

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

CITY OF BOONVILLE
WARRICK COUNTY, INDIANA

January 1, 2011 to December 31, 2011



FILED
05/11/2012

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Nancy Brill	01-01-08 to 12-31-15
Mayor	Pamela Hendrickson	01-01-08 to 12-31-15
President of the Board of Public Works	Pamela Hendrickson	01-01-08 to 12-31-15
President of the Common Council	Jim Ruff Ronald Tubbs	01-01-11 to 12-31-11 01-01-12 to 12-31-12



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE CITY OF BOONVILLE, WARRICK COUNTY, INDIANA

We have audited the accompanying financial statement of the City of Boonville (City), for the year ended December 31, 2011. This financial statement is the responsibility of the City's management. Our responsibility is to express an opinion on this financial statement 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 statement is free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. 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 opinion.

As discussed in Note 1, the City prepares its financial statement on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The basis of accounting noted above is a different basis than that used in the prior year.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the City for the year ended December 31, 2011, on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued a report dated April 2, 2012, on our consideration of the City'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
(Continued)

Our audit was conducted for the purpose of forming an opinion on the City's financial statement. 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 financial statement. Such information has been subjected to the auditing procedures applied in the audit of the financial statement and, in our opinion, is fairly stated, in all material respects, in relation to the financial statement taken as a whole.

Our audit was conducted for the purpose of forming an opinion on the City's financial statement. The Combining Schedule of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis is presented for additional analysis and is not a required part of the financial statement. It has not been subjected to the auditing procedures applied by us in the audit of the financial statement and, accordingly, we express no opinion on it.

The City'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 City's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the City's management, City Council, others within the entity, 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 2, 2012



STATE OF INDIANA
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302 WEST WASHINGTON STREET
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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENT
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

TO: THE OFFICIALS OF THE CITY OF BOONVILLE, WARRICK COUNTY, INDIANA

We have audited the financial statement of the City of Boonville (City), for the year ended December 31, 2011, and have issued our report thereon dated April 2, 2012. 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 City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A deficiency in internal control 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 and correct misstatements on a timely basis. A material weakness is a deficiency or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statement is 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 City'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 City's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the City's management, City Council, others within the entity, 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 2, 2012

FINANCIAL STATEMENT

The financial statement and accompanying notes were approved by management of the City. The financial statement and notes are presented as intended by the City.

CITY OF BOONVILLE
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For The Year Ended December 31, 2011

Fund	Cash and Investments 01-01-11	Receipts	Disbursements	Cash and Investments 12-31-11
General	\$ 487,913	\$ 2,381,213	\$ 2,370,263	\$ 498,863
Motor Vehicle Highway	107,169	427,031	336,418	197,782
Local Road and Street	65,256	63,799	39,723	89,332
Parking Meter Fund	40,775	24,824	1,695	63,904
Police Continuing Education	2,219	8,201	2,260	8,160
Park Fund	64,290	177,486	130,936	110,840
Rainy Day Fund	429,316	-	346,010	83,306
Haz Mat Fund - Fire Department	5,063	2,500	-	7,563
Levy Excess Fund	8,200	-	8,200	-
Fire Territory Fund	-	1,759,949	1,527,668	232,281
Edit Excess	865,370	894,057	1,075,307	684,120
Cumulative Capital Improvement	21,423	19,626	8,143	32,906
Fire Territory Replacement Fund	-	224,287	42,324	181,963
Police Pension	322,313	118,694	104,114	336,893
Fire Pension	221,760	244,433	240,828	225,365
Police Seizures and Forfeitures	-	2,640	-	2,640
OCRA Grant	-	63,500	63,500	-
Police Public Relations	93	-	-	93
Fire FEMA Grant FG19030	89,680	1,000	90,275	405
Board of Works Grant Downtown Revitalization	-	19,305	19,305	-
Operation Pull Over Grant SF269-04	12	-	-	12
Fire Donations/Insurance Reimbursements	690	-	-	690
Spray Park - Donations	606	50	-	656
Fire Homeland Security Grant	-	798	-	798
Fire Dept Training and Prevention	377	65	-	442
Build Indiana Fund	1,673	-	-	1,673
Police Donation Fund	5,543	10,551	2,754	13,340
Code Enforcement Fund	6,973	15,608	9,301	13,280
Fire Department - Segregated Fund	140,832	131,620	40,145	232,307
Lease Rental Reserve	1,742,319	992,144	924,000	1,810,463
Fire Pension Market Monitor	150,668	151	-	150,819
Police Pension Market Monitor	157,239	157	-	157,396
Payroll Fund	12,426	1,639,077	1,646,311	5,192
Payroll Fed/Fica/Medi Tax	-	330,464	330,464	-
Electric Operating and Maintenance	41,166	501,610	460,211	82,565
Electric Cash Reserve	684,630	527,020	459,476	752,174
Wastewater Bond 2010 SRF	-	101,472	31,142	70,330
Wastewater SRF Construction	-	2,781,774	2,781,774	-
Wastewater SRF Debt Service Reserve	95,392	460,434	-	555,826
Wastewater Operating and Maintenance	192,761	5,550,184	5,619,356	123,589
Wastewater Bonds and Interest	3,173	348,006	347,088	4,091
Wastewater Construction	10,830	54	-	10,884
Wastewater Replacement	65,272	6,000	-	71,272
Wastewater Debt Service Reserve	478,035	2	460,434	17,603
Water Operating and Maintenance	155,816	1,871,123	1,655,929	371,010
Water Bonds and Interest	217	364,056	363,895	378
Water Customer Deposits	130,929	20,250	16,663	134,516
Water Construction 2009	92,080	-	92,080	-
Water Bond and Interest	83,462	-	-	83,462
Water 2009 Bond Transfers	113,411	127,519	214,976	25,954
Water Debt Service Reserve	5,809	3	-	5,812
Water 2009 Debt Service Reserve	300,650	47,581	-	348,231
Totals	<u>\$ 7,403,831</u>	<u>\$ 22,260,318</u>	<u>\$ 21,862,968</u>	<u>\$ 7,801,181</u>

