

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

TOWN OF DANVILLE

HENDRICKS COUNTY, INDIANA

January 1, 2013 to December 31, 2014



**FILED**  
07/22/2015



## TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials .....	2
Transmittal Letter .....	3
Clerk-Treasurer:	
Examination Results and Comments:	
Promotional Expenses .....	6
Local Road and Street Expenditures .....	7
Record of Hours Worked.....	7
Official Response.....	8
Exit Conference .....	9
Police Department:	
Examination Results and Comments:	
Promotional Expenses .....	12-13
Daily Deposits .....	13
Exit Conference .....	14
Fire Department:	
Examination Results and Comments:	
Record of Hours Worked.....	16
Promotional Expenses .....	16-17
Exit Conference .....	18
Public Works Department:	
Examination Results and Comments:	
Local Roads and Street Expenditures .....	20
Record of Hours Worked.....	20
Exit Conference .....	21

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Amy J. Cating	01-01-12 to 12-31-15
President of the Town Council	Marcia Lynch	01-01-13 to 12-31-15
Superintendent of Water Utility	James Russell	01-01-13 to 12-31-15
Superintendent of Wastewater Utility	Jerry Crisp	01-01-13 to 12-31-15
Superintendent of Storm Water Utility	Steve Carter Barry Lofton	01-01-13 to 08-04-13 08-05-13 to 12-31-15
Superintendent of Public Works	Robert Roberts	01-01-13 to 12-31-15
Superintendent of Parks and Recreation	Brad Andrew Will Lacey, Interim Will Lacey	01-01-13 to 02-08-13 02-09-13 to 03-15-13 03-16-13 to 12-31-15
Town Manager	Gary Eakin	01-01-13 to 12-31-15
Chief of Police	Keith Gill William Wright	01-01-13 to 08-06-13 08-07-13 to 12-31-15
Fire Chief	Mark Morgan	01-01-13 to 12-31-15



**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)

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

This report is supplemental to our examination report of the Town of Danville (Town), for the period from January 1, 2013 to December 31, 2014. It has been provided as a separate report so that the reader may easily identify any Examination Results and Comments that pertain to the Town. It should be read in conjunction with our Financial Statement Examination Report of the Town, which provides our opinion on the Town's financial statement. This report may be found at [www.in.gov/sboa/](http://www.in.gov/sboa/).

As authorized under Indiana Code 5-11-1, we performed procedures to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts. The Examination Results and Comments contained herein describe the identified reportable instances of noncompliance found as a result of these procedures. Our tests were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified.

Any Official Response to the Examination Results and Comments, incorporated within this report, was not verified for accuracy.

*Paul D. Joyce*  
Paul D. Joyce, CPA  
State Examiner

May 4, 2015

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CLERK-TREASURER  
TOWN OF DANVILLE

CLERK-TREASURER  
TOWN OF DANVILLE  
EXAMINATION RESULTS AND COMMENTS

**PROMOTIONAL EXPENSES**

Records indicated that payments were made out of the Cash-Police Donations fund to vendors for a Christmas Party held by the Danville Police Department. The party was held at the Colts Complex in Indianapolis. Expenses related to this party include catering of the meal, pies, candy, toys, and gifts. In addition, records presented for examination indicate flowers were paid for numerous times during 2013 and 2014.

Public funds may not be used to pay for personal items or for expenses which do not relate to the functions and purposes of the governmental unit. Any personal expenses paid by the governmental unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Following is a brief list of procedures to be followed by city and town officials in receiving and accounting for monetary contributions, donations, or gifts received by the municipality. (Since the term "donation" in this instance is synonymous to "contribution" and "gift" that term will be used.)

1. Unrestricted donations are defined as those to which the donor has not attached terms, conditions, or purposes.
2. Restricted donations are defined as those to which the donor has attached terms, conditions, or purposes.
3. The governing body of the unit has the option and responsibility to either accept or reject, in writing, any proposed donation.
4. If the donation is a restricted donation, the board must agree, in writing, to the terms, conditions, or purposes attached to the proposed donation.
5. Restricted donations can only be accepted for purposes within the scope of general statutory authority.
6. Income or revenues in the form of tax distributions, tax receipts, fees, rentals, contractual payments, etc., are not to be considered donations.
7. Donations which are accepted must be handled in one of the two following methods:
  - A. Unrestricted donations shall be receipted into the applicable operating fund of the unit (i.e. city or town operating (general) fund; cemetery operating fund, park and recreation operating fund, airport operating fund, etc.). Expenditure of such donated revenue from the operating fund shall be made only after an appropriation has been provided for the purpose of the expenditure. Claims must be filed and approved in the regular legal manner.
  - B. A restricted donation shall be placed into a separate fund after such fund is established by the legislative body of the unit. Any appropriate descriptive name may be given the donation fund. The donation can be expended only for the purpose and under the terms and conditions agreed to on accepting the donation.

