

STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2765

EXAMINATION REPORT

OF

TOWN OF DENVER

MIAMI COUNTY, INDIANA

January 1, 2004 to December 31, 2005



FILED
7/19/06

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OFFICIALS

Office

Official

Term

Clerk-Treasurer

Mary Titus

01-01-04 to 12-31-07

President of the Town Council

Allen Hetzner

01-01-04 to 12-31-06



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF DENVER, MIAMI COUNTY, INDIANA

We have examined the schedules of receipts, disbursements, and cash and investment balances of the Town of Denver (Town), for the period of January 1, 2004 to December 31, 2005. The Town's management is responsible for the schedules. Our responsibility is to express an opinion 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 schedule of receipts, disbursements, and cash and investment balances and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the schedules referred to above present fairly, in all material respects, the cash transactions of the Town for the years ended December 31, 2004 and 2005, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

June 13, 2006

TOWN OF DENVER
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL AND PROPRIETARY FUND TYPES
As Of And For The Years Ended December 31, 2004 And 2005

	Cash and Investments 01-01-04	Receipts	Disbursements	Cash and Investments 12-31-04
Governmental Funds:				
General	\$ 20,217	\$ 59,148	\$ 58,885	\$ 20,480
Motor Vehicle Highway	18,908	16,783	22,608	13,083
Local Road and Street	6,565	2,751	3,000	6,316
County Economic Development Income Tax	9,699	2,659	2,000	10,358
Rainy Day	-	465	-	465
Cumulative Capital Improvement	8,139	2,019	-	10,158
Cumulative Capital Development	10,706	3,078	6,151	7,633
Cumulative Fire	3,802	2,050	-	5,852
Proprietary Funds:				
Wastewater Utility - Operating	47,607	95,566	120,615	22,558
Wastewater Utility - Bond and Interest	13,831	21,000	22,849	11,982
Wastewater Utility - Depreciation	20,000	-	-	20,000
Wastewater Utility - Reserve	20,500	-	-	20,500
Totals	\$ 179,974	\$ 205,519	\$ 236,108	\$ 149,385
	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds:				
General	\$ 20,480	\$ 49,225	\$ 58,678	\$ 11,027
Motor Vehicle Highway	13,083	16,407	16,203	13,287
Local Road and Street	6,316	2,729	-	9,045
County Economic Development Income Tax	10,358	1,733	500	11,591
Excess Levy	-	1,327	-	1,327
Rainy Day	465	-	-	465
Cumulative Capital Improvement	10,158	1,672	-	11,830
Cumulative Capital Development	7,633	3,350	221	10,762
Cumulative Fire	5,852	2,233	147	7,938
Proprietary Funds:				
Wastewater Utility - Operating	22,558	90,092	87,000	25,650
Wastewater Utility - Bond and Interest	11,982	21,028	16,450	16,560
Wastewater Utility - Depreciation	20,000	-	-	20,000
Wastewater Utility - Reserve	20,500	-	-	20,500
Totals	\$ 149,385	\$ 189,796	\$ 179,199	\$ 159,982

The accompanying notes are an integral part of the schedules.

TOWN OF DENVER
NOTES TO SCHEDULES

Note 1. Introduction

The Town was established under the laws of the State of Indiana. The Town provides the following services: public safety, health and social services, culture and recreation, and general administrative services.

Note 2. Fund Accounting

The Town uses funds to report on its cash and investments and the results of its operations on a cash basis. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities.

Note 3. Budgets

The operating budget is initially prepared and approved at the local level. In addition, funds for which property taxes are levied or highway use taxes are received are subject to final approval by the Indiana Department of Local Government Finance.

Note 4. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the Town in June and December. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. 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% 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 become delinquent if not paid by May 10 and November 10, respectively. All property taxes collected by the County Treasurer and available for distribution were distributed to the Town on or prior to December 31 of the year collected.

Note 5. Deposits and Investments

Deposits, made in accordance with Indiana Code 5-13, with financial institutions in the State of Indiana at year end were 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 statute (IC 5-13-9) authorizes 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.

Note 6. Long-Term Debt

The Town has entered into various debts such as bonds for Wastewater Utility and a capital lease for a fire truck. The outstanding principal at December 31, 2005, was \$144,000 and \$11,613, respectively.

TOWN OF DENVER
EXAMINATION RESULTS AND COMMENTS

CAPITAL ASSET RECORDS

As noted in the prior audit, neither the Town nor the Wastewater Utility maintains a detailed record of Capital Assets or Utility Plant in Service, respectively.

Every governmental unit should have a complete inventory of all capital assets owned which reflect their acquisition value. Such inventory should be recorded in the Capital Assets Ledger form. A complete inventory should be taken every year for good internal control and for verifying account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

DELINQUENT WASTEWATER ACCOUNTS

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.

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;
- (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 . . ."

TOWN OF DENVER
EXIT CONFERENCE

The contents of this report were discussed on June 13, 2006, with Mary Titus, Clerk-Treasurer. The official concurred with our findings.