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

CITY OF BOONVILLE
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The City was established under the laws of the State of Indiana. The City operates under a Council-Mayor form of government and provides some the following services: public safety (police and fire), highways and streets, culture and recreation, public improvements, planning and zoning, general administrative services, water, wastewater, electric, and urban redevelopment and housing.

The accompanying financial statement presents the financial information for the City (primary government), and does not include financial information for any of the City's legally separate component units, which accounting principles generally accepted in the United States of America require to be reported with the financial information of the City (primary government).

B. Basis of Accounting

The financial statement is reported on a regulatory basis of accounting prescribed by the State Board of Accounts in accordance with state statute (IC 5-11-1-6), 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 regulatory 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.

C. Cash and Investments

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

D. Receipts

Receipts are presented in the aggregate on the face of the financial statement. The aggregate receipts include the following sources:

Taxes which can include one or more of the following: property taxes, certified shares (local option tax), property tax replacement credit (local option tax), county option income tax, wheel tax, innkeepers tax, food and beverage tax, county economic development income tax, boat and trailer excise tax, county adjusted gross income tax, and other taxes that are set by the City.

Licenses and permits which include amounts received from businesses, occupations, or nonbusinesses that must be licensed before doing business within the government's jurisdiction or permits levied according to the benefits presumably conferred by the permit. Examples of licenses and permits include: peddler licenses, dog tax licenses, auctioneer license, building and planning permits, demolition permits, electrical permits, sign permits, and gun permits.

CITY OF BOONVILLE
NOTES TO FINANCIAL STATEMENT
(Continued)

Intergovernmental receipts which include receipts from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of this type of receipts include, but are not limited to: federal grants, state grants, cigarette tax distributions received from the state, motor vehicle highway distribution received from the state, local road and street distribution received from the state, financial institution tax received from the state, auto excise surtax received from the state, commercial vehicle excise tax received from the state, major moves distributions received from the state, and riverboat receipts received from the county.

Charges for services which can include, but are not limited to the following: planning commission charges, building department charges, copies of public records, copy machine charges, accident report copies, gun permit applications, 911 telephone services, recycling fees, dog pound fees, emergency medical service fees, park rental fees, swimming pool receipts, cable tv receipts, ordinance violations, fines and fees, bond forfeitures, court costs, and court receipts.

Fines and forfeits which include receipts derived from fines and penalties imposed for the commission of statutory offenses, violation of lawful administrative rules and regulations (fines), and for the neglect of official duty and monies derived from confiscating deposits held as performance guarantees (forfeitures).

Utility fees which are comprised mostly of charges for current services.

Other receipts which include amounts received from various sources which can include, but are not limited to the following: net proceeds from borrowings; interfund loan activity; transfers authorized by statute, ordinance, resolution or court order; internal service receipts; and fiduciary receipts.

E. Disbursements

Disbursements are presented in the aggregate on the face of the financial statement. The aggregate disbursements include the following uses:

Personal services include outflows for salaries, wages, and related employee benefits provided for all persons employed. In those units where sick leave, vacation leave, overtime compensation, and other such benefits are appropriated separately, such payments would also be included.

Supplies which include articles and commodities that are entirely consumed and materially altered when used and/or show rapid depreciation after use for a short period of time. Examples of supplies include office supplies, operating supplies, and repair and maintenance supplies.

Other services and charges which include, but are not limited to: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

Debt service principal and interest which include fixed obligations resulting from financial transactions previously entered into by the City. It includes all expenditures for the reduction of the principal and interest of the City's general obligation indebtedness.

