

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

FINANCIAL STATEMENT EXAMINATION REPORT

OF

TOWN OF DANVILLE

HENDRICKS COUNTY, INDIANA

January 1, 2011 to December 31, 2011



FILED
10/18/2012

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Amy Roberts	01-01-08 to 12-31-15
President of the Town Council	Harold Jeffrey Martin Marcia Lynch	01-01-11 to 12-31-11 01-01-12 to 12-31-12
Superintendent of Water Utility	James Russell	01-01-11 to 12-31-12
Superintendent of Wastewater Utility	Jerry Crisp	01-01-11 to 12-31-12



STATE OF INDIANA
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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF DANVILLE, HENDRICKS COUNTY, INDIANA

We have examined the accompanying financial statement of the Town of Danville (Town), for the year ended December 31, 2011. The financial statement is the responsibility of the Town's management. Our responsibility is to express an opinion on the financial statement based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the financial statement and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

As discussed in Note 1, the Town 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.

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

Our examination was conducted for the purpose of forming an opinion on the Town's financial statement. The Combining Schedule of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, and Schedule of Leases and Debt, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statement. They have not been subjected to the examination procedures applied to the financial statement and, accordingly, we express no opinion on them.

The Town's response to the Examination Results and Comments identified in our examination is described in the accompanying section of the report entitled Official Response. We did not examine 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 others within the entity 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

September 20, 2012

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FINANCIAL STATEMENT

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

TOWN OF DANVILLE
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
Cash - General Operating	\$ 722,225	\$ 4,499,200	\$ 4,348,528	\$ 872,897
Cash - Mvh	297,334	341,787	394,679	244,442
Cash - Lrs	3,795	89,065	83,939	8,921
Cash - Park Nonreverting	84,344	102,696	104,188	82,852
Cash - Parking Violations	16,512	18,380	14,071	20,821
Cash - Law Enforcement Cont Ed	4,520	8,386	5,340	7,566
Cash - Wagering Fund	13,857	40,164	32,538	21,483
Cash - Rainy Day Fund	1,023,514	3,363	138,045	888,832
Cash - Edit	493,987	338,508	471,649	360,846
Cash - Ccd	16,725	33,976	31,276	19,425
Cash - Cci Building	8,588	18,431	23,768	3,251
Cash - Fire Donations	3,076	7,426	6,819	3,683
Cash - Pool & Park Donations	8,970	13,666	4,842	17,794
Cash - Police Grant	29	5,634	5,644	19
Cash - Police Donations	9,230	11,924	14,049	7,105
Tif District	1,855,089	-	3,950	1,851,139
Cash - Host Community Agreement	496,022	619,826	758,856	356,992
Cash - Go Bonds	26,094	436,331	416,370	46,055
Cash - Park Bonds	32,765	92,927	104,661	21,031
Host Future Investment Fund	2,175,158	255,527	-	2,430,685
Cash - Blanton House Deposits	5,000	9,250	12,250	2,000
Cash - Payroll	39,400	4,473,630	4,470,852	42,178
Train Station Deposits	500	9,400	8,600	1,300
Stormwater Fund	119,198	299,214	213,930	204,482
Cash - Wwtp Fund	123,079	1,570,398	1,621,390	72,087
Cash - Wwtp Bond & Interest	130,198	684,000	671,319	142,879
Cash - Replacement Fund	656,825	2,500	129,126	530,199
Cash - Wwtp Construction	490,458	1,456	157,807	334,107
Debt Reserve	673,221	-	-	673,221
Water Operating	(93,053)	1,572,433	1,665,266	(185,886)
Bond & Interest	95,647	372,000	369,303	98,344
Replacement	846,743	23,200	661,352	208,591
Water Deposits	37,322	18,220	15,647	39,895
Debt Reserve	371,475	-	-	371,475
Totals	\$ 10,787,847	\$ 15,972,918	\$ 16,960,054	\$ 9,800,711

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

TOWN OF DANVILLE
NOTES TO FINANCIAL STATEMENT

Note 1. 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 some or all of the following services: public safety (police and fire), highways and streets, culture and recreation, public improvements, planning and zoning, general administrative services, water, wastewater, and storm water,

The accompanying financial statement presents the financial information for the Town.

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, wheel tax, county economic development income tax, county adjusted gross income tax, and other taxes that are set by the Town.

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: building and planning permits, demolition permits, electrical permits, sign permits, and gun permits.

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.

TOWN OF DANVILLE
NOTES TO FINANCIAL STATEMENT
(Continued)

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, recycling fees, park rental fees, swimming pool receipts, ordinance violations, and fines and fees.

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.

Penalties which include fees received for late payments.