Pursuant to Attorney General Official Opinion No. 68 of 1961, no further appropriation is required for expenditure of a restricted donation for the designated purpose. Even though no further appropriation is required, claims must be filed and approved in the regular legal manner before disbursements can be made from the fund. (Cities and Towns Bulletin and Uniform Compliance Guidelines, June 2006)



CLERK-TREASURER  
TOWN OF DANVILLE  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

**LOCAL ROAD AND STREET EXPENDITURES**

The Cash-Lrs fund paid for the 2013 and 2014 Sam's Club membership for the Public Works Department.

IC 8-14-2-5 states:

"Money from the local road and street account shall be used exclusively by the cities, towns, and counties for:

- (1) engineering, land acquisition, construction, resurfacing, maintenance, restoration, or rehabilitation of both local and arterial road and street systems;
- (2) the payment of principal and interest on bonds sold primarily to finance road, street, or thoroughfare projects;
- (3) any local costs required to undertake a recreational or reservoir road project under IC 8-23-5; or
- (4) the purchase, rental, or repair of highway equipment."

Local road and street account distributions must be budgeted and appropriated as required by law. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

**RECORD OF HOURS WORKED**

Employees were paid salaries from more than one fund and/or department. A separate record showing which hours were worked for each position was not presented for examination.

IC 5-11-9-4 requires that records be maintained showing which hours are worked each day for employees employed by more than one political subdivision or in more than one position by the same public agency. This requirement can be met by indicating the number of hours worked on each Employee's Service Record, General Form No. 99A and/or General Form No. 99B.

The Federal Fair Labor Standards Act (FLSA) requires that records of wages paid, daily and weekly hours of work, and the time of day and day of week on which the employee's work week begins be kept for all employees. These requirements can be met by use of the following prescribed general forms:

General Form 99A, Employees' Service Record  
General Form 99B, Employee's Earnings Record  
General Form 99C, Employee's Weekly Earnings Record

General Form 99C is required only for employees who are not exempt from FLSA, are not on a fixed work schedule, and are not paid weekly.

Additional information regarding FLSA rules and regulations may be obtained from the Department of Labor. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

# TOWN of DANVILLE

*Amy J. Cating, Clerk-Treasurer*

49 N Wayne Street, Suite 110 ~ Danville, Indiana 46122

*www.danvilleindiana.org ~ 317-745-4180*

May 8, 2015

Response to the Examination of the Town of Danville's 2013 & 2014 records:

## CLERK-TREASURER:

1. Promotional Expenses: Police Chief William Wright submitted claims for his 2014 Christmas party totaling over \$2,600.00. These claims came through in December 2014 and January 2015. I brought this to the attention of the Town Manager and the State Board of Accounts. The Town Council signed off on the claim packet. State Board of Accounts advised me on the use of the donation fund and I sent out an email to all departments on their proper uses. State Board of Accounts then scheduled a review and audit to address this item as well as others. All claims are being double checked by the Clerk-Treasurer's office to make sure of their compliance with Indiana law and local ordinances.
2. Local Road & Street Expenditures: The Public Work's Supt. Robert Roberts had submitted claims for the purchase of a Sam's Club Membership for the years 2009-2014 totaling \$380.00. Upon review it was found that these memberships purchased with Town funds were never used for the Town but they were being used personally under the authority of Supt. Robert Roberts by at least two employees. It was also discovered that the claims signed by Supt. Robert Roberts were being taken out of the LRS fund. I brought this to the attention of the State Board of Accounts. The State Board of Accounts scheduled a review and audit to address this item as well as others. The proper use of the LRS fund has been discussed with Supt. Robert Roberts and claims are being double checked by the Clerk-Treasurer's office to make sure of their compliance with Indiana law. The Clerk-Treasurer's office will not approve any claim for memberships in the future that are being used for personal use only as this is not a employee benefit of the Town.
3. Record of Hours Worked: Through the State Board of Accounts review and audit it was determined that the time tracking used by the Fire Department for the Assistant Fire Chief and Division Chief were not detailed enough. Given that the Assistant Chief is also the Public Works Supt. and receives pay for both positions separately; a detailed timesheet (timecard) should be maintained for both positions held by the one employee. We have discussed with both the Fire Chief and Public Work's Supt./Assistant Fire Chief the necessary reporting and submittal going forward.