CITY OF BOONVILLE
NOTES TO FINANCIAL STATEMENT
(Continued)

Capital outlay which include all outflows for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

Utility operating expenses which include all outflows for operating the utilities.

Other disbursements which include, but are not limited to the following: interfund loan payments, loans made to other funds, internal service disbursements, and transfers out that are authorized by statute, ordinance, resolution, or court order.

F. Interfund Transfers

The City may, from time to time, transfer money from one fund to another. These transfers, if any, are included as a part of the receipts and disbursements of the affected funds and as a part of total receipts and disbursements. The transfers are used for cash flow purposes as provided by various statutory provisions.

G. Fund Accounting

Separate funds are established, maintained, and reported by the City. Each fund is used to account for money received from and used for specific sources and uses as determined by various regulations. Restrictions on some funds are set by statute while other funds are internally restricted by the City. The money accounted for in a specific fund may only be available for use for certain, legally restricted purposes. Additionally, some funds are used to account for assets held by the City in a trustee capacity as an agent of individuals, private organizations, other funds, or other governmental units and therefore the funds cannot be used for any expenditures of the unit itself.

Note 2. Budgets

The operating budget is initially prepared and approved at the local level. The fiscal officer of the City submits a proposed operating budget to the governing board for the following calendar year. The budget is advertised as required by law. Prior to adopting the budget, the governing board conducts public hearings and obtains taxpayer comments. Prior to November 1, the governing board approves the budget for the next year. The budget for funds for which property taxes are levied or highway use taxes are received is subject to final approval by the Indiana Department of Local Government Finance.

Note 3. Property Taxes

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the City in June and December; however, situations can arise which would delay the distributions. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100 percent 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 normally become delinquent if not paid by May 10 and November 10, respectively.

CITY OF BOONVILLE
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 4. Deposits and Investments

Deposits, made in accordance with state statute (IC 5-13), with financial institutions in the State of Indiana at year end should be entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

State statutes authorize the City to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

Note 5. Risk Management

The City may be 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, retirees, and dependents; and natural disasters.

These risks can be mitigated through the purchase of insurance, establishment of a self-insurance fund, and/or participation in a risk pool. The purchase of insurance transfers the risk to an independent third party. The establishment of a self-insurance fund allows the City to set aside money for claim settlements. The self-insurance fund would be included in the financial statement. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks. These risks may also be mitigated by the City by recording as a disbursement any replacement items purchased.

Note 6. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

The Indiana Public Employees' Retirement Fund (PERF) is a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the Indiana Public Retirement System (INPRS) Board, most requirements of the system, and give the City authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3 percent of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

INPRS administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

Indiana Public Retirement System
1 North Capital Street, Suite 001
Indianapolis, IN 46204
Ph. (888) 526-1687

CITY OF BOONVILLE
NOTES TO FINANCIAL STATEMENT
(Continued)

Funding Policy and Annual Pension Cost

The contribution requirements of the plan members for PERF are established by the Board of Trustees of INPRS.

B. 1925 Police Officers' Pension Plan

Plan Description

The 1925 Police Officers' Pension Plan is a single-employer defined benefit pension plan. The plan is administered by the local pension board as authorized by state statute (IC 36-8-6). The plan provides retirement, disability, and death benefits to plan members and beneficiaries. The plan was established by the plan administrator, as provided by state statute. The plan administrator does not issue a publicly available financial report that includes financial statements and required supplementary information of the plan.

Funding Policy

The contribution requirements of plan members for the 1925 Police Officers' Pension Plan are established by state statute.

On Behalf Payments

The 1925 Police Officers' Pension Plan is funded by the State of Indiana through the Indiana Public Retirement System as provided under Indiana Code 5-10.3-11.

C. 1937 Firefighters' Pension Plan

Plan Description

The 1937 Firefighters' Pension Plan is a single-employer defined benefit pension plan. The plan is administered by the local pension board as authorized by state statute (IC 36-8-7). The plan provides retirement, disability, and death benefits to plan members and beneficiaries. The plan was established by the plan administrator, as provided by state statute. The plan administrator does not issue a publicly available financial report that includes financial statements and required supplementary information of the plan.

Funding Policy

The contribution requirements of plan members for the 1937 Firefighters' Pension Plan are established by state statute.

On Behalf Payments

The 1937 Firefighters' Pension Plan is funded by the State of Indiana through the Indiana Public Retirement System as provided under Indiana Code 5-10.3-11.

CITY OF BOONVILLE
NOTES TO FINANCIAL STATEMENT
(Continued)

D. 1977 Police Officers' and Firefighters' Pension and Disability Fund

Plan Description

The 1977 Police Officers' and Firefighters' Pension and Disability Fund is a cost-sharing multiple-employer defined benefit pension plan administered by the Indiana Public Retirement System (INPRS) for all police officers and firefighters hired after April 30, 1977.

