

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

FINANCIAL STATEMENTS EXAMINATION REPORT

OF

TOWN OF DARMSTADT

VANDERBURGH COUNTY, INDIANA

January 1, 2011 to December 31, 2014



**FILED**  
03/23/2016



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Mallory Lowe	01-01-08 to 12-31-15
President of the Town Council	Bob E. Stobbs	01-01-11 to 12-31-15
Superintendent of Wastewater Utility	Garry Sierra John Day (Interim) Jeff Goerges	01-01-11 to 11-22-13 11-23-13 to 01-29-14 01-30-14 to 12-31-15



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF DARMSTADT, VANDERBURGH COUNTY, INDIANA

We have examined the accompanying financial statements of the Town of Darmstadt (Town), for the period of January 1, 2011 to December 31, 2014. The financial statements are the responsibility of the Town's management. Our responsibility is to express an opinion on the financial statements 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 statements 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 statements on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the Indiana 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 effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position and results of operations of the Town for the period of January 1, 2011 to December 31, 2014.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the Town for the period of January 1, 2011 to December 31, 2014, 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 statements. The Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis and Schedule of Capital Assets, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statements. They have not been subjected to the examination procedures applied to the financial statements and, accordingly, we express no opinion on them.

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

December 14, 2015

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## FINANCIAL STATEMENTS AND ACCOMPANYING NOTES

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

TOWN OF DARMSTADT  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For the Years Ended December 31, 2011 and 2012

Fund	Cash and Investments 01-01-11	Receipts	Disbursements	Cash and Investments 12-31-11	Receipts	Disbursements	Cash and Investments 12-31-12
General	\$ 210,897	\$ 171,637	\$ 148,573	\$ 233,961	\$ 193,142	\$ 131,955	\$ 295,148
Motor Vehicle Highway	89,227	54,572	63,360	80,439	52,278	44,312	88,405
Local Road And Street	30,182	19,599	18,600	31,181	20,352	13,236	38,297
Rainy Day	959	-	-	959	-	-	959
Levy Excess	327	-	327	-	-	-	-
Cumulative Capl Imprv Cigarette Tax	41,356	3,819	10,000	35,175	3,791	783	38,183
Cumulative Capital Development	83,902	36,993	40,000	80,895	34,888	13,263	102,520
Payroll	-	154,013	154,013	-	172,531	172,531	-
Wastewater Utility-Operating	280,385	390,755	370,489	300,651	403,802	318,603	385,850
Totals	<u>\$ 737,235</u>	<u>\$ 831,388</u>	<u>\$ 805,362</u>	<u>\$ 763,261</u>	<u>\$ 880,784</u>	<u>\$ 694,683</u>	<u>\$ 949,362</u>

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

TOWN OF DARMSTADT  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For the Years Ended December 31, 2013 and 2014

Fund	Cash and Investments 01-01-13	Receipts	Disbursements	Cash and Investments 12-31-13	Receipts	Disbursements	Cash and Investments 12-31-14
General	\$ 295,148	\$ 197,505	\$ 141,809	\$ 350,844	\$ 190,041	\$ 168,555	\$ 372,330
Motor Vehicle Highway	88,405	61,743	54,023	96,125	67,888	57,164	106,849
Local Road And Street	38,297	20,407	-	58,704	20,605	25,575	53,734
Rainy Day	959	-	-	959	-	-	959
Cumulative Capl Imprv Cigarette Tax	38,183	3,809	-	41,992	3,754	-	45,746
Cumulative Capital Development	102,520	34,028	23,049	113,499	35,043	12,734	135,808
Payroll	-	174,474	174,643	(169)	165,072	165,072	(169)
Wastewater Utility-Operating	385,850	373,244	425,363	333,731	364,576	437,132	261,175
Totals	<u>\$ 949,362</u>	<u>\$ 865,210</u>	<u>\$ 818,887</u>	<u>\$ 995,685</u>	<u>\$ 846,979</u>	<u>\$ 866,232</u>	<u>\$ 976,432</u>

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

TOWN OF DARMSTADT  
NOTES TO FINANCIAL STATEMENTS

**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, public improvements, planning and zoning, general administrative services, wastewater, and storm water.

The accompanying financial statements present the financial information for the Town.

*B. Basis of Accounting*

The financial statements are reported on a regulatory basis of accounting prescribed by the Indiana 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. The basis of accounting involves the reporting of only cash and investments and the changes therein resulting from cash inflows (receipts) and cash outflows (disbursements) reported in the period in which they occurred.

