Donations	Riverboat Sharing	Housing/Kenna Grant	Park and Recreation	Donations Canine Donations	Bonar Grant
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ 67,254	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	21,552	118,872	5,986	-	22,634
Charges for services	-	-	-	-	-	-
Other	10,834	-	-	21,378	-	-
<b>Total receipts</b>	<b>10,834</b>	<b>21,552</b>	<b>118,872</b>	<b>94,618</b>	<b>-</b>	<b>22,634</b>
Disbursements:						
General government	2,044	-	-	-	-	22,634
Public safety	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	122,457	-	-
Urban redevelopment and housing	-	-	118,872	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Capital outlay:						
General government	-	-	-	-	-	-
Culture and recreation	-	-	-	5,000	-	-
<b>Total disbursements</b>	<b>2,044</b>	<b>-</b>	<b>118,872</b>	<b>127,457</b>	<b>-</b>	<b>22,634</b>
Excess (deficiency) of receipts over disbursements	8,790	21,552	-	(32,839)	-	-
Cash and investment fund balance - beginning	1,540	56,650	-	78,225	250	-
Cash and investment fund balance - ending	\$ 10,330	\$ 78,202	\$ -	\$ 45,386	\$ 250	\$ -
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ 10,330	\$ 78,202	\$ -	\$ -	\$ 250	\$ -
Restricted assets:						
Cash and investments	-	-	-	45,386	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ 10,330</b>	<b>\$ 78,202</b>	<b>\$ -</b>	<b>\$ 45,386</b>	<b>\$ 250</b>	<b>\$ -</b>
<b>Cash and Investment Fund Balance - Ending</b>						
Restricted for:						
Public safety	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Culture and recreation	-	-	-	45,386	-	-
Capital outlay	-	-	-	-	-	-
Unrestricted	10,330	78,202	-	-	250	-
<b>Total cash and investment fund balance - ending</b>	<b>\$ 10,330</b>	<b>\$ 78,202</b>	<b>\$ -</b>	<b>\$ 45,386</b>	<b>\$ 250</b>	<b>\$ -</b>

TOWN OF FORTVILLE  
 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  
 (Continued)

	Rainy Day	Continuing Education	Police Drug Forfeiture	Tif	Park Non-Reverting	Certified Shares Special
<b>Receipts:</b>						
Taxes	\$ -	\$ -	\$ -	\$ 92,146	\$ -	\$ -
Licenses and permits	-	2,359	-	-	-	-
Intergovernmental	40,711	-	-	3,006	-	-
Charges for services	-	944	-	-	-	-
Other	-	-	2,158	-	-	-
<b>Total receipts</b>	<b>40,711</b>	<b>3,303</b>	<b>2,158</b>	<b>95,152</b>	<b>-</b>	<b>-</b>
<b>Disbursements:</b>						
General government	-	-	-	-	-	-
Public safety	-	14,130	6,897	-	-	-
Economic development	-	-	-	66,713	-	-
Culture and recreation	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-
<b>Debt service:</b>						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
<b>Capital outlay:</b>						
General government	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
<b>Total disbursements</b>	<b>-</b>	<b>14,130</b>	<b>6,897</b>	<b>66,713</b>	<b>-</b>	<b>-</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>40,711</b>	<b>(10,827)</b>	<b>(4,739)</b>	<b>28,439</b>	<b>-</b>	<b>-</b>
<b>Cash and investment fund balance - beginning</b>	<b>54,961</b>	<b>18,864</b>	<b>8,648</b>	<b>46,286</b>	<b>28,693</b>	<b>62,077</b>
<b>Cash and investment fund balance - ending</b>	<b>\$ 95,672</b>	<b>\$ 8,037</b>	<b>\$ 3,909</b>	<b>\$ 74,725</b>	<b>\$ 28,693</b>	<b>\$ 62,077</b>
<b><u>Cash and Investment Assets - Ending</u></b>						
Cash and investments	\$ 95,672	\$ -	\$ -	\$ 74,725	\$ -	\$ 62,077
<b>Restricted assets:</b>						
Cash and investments	-	8,037	3,909	-	28,693	-
<b>Total cash and investment assets - ending</b>	<b>\$ 95,672</b>	<b>\$ 8,037</b>	<b>\$ 3,909</b>	<b>\$ 74,725</b>	<b>\$ 28,693</b>	<b>\$ 62,077</b>
<b><u>Cash and Investment Fund Balance - Ending</u></b>						
<b>Restricted for:</b>						
Public safety	\$ -	\$ 8,037	\$ 3,909	\$ -	\$ -	\$ -
Culture and recreation	-	-	-	-	28,693	-
Capital outlay	-	-	-	-	-	-
Unrestricted	95,672	-	-	74,725	-	62,077
<b>Total cash and investment fund balance - ending</b>	<b>\$ 95,672</b>	<b>\$ 8,037</b>	<b>\$ 3,909</b>	<b>\$ 74,725</b>	<b>\$ 28,693</b>	<b>\$ 62,077</b>