State statute (IC 36-8-8) regulates the operations of the system, including benefits, vesting, and requirements for contributions by employers and by employees. Covered employees may retire at age 52 with 20 years of service. An employee with 20 years of service may leave service, but will not receive benefits until reaching age 52. The plan also provides for death and disability benefits.

INPRS issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

Indiana Public Retirement System
1 North Capital Street, Suite 001
Indianapolis, IN 46204
Ph. (888) 526-1687

Funding Policy

The contribution requirements of plan members and the City are established by the Board of Trustees of INPRS.

SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the City's 2011 Annual Report financial information can be found on the Gateway website: <https://gateway.ifionline.org/>.

Differences may be noted between the financial information presented in the financial statement contained in this report and the financial information presented in the Annual Report of the City which is referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the audit. This is a common occurrence in any financial statement audit. The financial information presented in this report is audited information, and the accuracy of such information can be determined by reading the opinion given in the Independent Auditor's Report.

The supplementary information presented was approved by management of the City. It is presented as intended by the City.

CITY OF BOONVILLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011

	General	Motor Vehicle Highway	Local Road and Street	Parking Meter Fund	Police Continuing Education	Park Fund	Rainy Day Fund	Haz Mat Fund Fire Department
Cash and investments - beginning	\$ 487,913	\$ 107,169	\$ 65,256	\$ 40,775	\$ 2,219	\$ 64,290	\$ 429,316	\$ 5,063
Receipts:								
Taxes	1,408,650	219,747	-	-	-	134,201	-	-
Licenses and permits	5,870	-	-	-	2,975	-	-	-
Intergovernmental	350,058	205,220	63,799	-	-	23,580	-	-
Charges for services	73,192	2,064	-	24,824	5,226	19,529	-	2,500
Fines and forfeits	9,568	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-
Other receipts	533,875	-	-	-	-	176	-	-
Total receipts	<u>2,381,213</u>	<u>427,031</u>	<u>63,799</u>	<u>24,824</u>	<u>8,201</u>	<u>177,486</u>	<u>-</u>	<u>2,500</u>
Disbursements:								
Personal services	1,309,981	-	-	-	-	65,821	-	-
Supplies	61,845	-	-	1,271	1,225	13,209	-	-
Other services and charges	424,338	336,418	39,723	424	1,035	51,214	346,010	-
Debt service - principal and interest	459,476	-	-	-	-	-	-	-
Capital outlay	9,660	-	-	-	-	627	-	-
Utility operating expenses	-	-	-	-	-	-	-	-
Other disbursements	104,963	-	-	-	-	65	-	-
Total disbursements	<u>2,370,263</u>	<u>336,418</u>	<u>39,723</u>	<u>1,695</u>	<u>2,260</u>	<u>130,936</u>	<u>346,010</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>10,950</u>	<u>90,613</u>	<u>24,076</u>	<u>23,129</u>	<u>5,941</u>	<u>46,550</u>	<u>(346,010)</u>	<u>2,500</u>
Cash and investments - ending	<u>\$ 498,863</u>	<u>\$ 197,782</u>	<u>\$ 89,332</u>	<u>\$ 63,904</u>	<u>\$ 8,160</u>	<u>\$ 110,840</u>	<u>\$ 83,306</u>	<u>\$ 7,563</u>

CITY OF BOONVILLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011
 (Continued)

	Levy Excess Fund	Fire Territory Fund	Edit Excess	Cumulative Capital Improvement	Fire Territory Replacement Fund	Police Pension	Fire Pension	Police Seizures and Forfeitures
Cash and investments - beginning	\$ 8,200	\$ -	\$ 865,370	\$ 21,423	\$ -	\$ 322,313	\$ 221,760	\$ -
Receipts:								
Taxes	-	1,198,340	865,825	-	145,957	2,260	2,342	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	131,609	-	19,626	16,030	1,340	1,388	-
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-
Other receipts	-	430,000	28,232	-	62,300	115,094	240,703	2,640
Total receipts	-	1,759,949	894,057	19,626	224,287	118,694	244,433	2,640
Disbursements:								
Personal services	-	878,286	-	-	-	103,939	125,633	-
Supplies	-	25,640	-	-	-	-	7	-
Other services and charges	-	91,297	138,170	-	-	175	125	-
Debt service - principal and interest	-	-	-	-	-	-	-	-
Capital outlay	-	-	937,137	8,143	42,324	-	-	-
Utility operating expenses	-	-	-	-	-	-	-	-
Other disbursements	8,200	532,445	-	-	-	-	115,063	-
Total disbursements	8,200	1,527,668	1,075,307	8,143	42,324	104,114	240,828	-
Excess (deficiency) of receipts over disbursements	(8,200)	232,281	(181,250)	11,483	181,963	14,580	3,605	2,640
Cash and investments - ending	\$ -	\$ 232,281	\$ 684,120	\$ 32,906	\$ 181,963	\$ 336,893	\$ 225,365	\$ 2,640