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 statements. 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, 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 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: peddler licenses, dog tax licenses, auctioneer licenses, 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,

TOWN OF DARMSTADT  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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.

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 statements. 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.

Capital outlays 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 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.

TOWN OF DARMSTADT  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

*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, 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 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 DARMSTADT  
NOTES TO FINANCIAL STATEMENTS  
(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.

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#### OTHER INFORMATION - UNAUDITED

The Town's 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 statements contained in this report and the financial information presented in the Annual Reports of the Town which are 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 other information presented was approved by management of the Town. It is presented as intended by the Town.

TOWN OF DARMSTADT  
 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	Rainy Day	Levy Excess	Cumulative Capl Imprv Cigarette Tax	Cumulative Capital Development	Payroll	Wastewater Utility-Operating	Totals
Cash and investments - beginning	\$ 210,897	\$ 89,227	\$ 30,182	\$ 959	\$ 327	\$ 41,356	\$ 83,902	\$ -	\$ 280,385	\$ 737,235
Receipts:										
Taxes	128,590	-	-	-	-	-	33,264	-	-	161,854
Intergovernmental	42,558	54,545	19,593	-	-	3,771	3,701	-	-	124,168
Utility fees	-	-	-	-	-	-	-	-	390,543	390,543
Other receipts	489	27	6	-	-	48	28	154,013	212	154,823
Total receipts	171,637	54,572	19,599	-	-	3,819	36,993	154,013	390,755	831,388
Disbursements:										
Personal services	27,306	30,988	-	-	-	-	-	154,013	111,743	324,050
Supplies	644	17,158	-	-	-	-	-	-	-	17,802
Other services and charges	117,535	15,214	-	-	-	-	-	-	8,788	141,537
Capital outlay	3,088	-	18,600	-	-	10,000	40,000	-	14,272	85,960
Utility operating expenses	-	-	-	-	-	-	-	-	235,686	235,686
Other disbursements	-	-	-	-	327	-	-	-	-	327
Total disbursements	148,573	63,360	18,600	-	327	10,000	40,000	154,013	370,489	805,362
Excess (deficiency) of receipts over disbursements	23,064	(8,788)	999	-	(327)	(6,181)	(3,007)	-	20,266	26,026
Cash and investments - ending	\$ 233,961	\$ 80,439	\$ 31,181	\$ 959	\$ -	\$ 35,175	\$ 80,895	\$ -	\$ 300,651	\$ 763,261

TOWN OF DARMSTADT  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2012

	General	Motor Vehicle Highway	Local Road And Street	Rainy Day	Levy Excess	Cumulative Capl Imprv Cigarette Tax	Cumulative Capital Development	Payroll	Wastewater Utility-Operating	Totals
Cash and investments - beginning	\$ 233,961	\$ 80,439	\$ 31,181	\$ 959	\$ -	\$ 35,175	\$ 80,895	\$ -	\$ 300,651	\$ 763,261
Receipts:										
Taxes	108,997	-	-	-	-	-	31,050	-	-	140,047
Licenses and permits	23,613	-	-	-	-	-	-	-	-	23,613
Intergovernmental	56,463	52,245	20,345	-	-	3,732	3,804	-	-	136,589
Utility fees	-	-	-	-	-	-	-	-	403,581	403,581
Other receipts	4,069	33	7	-	-	59	34	172,531	221	176,954
Total receipts	193,142	52,278	20,352	-	-	3,791	34,888	172,531	403,802	880,784
Disbursements:										
Personal services	31,032	29,636	-	-	-	-	-	172,531	111,863	345,062
Supplies	803	9,255	-	-	-	-	-	-	-	10,058
Other services and charges	100,120	5,095	13,236	-	-	-	-	-	-	118,451
Capital outlay	-	326	-	-	-	783	13,263	-	-	14,372
Utility operating expenses	-	-	-	-	-	-	-	-	206,740	206,740
Other disbursements	-	-	-	-	-	-	-	-	-	-
Total disbursements	131,955	44,312	13,236	-	-	783	13,263	172,531	318,603	694,683
Excess (deficiency) of receipts over disbursements	61,187	7,966	7,116	-	-	3,008	21,625	-	85,199	186,101
Cash and investments - ending	\$ 295,148	\$ 88,405	\$ 38,297	\$ 959	\$ -	\$ 38,183	\$ 102,520	\$ -	\$ 385,850	\$ 949,362