TOWN OF FORTVILLE  
 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  
 (Continued)

	Bond General	Cumulative Capital Development	GO Bond Construction	Cumulative Capital Improvement	Totals
<b>Receipts:</b>					
Taxes	\$ 50,097	\$ 9,153	\$ -	\$ -	\$ 218,650
Licenses and permits	-	-	-	-	2,359
Intergovernmental	4,460	815	-	10,560	228,596
Charges for services	-	-	-	-	944
Other	-	-	-	-	34,370
<b>Total receipts</b>	<b>54,557</b>	<b>9,968</b>	<b>-</b>	<b>10,560</b>	<b>484,919</b>
<b>Disbursements:</b>					
General government	1,275	615	-	-	26,568
Public safety	-	-	-	-	21,027
Economic development	-	-	-	-	66,713
Culture and recreation	-	-	-	-	122,457
Urban redevelopment and housing	-	-	-	-	118,872
<b>Debt service:</b>					
Principal	60,000	-	-	-	60,000
Interest	13,728	-	-	-	13,728
<b>Capital outlay:</b>					
General government	-	-	47,961	-	47,961
Culture and recreation	-	-	-	-	5,000
<b>Total disbursements</b>	<b>75,003</b>	<b>615</b>	<b>47,961</b>	<b>-</b>	<b>482,326</b>
Excess (deficiency) of receipts over disbursements	(20,446)	9,353	(47,961)	10,560	2,593
Cash and investment fund balance - beginning	-	24,276	71,930	90,611	543,011
Cash and investment fund balance - ending	\$ (20,446)	\$ 33,629	\$ 23,969	\$ 101,171	\$ 545,604
<b><u>Cash and Investment Assets - Ending</u></b>					
Cash and investments	\$ (20,446)	\$ -	\$ -	\$ -	\$ 300,810
<b>Restricted assets:</b>					
Cash and investments	-	33,629	23,969	101,171	244,794
<b>Total cash and investment assets - ending</b>	<b>\$ (20,446)</b>	<b>\$ 33,629</b>	<b>\$ 23,969</b>	<b>\$ 101,171</b>	<b>\$ 545,604</b>
<b><u>Cash and Investment Fund Balance - Ending</u></b>					
<b>Restricted for:</b>					
Public safety	\$ -	\$ -	\$ -	\$ -	\$ 11,946
Culture and recreation	-	-	-	-	74,079
Capital outlay	-	33,629	23,969	101,171	158,769
Unrestricted	(20,446)	-	-	-	300,810
<b>Total cash and investment fund balance - ending</b>	<b>\$ (20,446)</b>	<b>\$ 33,629</b>	<b>\$ 23,969</b>	<b>\$ 101,171</b>	<b>\$ 545,604</b>