CITY OF BOONVILLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011
 (Continued)

	OCRA Grant	Police Public Relations	Fire FEMA Grant FG19030	Board of Works Grant Downtown Revitalization	Operaion Pull Over Grant SF269-04	Fire Donations/ Insurance Reimbursements	Spray Park Donations	Fire Homeland Security Grant
Cash and investments - beginning	\$ -	\$ 93	\$ 89,680	\$ -	\$ 12	\$ 690	\$ 606	\$ -
Receipts:								
Taxes	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	63,500	-	-	19,305	-	-	-	798
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-
Other receipts	-	-	1,000	-	-	-	50	-
Total receipts	<u>63,500</u>	<u>-</u>	<u>1,000</u>	<u>19,305</u>	<u>-</u>	<u>-</u>	<u>50</u>	<u>798</u>
Disbursements:								
Personal services	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	-
Other services and charges	-	-	-	19,305	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-	-
Capital outlay	-	-	89,680	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-	-
Other disbursements	63,500	-	595	-	-	-	-	-
Total disbursements	<u>63,500</u>	<u>-</u>	<u>90,275</u>	<u>19,305</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>-</u>	<u>(89,275)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>50</u>	<u>798</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ 93</u>	<u>\$ 405</u>	<u>\$ -</u>	<u>\$ 12</u>	<u>\$ 690</u>	<u>\$ 656</u>	<u>\$ 798</u>

CITY OF BOONVILLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011
 (Continued)

	Fire Dept Training and Prevention	Build Indiana Fund	Police Donation Fund	Code Enforcement Fund	Fire Department Segregated Fund	Lease Rental Reserve	Fire Pension Market Monitor	Police Pension Market Monitor
Cash and investments - beginning	\$ 377	\$ 1,673	\$ 5,543	\$ 6,973	\$ 140,832	\$ 1,742,319	\$ 150,668	\$ 157,239
Receipts:								
Taxes	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	2,271	-	-	-
Charges for services	65	-	-	-	89,204	-	-	-
Fines and forfeits	-	-	-	12,259	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-
Other receipts	-	-	10,551	3,349	40,145	992,144	151	157
Total receipts	65	-	10,551	15,608	131,620	992,144	151	157
Disbursements:								
Personal services	-	-	-	-	-	-	-	-
Supplies	-	-	-	575	7,482	-	-	-
Other services and charges	-	-	2,754	552	32,663	-	-	-
Debt service - principal and interest	-	-	-	-	-	494,000	-	-
Capital outlay	-	-	-	8,174	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	430,000	-	-
Total disbursements	-	-	2,754	9,301	40,145	924,000	-	-
Excess (deficiency) of receipts over disbursements	65	-	7,797	6,307	91,475	68,144	151	157
Cash and investments - ending	\$ 442	\$ 1,673	\$ 13,340	\$ 13,280	\$ 232,307	\$ 1,810,463	\$ 150,819	\$ 157,396

CITY OF BOONVILLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011
 (Continued)

	Payroll Fund	Payroll Fed/Fica/Medi Tax	Electric Operating and Maintenance	Electric Cash Reserve	Wastewater Bond 2010 SRF	Wastewater SRF Construction	Wastewater SRF Debt Service Reserve
Cash and investments - beginning	\$ 12,426	\$ -	\$ 41,166	\$ 684,630	\$ -	\$ -	\$ 95,392
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	1,639,077	330,464	501,610	527,020	101,472	2,781,774	460,434
Total receipts	1,639,077	330,464	501,610	527,020	101,472	2,781,774	460,434
Disbursements:							
Personal services	1,646,311	330,464	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	31,142	-	-
Capital outlay	-	-	-	-	-	2,781,774	-
Utility operating expenses	-	-	735	-	-	-	-
Other disbursements	-	-	459,476	459,476	-	-	-
Total disbursements	1,646,311	330,464	460,211	459,476	31,142	2,781,774	-
Excess (deficiency) of receipts over disbursements	(7,234)	-	41,399	67,544	70,330	-	460,434
Cash and investments - ending	\$ 5,192	\$ -	\$ 82,565	\$ 752,174	\$ 70,330	\$ -	\$ 555,826

CITY OF BOONVILLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011
 (Continued)