Other receipts which include amounts received from various sources which can include, but are not limited to the following: net proceeds from borrowings; transfers authorized by statute, ordinance, or resolution; 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 Town. It includes all expenditures for the reduction of the principal and interest of the Town's general obligation indebtedness.

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, transfers out that are authorized by statute, ordinance, or resolution.

TOWN OF DANVILLE
NOTES TO FINANCIAL STATEMENT
(Continued)

F. Interfund Transfers

The Town 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 Town. 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 Town. 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 Town in a trustee capacity as an agent of individuals or, private organizations 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 Town 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 Town 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.

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

TOWN OF DANVILLE
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 5. Risk Management

The Town 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 Town 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 Town 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 Town authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3 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

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. 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.

TOWN OF DANVILLE
NOTES TO FINANCIAL STATEMENT
(Continued)

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 Town are established by the Board of Trustees of INPRS.

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SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the Town's 2011 Annual Report 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 Town which is referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the examination. This is a common occurrence in any financial statement examination. The financial information presented in this report is examined information, and the accuracy of such information can be determined by reading the opinion given in the Independent Accountant's Report.

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

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

	Cash General Operating	Cash Mvh	Cash Lrs	Cash Park Nonreverting	Cash Parking Violations	Cash Law Enforcement Cont Ed
Cash and investments - beginning	\$ 722,225	\$ 297,334	\$ 3,795	\$ 84,344	\$ 16,512	\$ 4,520
Receipts:						
Taxes	1,778,854	-	-	-	-	-
Licenses and permits	18,108	-	-	-	-	3,370
Intergovernmental	1,283,846	341,787	87,822	-	-	-
Charges for services	831,562	-	-	11,475	-	-
Fines and forfeits	2,368	-	-	-	18,380	1,591
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	584,462	-	1,243	91,221	-	3,425
Total receipts	4,499,200	341,787	89,065	102,696	18,380	8,386
Disbursements:						
Personal services	3,421,690	34,376	-	55,600	9,313	5,340
Supplies	284,147	109,971	83,939	39,458	4,758	-
Other services and charges	537,126	80,629	-	5,872	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	35,863	169,703	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	69,702	-	-	3,258	-	-
Total disbursements	4,348,528	394,679	83,939	104,188	14,071	5,340
Excess (deficiency) of receipts over disbursements	150,672	(52,892)	5,126	(1,492)	4,309	3,046
Cash and investments - ending	\$ 872,897	\$ 244,442	\$ 8,921	\$ 82,852	\$ 20,821	\$ 7,566

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

	Cash Wagering Fund	Cash Rainy Day Fund	Cash Edit	Cash Ccd	Cash Cci Building	Cash Fire Donations
Cash and investments - beginning	\$ 13,857	\$ 1,023,514	\$ 493,987	\$ 16,725	\$ 8,588	\$ 3,076
Receipts:						
Taxes	-	-	-	30,242	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	40,164	-	335,296	3,146	18,431	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	-	3,363	3,212	588	-	7,426
Total receipts	<u>40,164</u>	<u>3,363</u>	<u>338,508</u>	<u>33,976</u>	<u>18,431</u>	<u>7,426</u>
Disbursements:						
Personal services	384	-	-	4,428	-	-
Supplies	-	-	-	-	-	-
Other services and charges	32,154	-	41,905	4,173	23,768	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	230,479	22,675	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	138,045	199,265	-	-	6,819
Total disbursements	<u>32,538</u>	<u>138,045</u>	<u>471,649</u>	<u>31,276</u>	<u>23,768</u>	<u>6,819</u>
Excess (deficiency) of receipts over disbursements	<u>7,626</u>	<u>(134,682)</u>	<u>(133,141)</u>	<u>2,700</u>	<u>(5,337)</u>	<u>607</u>
Cash and investments - ending	<u>\$ 21,483</u>	<u>\$ 888,832</u>	<u>\$ 360,846</u>	<u>\$ 19,425</u>	<u>\$ 3,251</u>	<u>\$ 3,683</u>

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

	Cash Pool & Park Donations	Cash Police Grant	Cash Police Donations	Tif District	Cash Host Community Agreement	Cash Go Bonds
Cash and investments - beginning	\$ 8,970	\$ 29	\$ 9,230	\$ 1,855,089	\$ 496,022	\$ 26,094
Receipts:						
Taxes	-	-	-	-	-	122,781
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	12,772
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	13,666	5,634	11,924	-	619,826	300,778
Total receipts	<u>13,666</u>	<u>5,634</u>	<u>11,924</u>	<u>-</u>	<u>619,826</u>	<u>436,331</u>
Disbursements:						
Personal services	-	5,644	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	3,950	-	37,472
Debt service - principal and interest	-	-	-	-	-	106,335
Capital outlay	-	-	-	-	-	272,563
Utility operating expenses	-	-	-	-	-	-
Other disbursements	4,842	-	14,049	-	758,856	-
Total disbursements	<u>4,842</u>	<u>5,644</u>	<u>14,049</u>	<u>3,950</u>	<u>758,856</u>	<u>416,370</u>
Excess (deficiency) of receipts over disbursements	<u>8,824</u>	<u>(10)</u>	<u>(2,125)</u>	<u>(3,950)</u>	<u>(139,030)</u>	<u>19,961</u>
Cash and investments - ending	<u>\$ 17,794</u>	<u>\$ 19</u>	<u>\$ 7,105</u>	<u>\$ 1,851,139</u>	<u>\$ 356,992</u>	<u>\$ 46,055</u>