TOWN OF FORTVILLE  
 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, 2010

	Donations Specified Donations	Edit/Special Edit Distribution	Riverboat Sharing	Housing/Kenna Grant	Park and Recreation
<b>Receipts:</b>					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 150,836
Licenses and permits	-	-	-	-	-
Intergovernmental	-	65,904	21,553	5,475	28,681
Charges for services	-	-	-	-	-
Fines and forfeits	-	-	-	-	-
Other	9,928	-	-	-	26,695
	<u>9,928</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>26,695</u>
<b>Total receipts</b>	<u>9,928</u>	<u>65,904</u>	<u>21,553</u>	<u>5,475</u>	<u>206,212</u>
<b>Disbursements:</b>					
General government	10,123	-	-	-	-
Public safety	-	-	-	-	-
Economic development	-	-	-	-	-
Culture and recreation	-	-	-	-	108,670
Urban redevelopment and housing	-	-	-	5,475	-
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Capital outlay:					
General government	-	-	-	-	-
	<u>10,123</u>	<u>-</u>	<u>-</u>	<u>5,475</u>	<u>108,670</u>
<b>Total disbursements</b>	<u>10,123</u>	<u>-</u>	<u>-</u>	<u>5,475</u>	<u>108,670</u>
Excess (deficiency) of receipts over disbursements	<u>(195)</u>	<u>65,904</u>	<u>21,553</u>	<u>-</u>	<u>97,542</u>
<b>Other financing sources (uses):</b>					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(195)</u>	<u>65,904</u>	<u>21,553</u>	<u>-</u>	<u>97,542</u>
Cash and investment fund balance - beginning	<u>10,330</u>	<u>-</u>	<u>78,202</u>	<u>-</u>	<u>45,386</u>
Cash and investment fund balance - ending	<u>\$ 10,135</u>	<u>\$ 65,904</u>	<u>\$ 99,755</u>	<u>\$ -</u>	<u>\$ 142,928</u>
<b><u>Cash and Investment Assets - Ending</u></b>					
Cash and investments	\$ 10,135	\$ 65,904	\$ 99,755	\$ -	\$ -
Restricted assets:					
Cash and investments	-	-	-	-	142,928
	<u>10,135</u>	<u>65,904</u>	<u>99,755</u>	<u>-</u>	<u>142,928</u>
<b>Total cash and investment assets - ending</b>	<u>\$ 10,135</u>	<u>\$ 65,904</u>	<u>\$ 99,755</u>	<u>\$ -</u>	<u>\$ 142,928</u>
<b><u>Cash and Investment Fund Balance - Ending</u></b>					
Restricted for:					
Public safety	\$ -	\$ -	\$ -	\$ -	\$ -
Culture and recreation	-	-	-	-	142,928
Debt service	-	-	-	-	-
Capital outlay	-	-	-	-	-
Unrestricted	10,135	65,904	99,755	-	-
	<u>10,135</u>	<u>65,904</u>	<u>99,755</u>	<u>-</u>	<u>-</u>
<b>Total cash and investment fund balance - ending</b>	<u>\$ 10,135</u>	<u>\$ 65,904</u>	<u>\$ 99,755</u>	<u>\$ -</u>	<u>\$ 142,928</u>

TOWN OF FORTVILLE  
 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, 2010  
 (Continued)

	Donations Canine Donations	Bonar Grant	Rainy Day	Continuing Education	Nasa/Operating Grant
<b>Receipts:</b>					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	1,800	-
Intergovernmental	-	4,395	-	-	4,840
Charges for services	-	-	-	578	-
Fines and forfeits	-	-	-	3	-
Other	-	-	-	2,861	-
<b>Total receipts</b>	<b>-</b>	<b>4,395</b>	<b>-</b>	<b>5,242</b>	<b>4,840</b>
<b>Disbursements:</b>					
General government	-	4,395	-	-	-
Public safety	-	-	-	9,419	4,840
Economic development	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Capital outlay:					
General government	-	-	-	-	-
<b>Total disbursements</b>	<b>-</b>	<b>4,395</b>	<b>-</b>	<b>9,419</b>	<b>4,840</b>
Excess (deficiency) of receipts over disbursements	-	-	-	(4,177)	-
<b>Other financing sources (uses):</b>					
Transfers in	-	-	16,221	-	-
Transfers out	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>16,221</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	16,221	(4,177)	-
Cash and investment fund balance - beginning	250	-	95,672	8,037	-
Cash and investment fund balance - ending	<u>\$ 250</u>	<u>\$ -</u>	<u>\$ 111,893</u>	<u>\$ 3,860</u>	<u>\$ -</u>
<b><u>Cash and Investment Assets - Ending</u></b>					
Cash and investments	\$ 250	\$ -	\$ 111,893	\$ -	\$ -
Restricted assets:					
Cash and investments	-	-	-	3,860	-
<b>Total cash and investment assets - ending</b>	<b><u>\$ 250</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 111,893</u></b>	<b><u>\$ 3,860</u></b>	<b><u>\$ -</u></b>
<b><u>Cash and Investment Fund Balance - Ending</u></b>					
Restricted for:					
Public safety	\$ -	\$ -	\$ -	\$ 3,860	\$ -
Culture and recreation	-	-	-	-	-
Debt service	-	-	-	-	-
Capital outlay	-	-	-	-	-
Unrestricted	250	-	111,893	-	-
<b>Total cash and investment fund balance - ending</b>	<b><u>\$ 250</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 111,893</u></b>	<b><u>\$ 3,860</u></b>	<b><u>\$ -</u></b>