	Wastewater Operating and Maintenance	Wastewater Bonds and Interest	Wastewater Construction	Wastewater Replacement	Wastewater Debt Service Reserve	Water Operating and Maintenance	Water Bonds and Interest
Cash and investments - beginning	\$ 192,761	\$ 3,173	\$ 10,830	\$ 65,272	\$ 478,035	\$ 155,816	\$ 217
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	1,481,721	-	-	-	-	1,654,197	-
Other receipts	4,068,463	348,006	54	6,000	2	216,926	364,056
Total receipts	5,550,184	348,006	54	6,000	2	1,871,123	364,056
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	347,088	-	-	-	-	363,845
Capital outlay	3,693,707	-	-	-	-	43,489	-
Utility operating expenses	1,472,789	-	-	-	-	1,073,496	50
Other disbursements	452,860	-	-	-	460,434	538,944	-
Total disbursements	5,619,356	347,088	-	-	460,434	1,655,929	363,895
Excess (deficiency) of receipts over disbursements	(69,172)	918	54	6,000	(460,432)	215,194	161
Cash and investments - ending	\$ 123,589	\$ 4,091	\$ 10,884	\$ 71,272	\$ 17,603	\$ 371,010	\$ 378

CITY OF BOONVILLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011
 (Continued)

	Water Customer Deposits	Water Construction 2009	Water Bond and Interest	Water 2009 Bond Transfers	Water Debt Service Reserve	Water 2009 Debt Service Reserve	Totals
Cash and investments - beginning	\$ 130,929	\$ 92,080	\$ 83,462	\$ 113,411	\$ 5,809	\$ 300,650	\$ 7,403,831
Receipts:							
Taxes	-	-	-	-	-	-	3,977,322
Licenses and permits	-	-	-	-	-	-	8,845
Intergovernmental	-	-	-	-	-	-	898,524
Charges for services	-	-	-	-	-	-	216,604
Fines and forfeits	-	-	-	-	-	-	21,827
Utility fees	20,250	-	-	-	-	-	3,156,168
Other receipts	-	-	-	127,519	3	47,581	13,981,028
Total receipts	<u>20,250</u>	<u>-</u>	<u>-</u>	<u>127,519</u>	<u>3</u>	<u>47,581</u>	<u>22,260,318</u>
Disbursements:							
Personal services	-	-	-	-	-	-	4,460,435
Supplies	-	-	-	-	-	-	111,254
Other services and charges	-	-	-	-	-	-	1,484,203
Debt service - principal and interest	-	-	-	214,976	-	-	1,910,527
Capital outlay	-	-	-	-	-	-	7,614,715
Utility operating expenses	16,663	-	-	-	-	-	2,563,733
Other disbursements	-	92,080	-	-	-	-	3,718,101
Total disbursements	<u>16,663</u>	<u>92,080</u>	<u>-</u>	<u>214,976</u>	<u>-</u>	<u>-</u>	<u>21,862,968</u>
Excess (deficiency) of receipts over disbursements	<u>3,587</u>	<u>(92,080)</u>	<u>-</u>	<u>(87,457)</u>	<u>3</u>	<u>47,581</u>	<u>397,350</u>
Cash and investments - ending	<u>\$ 134,516</u>	<u>\$ -</u>	<u>\$ 83,462</u>	<u>\$ 25,954</u>	<u>\$ 5,812</u>	<u>\$ 348,231</u>	<u>\$ 7,801,181</u>

CITY OF BOONVILLE
AUDIT RESULTS AND COMMENTS

LOAN BETWEEN CITY FUNDS (Applies to the City)

A temporary loan of \$1,000,000 was made in 2009 from the EDIT Excess Fund to the General Fund. An additional loan of \$500,000 was made from the EDIT Excess Fund to the General Fund in the year 2010. A repayment of \$500,000 was made in the year 2010. As of December 31, 2011, the balance of the temporary loan outstanding was \$1,000,000. A similar comment was included in the prior report.

Indiana Code 36-1-8-4 concerning temporary loans states in part:

"(a) . . . (3) Except as provided in subsection (b), the prescribed period must end during the budget year of the year in which the transfer occurs; (4) the amount transferred must be returned to the other fund at the end of the prescribed period . . .

(b) If the fiscal body of a political subdivision determines that an emergency exists that requires an extension of the prescribed period of a transfer under this section, the prescribed period may be extended for not more than six (6) months beyond the budget year of the year in which the transfer occurs if the fiscal body does the following:

- (1) Passes an ordinance or a resolution that contains the following:
 - (A) A statement that the fiscal body has determined that an emergency exists.
 - (B) A brief description of the grounds for the emergency.
 - (C) The date the loan will be repaid that is not more than six (6) months beyond the budget year in which the transfer occurs.
- (2) Immediately forwards the ordinance or resolution to the state board of accounts and department of local government finance."

INTERFUND RECEIVABLE/PAYABLE (Applies to City and Electric Utility)

The City of Boonville owes the Boonville Electric Utility for street lighting services. The amount due at December 31, 2011, is \$325,000. A similar comment was included in several prior reports.

Electric Utility ordinance 1980-35 states: "No free service shall be furnished by the utility to the city or to any person, firm, or corporation, public or private, or to a public agency, or any organization."

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

DELINQUENT WASTEWATER ACCOUNTS (Applies to the Wastewater Utility)

Delinquent wastewater fees and penalties had not been recorded with the County Recorder nor were they certified to the County Auditor which would result in a lien against the property.