TOWN OF DARMSTADT  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2013

	General	Motor Vehicle Highway	Local Road And Street	Rainy Day	Cumulative Capl Imprv Cigarette Tax	Cumulative Capital Development	Payroll	Wastewater Utility-Operating	Totals
Cash and investments - beginning	\$ 295,148	\$ 88,405	\$ 38,297	\$ 959	\$ 38,183	\$ 102,520	\$ -	\$ 385,850	\$ 949,362
Receipts:									
Taxes	105,635	1,386	-	-	-	33,445	-	-	140,466
Licenses and permits	18,166	-	-	-	-	-	-	-	18,166
Intergovernmental	57,208	57,839	20,403	-	3,777	564	-	-	139,791
Utility fees	-	-	-	-	-	-	-	372,963	372,963
Other receipts	16,496	2,518	4	-	32	19	174,474	281	193,824
Total receipts	197,505	61,743	20,407	-	3,809	34,028	174,474	373,244	865,210
Disbursements:									
Personal services	31,714	27,586	-	-	-	-	174,643	115,173	349,116
Supplies	1,161	16,354	-	-	-	-	-	-	17,515
Other services and charges	103,069	5,083	-	-	-	-	-	-	108,152
Capital outlay	5,865	5,000	-	-	-	23,049	-	58,069	91,983
Utility operating expenses	-	-	-	-	-	-	-	252,121	252,121
Other disbursements	-	-	-	-	-	-	-	-	-
Total disbursements	141,809	54,023	-	-	-	23,049	174,643	425,363	818,887
Excess (deficiency) of receipts over disbursements	55,696	7,720	20,407	-	3,809	10,979	(169)	(52,119)	46,323
Cash and investments - ending	\$ 350,844	\$ 96,125	\$ 58,704	\$ 959	\$ 41,992	\$ 113,499	\$ (169)	\$ 333,731	\$ 995,685

TOWN OF DARMSTADT  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2014

	General	Motor Vehicle Highway	Local Road And Street	Rainy Day	Cumulative Capl Imprv Cigarette Tax	Cumulative Capital Development	Payroll	Wastewater Utility-Operating	Totals
Cash and investments - beginning	\$ 350,844	\$ 96,125	\$ 58,704	\$ 959	\$ 41,992	\$ 113,499	\$ (169)	\$ 333,731	\$ 995,685
Receipts:									
Taxes	111,225	-	-	-	-	30,946	-	-	142,171
Licenses and permits	17,528	-	-	-	-	-	-	-	17,528
Intergovernmental	54,398	67,870	20,601	-	3,722	4,078	-	-	150,669
Utility fees	-	-	-	-	-	-	-	364,288	364,288
Other receipts	6,890	18	4	-	32	19	165,072	288	172,323
Total receipts	190,041	67,888	20,605	-	3,754	35,043	165,072	364,576	846,979
Disbursements:									
Personal services	32,492	28,528	-	-	-	-	165,072	104,053	330,145
Supplies	2,376	15,951	-	-	-	-	-	-	18,327
Other services and charges	126,580	11,156	25,575	-	-	-	-	20,276	183,587
Capital outlay	7,107	1,529	-	-	-	12,734	-	60,806	82,176
Utility operating expenses	-	-	-	-	-	-	-	251,997	251,997
Other disbursements	-	-	-	-	-	-	-	-	-
Total disbursements	168,555	57,164	25,575	-	-	12,734	165,072	437,132	866,232
Excess (deficiency) of receipts over disbursements	21,486	10,724	(4,970)	-	3,754	22,309	-	(72,556)	(19,253)
Cash and investments - ending	\$ 372,330	\$ 106,849	\$ 53,734	\$ 959	\$ 45,746	\$ 135,808	\$ (169)	\$ 261,175	\$ 976,432

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TOWN OF DARMSTADT  
 SCHEDULE OF CAPITAL ASSETS  
 December 31, 2014

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

	Ending Balance
Governmental activities:	
Infrastructure	\$ 115,644
Buildings	63,985
Machinery, equipment, and vehicles	111,097
Total governmental activities	290,726
Wastewater:	
Infrastructure	3,000,000
Machinery, equipment, and vehicles	81,158
Total Wastewater	3,081,158
Total capital assets	\$ 3,371,884

#### OTHER REPORTS

In addition to this report, other reports may have been issued for the Town. All reports can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>.