TOWN OF FORTVILLE  
 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, 2010  
 (Continued)

	Police Drug Forfeiture	Tif	Park Non-Reverting	Certified Shares Special	Bond General
Receipts:					
Taxes	\$ -	\$ 179,596	\$ -	\$ -	\$ 104,701
Licenses and permits	-	-	-	-	-
Intergovernmental	-	10,216	-	-	14,188
Charges for services	-	-	-	-	-
Fines and forfeits	-	-	-	-	-
Other	4,026	-	-	-	-
	<u>4,026</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total receipts	<u>4,026</u>	<u>189,812</u>	<u>-</u>	<u>-</u>	<u>118,889</u>
Disbursements:					
General government	-	-	-	-	-
Public safety	1,591	-	-	-	-
Economic development	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-
Debt service:					
Principal	-	44,000	-	-	63,000
Interest	-	29,003	-	-	11,369
Capital outlay:					
General government	-	-	-	-	-
	<u>1,591</u>	<u>73,003</u>	<u>-</u>	<u>-</u>	<u>74,369</u>
Total disbursements	<u>1,591</u>	<u>73,003</u>	<u>-</u>	<u>-</u>	<u>74,369</u>
Excess (deficiency) of receipts over disbursements	<u>2,435</u>	<u>116,809</u>	<u>-</u>	<u>-</u>	<u>44,520</u>
Other financing sources (uses):					
Transfers in	-	-	-	-	-
Transfers out	-	(76,061)	-	-	-
	<u>-</u>	<u>(76,061)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>(76,061)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	2,435	40,748	-	-	44,520
Cash and investment fund balance - beginning	<u>3,909</u>	<u>74,725</u>	<u>28,693</u>	<u>62,077</u>	<u>(20,446)</u>
Cash and investment fund balance - ending	<u>\$ 6,344</u>	<u>\$ 115,473</u>	<u>\$ 28,693</u>	<u>\$ 62,077</u>	<u>\$ 24,074</u>
<u>Cash and Investment Assets - Ending</u>					
Cash and investments	\$ -	\$ 115,473	\$ -	\$ 62,077	\$ -
Restricted assets:					
Cash and investments	6,344	-	28,693	-	24,074
Total cash and investment assets - ending	<u>\$ 6,344</u>	<u>\$ 115,473</u>	<u>\$ 28,693</u>	<u>\$ 62,077</u>	<u>\$ 24,074</u>
<u>Cash and Investment Fund Balance - Ending</u>					
Restricted for:					
Public safety	\$ 6,344	\$ -	\$ -	\$ -	\$ -
Culture and recreation	-	-	28,693	-	-
Debt service	-	-	-	-	24,074
Capital outlay	-	-	-	-	-
Unrestricted	-	115,473	-	62,077	-
Total cash and investment fund balance - ending	<u>\$ 6,344</u>	<u>\$ 115,473</u>	<u>\$ 28,693</u>	<u>\$ 62,077</u>	<u>\$ 24,074</u>

TOWN OF FORTVILLE  
 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, 2010  
 (Continued)