CITY OF BOONVILLE
AUDIT RESULTS AND COMMENTS
(Continued)

Indiana Code 36-9-23-33 states in part:

"(b) Except as provided in subsection (l), the officer charged with the collection of fees and penalties assessed under this chapter shall enforce their payment. As often as the officer determines is necessary in a calendar year, the officer shall prepare either of the following:

- (1) A list of the delinquent fees and penalties that are enforceable under this section, which must include the following:
 - (A) The name or names of the owner or owners of each lot or parcel of real property on which fees are delinquent;
 - (B) A description of the premises, as shown by the records of the county auditor; and
 - (C) The amount of the delinquent fees, together with the penalty; or
- (2) An individual instrument for each lot or parcel of real property on which the fees are delinquent.

(c) The officer shall record a copy of each list or each individual instrument with the county recorder . . .

(e) Using the lists and instruments prepared under subsection (b) and recorded under subsection (c), the officer shall, not later than ten (10) days after the list or each individual instrument is recorded under subsection (c), certify to the county auditor a list of the liens that remain unpaid for collection in the next May. . . ."

CUSTOMER DEPOSIT REGISTER (Applies to Water Utility)

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

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

ACCOUNTABLE ITEMS (Applies to Water and Wastewater Utilities)

Records presented for audit indicated that gallons of water billed totaled 227,453,200 and gallons of water pumped by the Water Utility totaled 398,129,000, resulting in a difference of 170,448,000 gallons of water lost and not billed. 42 percent of the water pumped for the year 2011 was not billed. Calculations indicate that the potential dollar amount of this loss would be between \$403,962 and \$1,043,142 because the Water Utility bills on a sliding scale based on the amount of water used. This could result in a potential loss for the Wastewater Utility of \$1,539,145 because the wastewater bills are based on water consumption. A similar comment was included in several prior reports.

Tickets, goods for sale, billings, and other collections are considered accountable items for which a corresponding deposit must be made in the bank accounts of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

CITY OF BOONVILLE
AUDIT RESULTS AND COMMENTS
(Continued)

POLICE DEPARTMENT RECEIPTS AND FEES (Applies to the City)

Receipts and fees collected by the Police Department were remitted to the Clerk-Treasurer less frequently than once a week.

Receipts and fees collected by a police department should be remitted to the clerk-treasurer at least once each week. (Cities and Towns Bulletin and Uniform Compliance Guidelines, September 2003)

RECEIPT DEPOSITS (Applies to the City)

The City of Boonville Park Department rents the pool or spray park for private parties for a fee of \$10 per hour per lifeguard. These fees are collected in cash and paid directly to the lifeguard working at the party. The fees are not deposited in the City bank account or recorded in the City ledger. Also, the payment is not included in the payroll system or approved in the salary ordinance. A similar comment was included in the prior report.

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

Public funds shall be deposited in the same form in which they were received. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, resolution or salary schedule adopted by the governing body unless otherwise authorized by statute. Compensation should be made in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

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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

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

TO: THE OFFICIALS OF THE CITY OF BOONVILLE, WARRICK COUNTY, INDIANA

Compliance

We have audited the compliance of the City of Boonville (City) 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 year ended December 31, 2011. The City'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 City's management. Our responsibility is to express an opinion on the City'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 noncompliance 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 City'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 City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2011.

Internal Control Over Compliance

Management of the City 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 City'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 and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 City's internal control over compliance.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133
(Continued)

A deficiency in 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 and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the City's management, City Council, others within the entity, 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 2, 2012

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The Schedule of Expenditures of Federal Awards and the accompanying note presented were approved by management of the City. The schedule and note are presented as intended by the City.

CITY OF BOONVILLE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended December 31, 2011

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
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
Pass-Through Indiana Office of Community and Rural Affairs CDBG - State-Administered CDBG Cluster Community Development Block Grant/States Program and Non Entitlement Grants in Hawaii	14.228	DR2-09-135 PL-09-020	\$ 4,010,025 <u>19,305</u>
Total for federal grantor agency			<u>4,029,330</u>
<u>U.S. ENVIRONMENTAL PROTECTION AGENCY</u>			
Pass-Through Indiana Finance Authority Capitalization Grants for Clean Water State Revolving Funds	66.458	2W-00E73001-0	<u>1,251,798</u>
Total for federal grantor agency			<u>1,251,798</u>
<u>U.S. DEPARTMENT OF ENERGY</u>			
Pass-Through Indiana Office of Energy Development State Energy Program	81.041	DE-FG26-07NT43163	<u>29,462</u>
Total for federal grantor agency			<u>29,462</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>			
Pass-Through Indiana Department of Homeland Security Disaster Grants-Public Assistance (Presidentially Declared Disasters)	97.036	PA-05-IN-1997-00099	<u>3,069</u>
Total for program			<u>3,069</u>
Assistance to Firefighters Grant	97.044	EMW-2009-FO-09962	<u>89,680</u>
Total for program			<u>89,680</u>
Total for federal grantor agency			<u>92,749</u>
Total federal awards expended			<u>\$ 5,403,339</u>

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

CITY OF BOONVILLE
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 City of Boonville (City) and is presented in accordance with the cash and investment basis of accounting used in the preparation of the financial statement. 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.