Respectfully submitted,

*Amy J. Cating*

CLERK-TREASURER  
TOWN OF DANVILLE  
EXIT CONFERENCE

The contents of this report were discussed on April 30, 2015, with Amy J. Cating, Clerk-Treasurer; Marcia Lynch, President of the Town Council; and Gary Eakin, Town Manager.

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POLICE DEPARTMENT  
TOWN OF DANVILLE

POLICE DEPARTMENT  
TOWN OF DANVILLE  
EXAMINATION RESULTS AND COMMENTS

**PROMOTIONAL EXPENSES**

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4. If the donation is a restricted donation, the board must agree, in writing, to the terms, conditions, or purposes attached to the proposed donation.
5. Restricted donations can only be accepted for purposes within the scope of general statutory authority.
6. Income or revenues in the form of tax distributions, tax receipts, fees, rentals, contractual payments, etc., are not to be considered donations.

POLICE DEPARTMENT  
TOWN OF DANVILLE  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

7. Donations which are accepted must be handled in one of the two following methods:

A. Unrestricted donations shall be receipted into the applicable operating fund of the unit (i.e. city or town operating (general) fund; cemetery operating fund, park and recreation operating fund, airport operating fund, etc.). Expenditure of such donated revenue from the operating fund shall be made only after an appropriation has been provided for the purpose of the expenditure. Claims must be filed and approved in the regular legal manner.

B. A restricted donation shall be placed into a separate fund after such fund is established by the legislative body of the unit. Any appropriate descriptive name may be given the donation fund. The donation can be expended only for the purpose and under the terms and conditions agreed to on accepting the donation.

Pursuant to Attorney General Official Opinion No. 68 of 1961, no further appropriation is required for expenditure of a restricted donation for the designated purpose. Even though no further appropriation is required, claims must be filed and approved in the regular legal manner before disbursements can be made from the fund. (Cities and Towns Bulletin and Uniform Compliance Guidelines, June 2006)

***DAILY DEPOSITS***

Police Department receipts were deposited later than the next business day in 60 percent of receipts tested.

IC 5-13-6-1(d) requires cities and towns to deposit all funds not later than the next business day following the receipt of funds in depositories selected by the city or town as provided in an ordinance adopted by the city or town and approved as depositories of state funds.

Public funds deposited should be deposited in the same form in which they were received. This simply means all daily receipts received by the political subdivision should be deposited intact. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

POLICE DEPARTMENT  
TOWN OF DANVILLE  
EXIT CONFERENCE

The contents of this report were discussed on April 30, 2015, with William Wright; Chief of Police; Marcia Lynch, President of the Town Council; and Gary Eakin, Town Manager.



FIRE DEPARTMENT  
TOWN OF DANVILLE

FIRE DEPARTMENT  
TOWN OF DANVILLE  
EXAMINATION RESULTS AND COMMENTS

***RECORD OF HOURS WORKED***

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IC 5-11-9-4 requires that records be maintained showing which hours are worked each day for employees employed by more than one political subdivision or in more than one position by the same public agency. This requirement can be met by indicating the number of hours worked on each Employee's Service Record, General Form No. 99A and/or General Form No. 99B.

The Federal Fair Labor Standards Act (FLSA) requires that records of wages paid, daily and weekly hours of work, and the time of day and day of week on which the employee's work week begins be kept for all employees. These requirements can be met by use of the following prescribed general forms:

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Records presented for examination indicate flowers were paid for numerous times during 2013 and 2014 from donated funds.

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TOWN OF DANVILLE  
EXAMINATION RESULTS AND COMMENTS  
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FIRE DEPARTMENT  
TOWN OF DANVILLE  
EXIT CONFERENCE

The contents of this report were discussed on April 30, 2015, with Mark Morgan, Fire Chief; Marcia Lynch, President of the Town Council; and Gary Eakin, Town Manager.

PUBLIC WORKS DEPARTMENT  
TOWN OF DANVILLE

PUBLIC WORKS DEPARTMENT  
TOWN OF DANVILLE  
EXAMINATION RESULTS AND COMMENTS

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PUBLIC WORKS DEPARTMENT  
TOWN OF DANVILLE  
EXIT CONFERENCE

The contents of this report were discussed on April 30, 2015, with Robert Roberts, Superintendent of Public Works; Marcia Lynch, President of the Town Council; and Gary Eakin, Town Manager.