	Cumulative Capital Development	Redevelopment Community Oper - TIF	GO Bond Construction	Cumulative Capital Improvement	Totals
<b>Receipts:</b>					
Taxes	\$ 21,757	\$ 58,953	\$ -	\$ -	\$ 515,843
Licenses and permits	-	-	-	-	1,800
Intergovernmental	2,900	-	-	10,084	168,236
Charges for services	-	-	-	-	578
Fines and forfeits	-	-	-	-	3
Other	-	-	-	-	43,510
<b>Total receipts</b>	<b>24,657</b>	<b>58,953</b>	<b>-</b>	<b>10,084</b>	<b>729,970</b>
<b>Disbursements:</b>					
General government	-	-	-	-	14,518
Public safety	-	-	-	-	15,850
Economic development	-	354	-	-	354
Culture and recreation	-	-	-	-	108,670
Urban redevelopment and housing	-	-	-	-	5,475
<b>Debt service:</b>					
Principal	-	-	-	-	107,000
Interest	-	-	-	-	40,372
<b>Capital outlay:</b>					
General government	-	-	22,575	-	22,575
<b>Total disbursements</b>	<b>-</b>	<b>354</b>	<b>22,575</b>	<b>-</b>	<b>314,814</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>24,657</b>	<b>58,599</b>	<b>(22,575)</b>	<b>10,084</b>	<b>415,156</b>
<b>Other financing sources (uses):</b>					
Transfers in	-	76,061	-	-	92,282
Transfers out	-	(62,100)	-	-	(138,161)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>13,961</b>	<b>-</b>	<b>-</b>	<b>(45,879)</b>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<b>24,657</b>	<b>72,560</b>	<b>(22,575)</b>	<b>10,084</b>	<b>369,277</b>
Cash and investment fund balance - beginning	33,629	-	23,969	101,171	545,604
Cash and investment fund balance - ending	\$ 58,286	\$ 72,560	\$ 1,394	\$ 111,255	\$ 914,881
<b><u>Cash and Investment Assets - Ending</u></b>					
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ 465,487
<b>Restricted assets:</b>					
Cash and investments	58,286	72,560	1,394	111,255	449,394
<b>Total cash and investment assets - ending</b>	<b>\$ 58,286</b>	<b>\$ 72,560</b>	<b>\$ 1,394</b>	<b>\$ 111,255</b>	<b>\$ 914,881</b>
<b><u>Cash and Investment Fund Balance - Ending</u></b>					
<b>Restricted for:</b>					
Public safety	\$ -	\$ -	\$ -	\$ -	\$ 10,204
Culture and recreation	-	-	-	-	171,621
Debt service	-	-	-	-	24,074
Capital outlay	58,286	72,560	1,394	111,255	243,495
Unrestricted	-	-	-	-	465,487
<b>Total cash and investment fund balance - ending</b>	<b>\$ 58,286</b>	<b>\$ 72,560</b>	<b>\$ 1,394</b>	<b>\$ 111,255</b>	<b>\$ 914,881</b>

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

	Payroll Net Pay
Additions:	
Agency fund additions	<u>\$ 1,607,790</u>
Deductions:	
Agency fund deductions	<u>1,604,384</u>
Excess (deficiency) of total additions over total deductions	3,406
Cash and investment fund balance - beginning	<u>16,040</u>
Cash and investment fund balance - ending	<u><u>\$ 19,446</u></u>

TOWN OF FORTVILLE  
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
 AGENCY FUNDS  
 For The Year Ended December 31, 2010

	Payroll Net Pay	Levy Excess	Totals
Additions:			
Agency fund additions	\$ 1,479,975	\$ 2,633	\$ 1,482,608
Deductions:			
Agency fund deductions	1,480,715	-	1,480,715
Excess (deficiency) of total additions over total deductions	(740)	2,633	1,893
Cash and investment fund balance - beginning	19,445	-	19,445
Cash and investment fund balance - ending	\$ 18,705	\$ 2,633	\$ 21,338

TOWN OF FORTVILLE  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF CAPITAL ASSETS  
 December 31, 2010

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.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets:	
Land	\$ 852,210
Infrastructure	830,327
Buildings	106,699
Improvements other than buildings	48,006
Machinery and equipment	<u>961,489</u>
 Total governmental activities, capital assets not being depreciated	 <u>\$ 2,798,731</u>
<u>Primary Government</u>	<u>Ending Balance</u>
Business-type activities:	
Water Utility:	
Capital assets	
Land	\$ 32,214
Infrastructure	1,695,131
Construction In Progress	2,666,712
Buildings	340,000
Improvements other than buildings	571,219
Machinery and equipment	399,773
Transportation equipment	<u>40,817</u>
 Total Water Utility capital assets	 <u>5,745,866</u>
Wastewater Utility:	
Capital assets:	
Infrastructure	4,415,452
Construction in progress	684,171
Improvements other than buildings	<u>1,173,524</u>
 Total Wastewater Utility capital assets	 <u>6,273,147</u>
Storm Water Utility:	
Capital assets:	
Improvements other than buildings	<u>1,473</u>
 Total Storm Water Utility capital assets	 <u>1,473</u>
 Total business-type activities capital assets	 <u>\$ 12,020,486</u>

TOWN OF FORTVILLE  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF LONG-TERM DEBT  
 December 31, 2010

The Town has entered into the following long-term debt:

Description of Asset	Ending Balance	Due Within One Year
Governmental activities:		
Capital leases:		
2008 Police Cars Lease	\$ 70,974	\$ 22,569
2010 Police Vehicles Lease	89,400	20,451
Bonds payable:		
General obligation bonds:		
General Obligation Bonds of 2006	244,000	67,000
Tax Increment Bonds of 2005, Series A	247,000	26,000
Tax Increment Bonds of 2005, Series B	<u>364,000</u>	<u>25,000</u>
Total governmental activities long-term debt	<u>\$ 1,015,374</u>	<u>\$ 161,020</u>
Business-type activities:		
Water Utility:		
Revenue bonds:		
Revenue Bonds of 1998	\$ 370,000	\$ 115,000
Revenue Bonds of 2009	<u>1,310,348</u>	<u>*</u>
Total Water Utility	<u>1,680,348</u>	<u>115,000</u>
Wastewater Utility:		
Revenue bonds:		
Revenue Bonds of 1999, Series A	895,000	75,000
Revenue Bonds of 2000, Series B	715,000	61,000
Revenue Bonds of 2004, Series A	1,459,740	*
Revenue Bonds of 2005	<u>1,009,758</u>	<u>*</u>
Total Wastewater Utility	<u>4,079,498</u>	<u>136,000</u>
Total business-type activities long-term debt	<u>\$ 5,759,846</u>	<u>\$ 251,000</u>

\* - The total amount borrowed has not been received and this information is not established.

TOWN OF FORTVILLE  
AUDIT RESULTS AND COMMENTS

INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

We noted several deficiencies in the internal control system of the Town related to financial transactions and reporting. Controls over the receipting, disbursing, recording, and accounting for the financial activities were insufficient due to lack of segregation of duties and lack of monitoring. We believe the following deficiencies constitute material weaknesses:

1. Lack of Segregation of Duties: The segregation of accounting duties in the Clerk-Treasurer's office was inadequate. The Clerk-Treasurer was responsible for reconciling the bank account to the Town's records each month. While all utility funds were collected and deposited by the utility clerks, the Town funds were collected by the Clerk-Treasurer, utility clerks or the police department employees. The Town fund bank deposits were prepared by the Clerk-Treasurer and delivered to the bank by the Utility clerks or the Clerk-Treasurer. In these instances, the Clerk-Treasurer issued receipts and created the bank deposits for these Town funds. The Clerk-Treasurer wrote checks, and posted financial transactions to the computerized accounting system. There also was no oversight or approval of the bank reconciliations once they were completed. The lack of oversight and approval of bank reconciliations and the inadequate segregation of accounting duties could allow fraud or errors to occur and remain undetected.
2. Monitoring of Controls: Effective internal control over financial transactions and 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 their 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 financial statement misstatements and errors or fraud in a timely manner.

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 objectives, 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)

FUNDS EXCLUDED FROM RECORDS

Financial records (ledgers) presented for audit were complete, except for the activity of some of the State Revolving Fund (SRF) Loan funds and the American Recovery and Reinvestment Act (ARRA) grant funds. These grants have been kept in separate bank accounts and the financial information was not included in the ledgers. The information was not included in the Annual City and Town Financial Reports (CTAR) filed by the Town for 2009 and 2010, and has not always been included in past periods. Records were kept for these accounts and they were presented for audit. Sufficient information was presented for audit to properly report balances and transactions. The Financial Statements were adjusted to reflect the additional funds.

TOWN OF FORTVILLE  
AUDIT RESULTS AND COMMENTS  
(Continued)

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

ORDINANCES AND RESOLUTIONS

The Storm Water Utility user fees were transferred to the Wastewater Utility funds. In 2010, monthly transfers were made from the Storm Water Utility Operating Fund to the Wastewater Bond and Interest Fund totaling \$325,821. In 2009, the Storm Water Utility Operating Fund transferred a total of \$168,938 to two separate Wastewater Utility funds. Documentation indicating the nature of the transfer and the relationship with the Storm Water Utility was not included with the accounts payable vouchers. These types of transfers also existed in prior years.

The following excerpts were included in Ordinance 2004-9A concerning Storm Water Management: ". . . WHEREAS, the Council has determined that it is necessary and desirable to collect fees to provide for the operation and maintenance of the storm water system, as well as pay for the cost of financing certain storm water projects currently being considered by the Town, and . . . Section 7. There is hereby created an account entitled Storm Water. Said account may only be used for the construction, remodeling, repair and extension of storm sewers; relief sewers and drains in aid of the drainage or storm water system; and the payment of the Town's portion of any public storm water sewer or drainage project that lies partly or wholly within the Town and aids or is connected to the drainage or storm water system of the Town. . . ."