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

	Cash Park Bonds	Host Future Investment Fund	Cash Blanton House Deposits	Cash Payroll	Train Station Deposits	Stormwater Fund
Cash and investments - beginning	\$ 32,765	\$ 2,175,158	\$ 5,000	\$ 39,400	\$ 500	\$ 119,198
Receipts:						
Taxes	84,072	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	8,745	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	293,854
Penalties	-	-	-	-	-	5,360
Other receipts	110	255,527	9,250	4,473,630	9,400	-
Total receipts	<u>92,927</u>	<u>255,527</u>	<u>9,250</u>	<u>4,473,630</u>	<u>9,400</u>	<u>299,214</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	104,661	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	213,930
Other disbursements	-	-	12,250	4,470,852	8,600	-
Total disbursements	<u>104,661</u>	<u>-</u>	<u>12,250</u>	<u>4,470,852</u>	<u>8,600</u>	<u>213,930</u>
Excess (deficiency) of receipts over disbursements	<u>(11,734)</u>	<u>255,527</u>	<u>(3,000)</u>	<u>2,778</u>	<u>800</u>	<u>85,284</u>
Cash and investments - ending	<u>\$ 21,031</u>	<u>\$ 2,430,685</u>	<u>\$ 2,000</u>	<u>\$ 42,178</u>	<u>\$ 1,300</u>	<u>\$ 204,482</u>

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

	Cash Wwtp Fund	Cash Wwtp Bond & Interest	Cash Replacement Fund	Cash Wwtp Construction	Debt Reserve	Water Operating
Cash and investments - beginning	\$ 123,079	\$ 130,198	\$ 656,825	\$ 490,458	\$ 673,221	\$ (93,053)
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	1,523,627	-	2,500	-	-	1,532,669
Penalties	24,458	-	-	-	-	23,698
Other receipts	22,313	684,000	-	1,456	-	16,066
Total receipts	<u>1,570,398</u>	<u>684,000</u>	<u>2,500</u>	<u>1,456</u>	<u>-</u>	<u>1,572,433</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	671,319	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	837,390	-	129,126	157,807	-	1,265,401
Other disbursements	784,000	-	-	-	-	399,865
Total disbursements	<u>1,621,390</u>	<u>671,319</u>	<u>129,126</u>	<u>157,807</u>	<u>-</u>	<u>1,665,266</u>
Excess (deficiency) of receipts over disbursements	<u>(50,992)</u>	<u>12,681</u>	<u>(126,626)</u>	<u>(156,351)</u>	<u>-</u>	<u>(92,833)</u>
Cash and investments - ending	<u>\$ 72,087</u>	<u>\$ 142,879</u>	<u>\$ 530,199</u>	<u>\$ 334,107</u>	<u>\$ 673,221</u>	<u>\$ (185,886)</u>

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

	Bond & Interest	Replacement	Water Deposits	Debt Reserve	Totals
Cash and investments - beginning	\$ 95,647	\$ 846,743	\$ 37,322	\$ 371,475	\$ 10,787,847
Receipts:					
Taxes	-	-	-	-	2,015,949
Licenses and permits	-	-	-	-	21,478
Intergovernmental	-	-	-	-	2,132,009
Charges for services	-	-	-	-	843,037
Fines and forfeits	-	-	-	-	22,339
Utility fees	-	23,200	-	-	3,375,850
Penalties	-	-	-	-	53,516
Other receipts	372,000	-	18,220	-	7,508,740
Total receipts	372,000	23,200	18,220	-	15,972,918
Disbursements:					
Personal services	-	-	-	-	3,536,775
Supplies	-	-	-	-	522,273
Other services and charges	-	-	-	-	767,049
Debt service - principal and interest	369,303	-	-	-	1,251,618
Capital outlay	-	661,352	-	-	1,392,635
Utility operating expenses	-	-	-	-	2,603,654
Other disbursements	-	-	15,647	-	6,886,050
Total disbursements	369,303	661,352	15,647	-	16,960,054
Excess (deficiency) of receipts over disbursements	2,697	(638,152)	2,573	-	(987,136)
Cash and investments - ending	\$ 98,344	\$ 208,591	\$ 39,895	\$ 371,475	\$ 9,800,711