CITY OF BOONVILLE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statement:

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
Material weaknesses identified?	no
Significant deficiency identified?	none reported
Noncompliance material to financial statement noted?	no

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	no
Significant deficiency identified?	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
66.458	CDBG - State Administered CDBG Cluster Capitalization Grants for Clean Water State Revolving Funds

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

Auditee qualified as low-risk auditee? no

Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

CITY OF BOONVILLE
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

CITY OF BOONVILLE
EXIT CONFERENCE

The contents of this report were discussed on April 5, 2012, with Pamela Hendrickson, Mayor, and Nancy Brill, Clerk-Treasurer. The Official Response has been made a part of this report and may be found on pages 37 and 38.

**CITY OF BOONVILLE
P.O. BOX 508
BOONVILLE, IN 47601
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April 12, 2012

Karla Geisler, Auditor
State Board of Accounts
302 West Washington Street
Room E418
Indianapolis, IN 46204

Dear Mrs. Geisler:

This is the City of Boonville's Response to the State Board of Accounts Audit results for 2011 as follows:

Loan between City Funds (applies to the City) – Due to financial restraints the City has been unable to repay the two mentioned loans totaling \$1,000,000. The ending cash balance in December 2010 was \$487,912.82 and \$498,862.76 in 2011. On March 2, 2012, (see receipt # 6737) \$500,000.00 was repaid back to Edit for the 5-8-9 loan. The remaining \$500,000.00 (2010 Loan) will be repaid upon receipt of the spring 2012 property tax settlement.

Interfund Receivable/Payable (Applies to City and Electric Utility) – The City of Boonville has been in arrears and owed Boonville Electric Utility for street lighting services since the early 80's. The City has made an attempt to pay this however; due to financial restraints this has not been possible. In the 2013 Budget process the City will appropriate the money to pay the Boonville Electric Utility for street lighting in the amount of \$325,000.

Delinquent Wastewater Accounts (Applies to the Wastewater Utility) – A list of delinquent accounts have been compiled and presented to the City of Boonville Board of Works and the Board of Works voted in their April 11, 2012 to file liens against the delinquent accounts from 2007-2010. Those accounts that are delinquent and can't be filed will be written off.

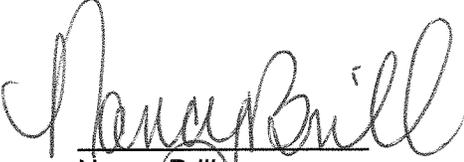
Customer Deposit Register (Applies to Water Utility) – We have been reconciling monthly the detailed customer deposit register with the customer deposit amount recorded on the general ledger and it remains unchanged. We will be making Water ledger entries in 2012 to correct the error from previous years and once balanced we will continue to reconcile monthly.

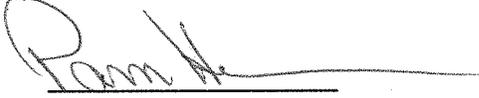
Police Department Receipts and Fees (Applies to the City) – We have implemented a plan to ensure that the receipts and fees will be remitted to the Clerk-Treasurer once a week and if there are no receipts or fees a form will be submitted to the Clerk-Treasurer with no activity noted.

Receipt Deposits (Applies to the City) – Beginning in 2012 the lifeguards will punch a time clock and be paid thru the City of Boonville Parks Payroll for lifeguarding private parties and the fee will be submitted for a private party and receipted into the City Park bank account.

Accountable Items (Applies to Water & Wastewater Utilities) – The City of Boonville has been working diligently on this problem since 2009. They have engaged their engineer to do a Master Plan on this topic and look for ways to cost effectively lower the extra operational costs. The IURC rate case of that year, 2009, allowed for a more thorough look into the water data after the water plant was constructed. The new Water treatment facility went on line at the end of 2010. The 2010 vs. 2011 data show that the City pumped almost 67 million gallons (465M-398M) less water in 2011 than it did in 2010, or a decrease of 14%. Also, during the same time period the City sold 2 million more gallons than the previous year. Several ideas that are being studied at this time are the potential of leaking fire hydrants, updating metering systems and rehabilitation of older leaking infrastructure.

Thank you for the opportunity to explain our position to the results of the 2011 SBA Audit. If you find we need to include additional information, please contact my office at 812-897-6543.


Nancy Brill
Clerk/Treasurer


Pam Hendrickson
Mayor