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

PUBLIC PURCHASES LAW - POLICE VEHICLES

In January 2010, the Town purchased four cars and one truck for police use. The purchase price for the vehicles was \$111,475; however, evidence of bids was not presented for audit.

IC 5-22-7-8 states: "A contract must be awarded with reasonable promptness by written notice to the lowest responsible and responsive bidder."

EQUIPMENT PURCHASED BY LOAN - POLICE VEHICLES

As similarly stated in prior Report B37981, an ordinance was not passed to allow the Town to borrow \$112,203 in October 2009 for the purchase of five police vehicles. The contract signed was a "Master Equipment Lease/Purchase Agreement" and had terminology similar to common leases. This contract was offered by a finance company, not a vendor selling equipment. The Town Board minutes also referred to this transaction as a lease. The substance of the transaction involved the Town signing

TOWN OF FORTVILLE  
AUDIT RESULTS AND COMMENTS  
(Continued)

the agreement and the \$112,203 going into a bank account as an escrow. Then, invoices were sent by the Town to the agent to pay for the vehicles. The original lender was Public-Finance.Com, Inc.; a UCC Filing Statement has been made by the creditor for the vehicles purchased with the loan proceeds.

IC 36-5-2-11(d) states:

"The legislative body may, by ordinance, make loans of money for not more than five (5) years and issue notes for the purpose of refunding those loans. The loans may be made only for the purpose of procuring money to be used in the exercise of the powers of the town, and the total amount of outstanding loans under this subsection may not exceed five percent (5%) of the town's total tax levy in the current year (excluding amounts levied to pay debt service and lease rentals). Loans under this subsection shall be made as follows:

- (1) The ordinance authorizing the loans must pledge to their payment a sufficient amount of tax revenues over the ensuing five (5) years to provide for refunding the loans.
- (2) The loans must be evidenced by notes of the town in terms designating the nature of the consideration, the time and place payable, and the revenues out of which they will be payable.
- (3) The interest accruing on the notes to the date of maturity may be added to and included in their face value or be made payable periodically, as provided in the ordinance."

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 FORTVILLE, HANCOCK COUNTY, INDIANA

Compliance

We have audited the compliance of the Town of Fortville (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, 2009 and 2010. 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.

In our opinion, the Town complied in all material respects with the requirements referred to above that are applicable to each of its major federal programs for the years ended December 31, 2009 and 2010.

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 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.

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)

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.

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.

Our consideration of the internal control over compliance 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. We did not identify any deficiencies in internal control over compliance that we consider to be significant deficiencies or material weaknesses, as defined above.

The Town's response to the findings identified in our audit is described in the accompanying Official Response. 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

April 7, 2011

TOWN OF FORTVILLE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Years Ended December 31, 2009 and 2010

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 12-31-09	Total Federal Awards Expended 12-31-10
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>				
Pass-Through Indiana Housing and Community Development Authority CDBG Entitlement Grants Cluster Community Development Block Grants/State's Program	14.228	HD-008-018	\$ 118,444	\$ 5,475
Total for cluster and federal grantor agency			<u>118,444</u>	<u>5,475</u>
<u>U.S. DEPARTMENT OF JUSTICE</u>				
Pass-Through Indiana Criminal Justice Institute Edward Byrne Memorial Justice Assistance Grant (JAG) JAG 10K and under	16.738	09-DJ-060	-	5,584
Total for program and federal grantor agency			<u>-</u>	<u>5,584</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>				
Pass-Through Indiana Department of Transportation Highway Planning and Construction Cluster Highway Research and Development Program	20.205	STP-3348 (004)	22,634	4,395
Total for program and federal grantor agency			<u>22,634</u>	<u>4,395</u>
<u>U.S. ENVIRONMENTAL PROTECTION AGENCY</u>				
Pass-Through Indiana Finance Authority Capitalization Grants for Clean Water State Revolving Funds	66.458	WW0554303 WW0554304	42,765 -	13,917 20,208
Total for program			<u>42,765</u>	<u>34,125</u>
Capitalization Grants for Drinking Water State Revolving Funds	66.468	2F-00E72901-0	132,496	393,939
ARRA - Capitalization Grants for Drinking Water State Revolving Funds	66.468	2F-00E72901-0	215,501	459,499
Total for program			<u>347,997</u>	<u>853,438</u>
Total for federal grantor agency			<u>390,762</u>	<u>887,563</u>
Total federal awards expended			<u>\$ 531,840</u>	<u>\$ 903,017</u>

The accompanying note is an integral part of the Schedule of Expenditures of Federal Awards.