TOWN OF DANVILLE
SCHEDULE OF LEASES AND DEBT
December 31, 2011

Description of Debt		Ending Principal Balance	Principal and Interest Due Within One Year
Type	Purpose		
Governmental activities:			
General obligation bonds	PUBLIC WORKS 2007	\$ 295,000	\$ 106,218
General obligation bonds	PARK BONDS 2004	425,000	196,150
General obligation bonds	POLICE VEHICLES 2011	<u>300,000</u>	<u>106,660</u>
Total governmental activities		<u>1,020,000</u>	<u>1,429,028</u>
Wastewater:			
Revenue bonds	Wastewater 1996	405,000	115,250
Revenue bonds	Wastewater 2005	<u>6,660,000</u>	<u>560,346</u>
Total Wastewater		<u>7,065,000</u>	<u>7,740,596</u>
Water:			
Revenue bonds	WATER 2004	583,174	58,336
Revenue bonds	WATER 2003	1,606,000	158,386
Revenue bonds	WATER 2001	<u>1,358,000</u>	<u>153,962</u>
Total Water		<u>3,547,174</u>	<u>3,917,858</u>
Totals		<u><u>\$ 11,632,174</u></u>	<u><u>\$ 1,455,308</u></u>

TOWN OF DANVILLE
EXAMINATION RESULTS AND COMMENTS

APPROPRIATIONS

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

<u>Fund</u>	<u>Excess Amount Expended</u>
Cash Go Bonds	\$ 10,034
Cash Mvh	34,770
Cash Cci Building	3,768

Indiana Code 6-1.1-18-4 states in part: ". . . the proper officers of a political subdivision shall appropriate funds in such a manner that the expenditures for a year do not exceed its budget for that year as finally determined under this article."

OVERDRAWN FUND BALANCE

The Water Operating Fund was overdrawn by \$185,886 as of December 31, 2011. The Water Operating Fund remained overdrawn through June 2012.

A new Utility rate ordinance intended to correct the funding shortfall in the Water Operating Fund was passed, effective May 2011. The balance of the fund increased to a positive amount during July 2012. The fund balance for the Water Operating Fund as of July 31, 2012, was \$15,360.88.

The fund balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TOWN OF DANVILLE
EXIT CONFERENCE

The contents of this report were discussed on September 20, 2012, with Amy Roberts, Clerk-Treasurer; Gary Eakin, Town Manager; and Marcia Lynch, President of the Town Council. The Official Response has been made a part of this report and may be found on page 23.

TOWN of DANVILLE

49 N Wayne Street ~ Danville, Indiana 46122
www.danvilleindiana.org

September 25, 2012

OFFICIAL RESPONSE

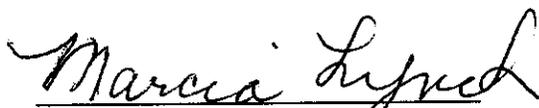
The town of Danville would like to file the following official response to the items listed in our 2011 State Board of Accounts examination:

APPROPRIATION

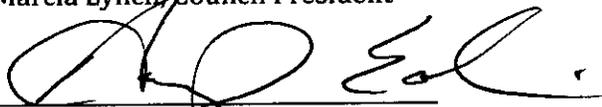
Go Bonds became over budget when fees on banking were charged by the bank without enough interest to offset. We have fixed this issue by stopping all allocation of fees and interest to any Bond Funds. Also, purchases were made by the Police Department using the balance of the funds from the 2011 Go Bonds - Police Vehicles. We have fixed this by establishing a new fund for bond proceeds and not mixing them with the Debt Services Fund. MVH & CCI became over budget in error. Adjustments have been made to keep this from happening again.

OVERDRAWN FUND BALANCE

As stated in the examination the problem has been corrected with a rate increase passed May 2011 and we now have a positive balance. The reason for the delay in passing the rate increase was because of ongoing water taste and odor issues. Because it was decided by the council to hold off increasing the water rate until corrective measures had been complete at the water plant.



Marcia Lynch, Council President



Gary Eakin, Town Manager



Amy Roberts, Clerk-Treasurer

TOWN COUNCIL

Marcia Lynch, President
Jeff Martin
Steve Hartsock
Mike Neilson
Dennis Wynn

CLERK-TREASURER

Amy J. Roberts
745-4180

TOWN MANAGER

Gary Eakin
745-3001

TOWN PLANNER

Laura Parker
745-3007

SUPERINTENDENTS

Brad Andrews - Park
Keith Gill - Police
Mark Morgan - Fire
Rob Roberts - Public Works
Jerry Crisp - Wastewater
Jim Russell - Water