TOWN OF FORTVILLE  
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Town of Fortville (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.

TOWN OF FORTVILLE  
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?	none reported

Noncompliance material to financial statements noted? no

Federal Awards:

Internal control over major programs:

Material weaknesses identified?	no
Significant deficiencies identified that are not considered to be material weaknesses?	none reported

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

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? no

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
66.468	Capitalization Grants for Drinking 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 2010-1, INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

We noted several deficiencies in the internal control system of the Town related to financial transactions and reporting. Controls over the receipting, disbursing, recording, and accounting for the financial activities were insufficient due to lack of segregation of duties and lack of monitoring. We believe the following deficiencies constitute material weaknesses:

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

utility clerks or the police department employees. The Town fund bank deposits were prepared by the Clerk-Treasurer and delivered to the bank by the Utility clerks or the Clerk-Treasurer. In these instances, the Clerk-Treasurer issued receipts and created the bank deposits for these Town funds. The Clerk-Treasurer wrote checks, and posted financial transactions to the computerized accounting system. There also was no oversight or approval of the bank reconciliations once they were completed. The lack of oversight and approval of bank reconciliations and the inadequate segregation of accounting duties could allow fraud or errors to occur and remain undetected.

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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)

We recommended the Town establish internal controls that adequately segregate the accounting duties and provide better assurances regarding the reliability of the financial information, effectiveness of operations, and compliance with laws and regulations.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

TOWN OF FORTVILLE  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.



# TOWN OF FORTVILLE

714 East Broadway Street  
Fortville, Indiana 46040-1557

## Town Council

Phillip K. Scrogam  
Tammy Gilbert  
Sean Simmons  
Ron Stafford  
Jeff Ratliff

## Clerk-Treasurer

Boyd "Bud" Mitchell

## Town Manager

Joe Renner

CORRECTIVE ACTION PLAN  
TO 2009-2010 STATE BOARD OF ACCOUNTS AUDIT  
TOWN OF FORTVILLE, INDIANA

### LACK OF SEGREGATION OF DUTIES

The Clerk-Treasurer's office will review and attempt to institute duties that would involve, at least on a sample basis, reviews of the work being performed by each of the office employees. However, the Town is a very small governmental unit and the cost associated with employing the additional staff necessary to properly segregate the duties in the Clerk's office would outweigh the benefits of a stronger internal control structure. We acknowledge and assume the risk inherent with the current design of the Clerk's office.

BOYD L. MITCHELL, Clerk-Treasurer

March 28, 2011

#### Town Offices

Clerk/Treasurer	Town Manager	Town Marshal	Fire Department	Street Department	Utility Treatment	Fax
(317) 485-4044	(317) 485-4712	(317) 485-7483	(317) 485-5354	(317) 485-6331	(317) 485-5432	(317) 485-4141

TOWN OF FORTVILLE  
EXIT CONFERENCE

The contents of this report were discussed on April 7, 2011, with Boyd Mitchell, Clerk-Treasurer; Cyndi Mitchell, Deputy Clerk-Treasurer; Ronald Stafford, President of the Town Council; Sarah Brown, Town Council member; Jeff Ratliff, Town Council member; and Joe Renner, Town Manager. An official response from the Clerk-Treasurer has been made a part of this report and may be found on page 47.

OFFICIAL RESPONSE  
TO THE 2011 STATE BOARD OF ACCOUNTS AUDIT  
TOWN OF FORTVILLE, INDIANA

ORDINANCES AND RESOLUTIONS

The Stormwater Rate Ordinance #2004-9A states you may use the storm account to pay "the town's portion of any public stormwater sewer or drainage project that lies partly or wholly within the town and aids or is connect to the drainage of stormwater system of the town" . The bonds are the town's portion of this project and the project does fit within the projects referenced. The stormwater funds are in the same account as the sewer funds.

The Stormwater rates were established under IC 36-9-23 and are permitted to use the revenues for any lawful purpose, including bond payments, under the sewage works authority.

Therefore, the Town strenuously requests deletion of this comment for the above reason.

  
BOYD L. MITCHELL, Clerk-Treasurer  
Town of Fortville, Indiana