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

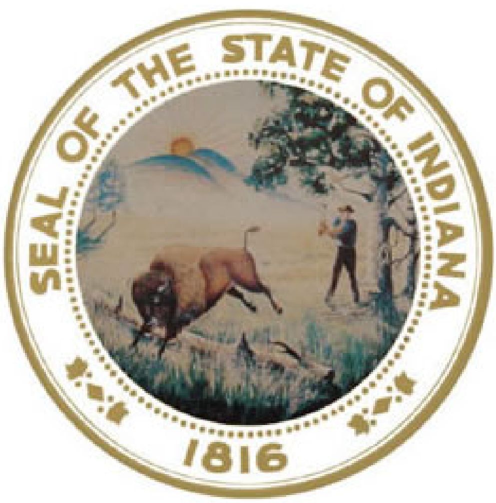
EXAMINATION REPORT

OF

TOWN OF DANVILLE

HENDRICKS COUNTY, INDIANA

January 1, 2008 to December 31, 2009



FILED
04/13/2011

TABLE OF CONTENTS

OFFICIALS

Office	Official	Term
Clerk-Treasurer	Amy Roberts	01-01-08 to 12-31-11
President of the Town Council	Myron Anderson	01-01-08 to 12-31-08
	Jeff Martin	01-01-09 to 12-31-11

STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the financial information presented herein of the Town of Danville (Town), for the period of January 1, 2008 to December 31, 2009. The Town's management is responsible for the financial information presented herein. 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 financial information presented herein 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 financial information referred to above presents fairly, in all material respects, the financial information of the Town for the years ended December 31, 2008 and 2009, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The Schedule of Long-Term Debt, as listed in the Table of Contents, is presented for additional analysis and is not a required part of the basic financial information. This schedule has not been subjected to the examination procedures applied to the basic financial information and, accordingly, we express no opinion on it.

STATE BOARD OF ACCOUNTS

December 8, 2010

TOWN OF DANVILLE
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL, PROPRIETARY, AND FIDUCIARY FUND TYPES
As Of And For The Years Ended December 31, 2008 And 2009

	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
Governmental Funds:				
General	$ 578,211	$ 4,126,028	$ 3,846,053	$ 858,186
Motor Vehicle Highway	214,369	300,511	296,682	218,198
Local Road and Street	82,794	88,299	126,843	44,250
Park and Recreation Donations	22,754	5,031	24,861	2,924
Law Enforcement Continuing Education	11,777	8,524	6,259	14,042
Riverboat	83,024	40,261	89,345	33,940
Rainy Day	272,858	292,550	855	564,553
Police Donations	3,423	12,151	8,835	6,739
Police Grant	950	7,619	8,523	46
Fire Donations	4,433	4,110	4,568	3,975
Fire Private Grant	-	1,350	1,305	45
Police Block Grant	270	-	270	-
COPS in School	364	-	364	-
Parking Violations	1,845	17,494	13,719	5,620
Blanton House	15,659	7,000	20,910	1,749
Train Station	2,500	8,625	10,875	250
Police PFT Grant	5,641	-	5,641	-
Park Non-Reverting Fund	4,595	58,008	22,563	40,040
Major Moves	87,617	-	65,935	21,682
Park Bond	203,829	92,085	255,256	40,658
General Obligation Bonds	429,216	189,999	619,215	-
Cumulative Capital Improvement	53,107	20,871	25,427	48,551
Cumulative Capital Development	108,269	31,585	48,620	91,234
Economic Development Income Tax	2,789,574	721,232	1,189,463	2,321,343
Community Host	1,320,186	806,297	1,009,775	1,116,708
Host Future	1,479,405	219,169	-	1,698,574
Proprietary Funds:				
Water Utility - Operating	74,413	2,305,317	2,245,800	133,930
Water Utility - Bond and Interest	192,313	272,162	371,475	93,000
Water Utility - Debt Service Reserve	598,591	-	227,116	371,475
Water Utility - Customer Deposit	38,850	17,050	18,900	37,000
Water Utility - Replacement	809,382	332,543	182,885	959,040
Wastewater Utility - Operating	389,797	2,340,153	2,556,200	173,750
Wastewater Utility - Bond and Interest	130,096	657,125	673,622	113,599
Wastewater Utility - Depreciation	681,601	-	8,380	673,221
Wastewater Utility - Construction	556,084	10,959	25,200	541,843
Wastewater Utility - Replacement	1,157,013	134,393	26,611	1,264,795
Fiduciary Fund:				
Payroll	(56,021)	3,838,110	3,688,720	93,369
Totals	$ 12,348,789	$ 16,966,611	$ 17,727,071	$ 11,588,329

The accompanying notes are an integral part of the financial information.

TOWN OF DANVILLE
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL, PROPRIETARY, AND FIDUCIARY FUND TYPES
As Of And For The Years Ended December 31, 2008 And 2009
(Continued)

	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
Governmental Funds:				
General	$ 858,186	$ 5,099,132	$ 5,057,232	$ 900,086
Motor Vehicle Highway	218,198	387,174	347,106	258,266
Local Road and Street	44,250	85,753	129,149	854
Park and Recreation Donations	2,924	16,634	5,907	13,651
Law Enforcement Continuing Education	14,042	8,933	9,304	13,671
Riverboat	33,940	43,364	63,218	14,086
Rainy Day	564,553	3,669	-	568,222
Police Donations	6,739	8,266	8,374	6,631
Police Grant	46	5,675	5,650	71
Fire Donations	3,975	2,968	4,875	2,068
Fire Private Grant	45	-	-	45
Parking Violations	5,620	14,080	5,949	13,751
Blanton House	1,749	12,250	9,850	4,149
Train Station	250	7,650	7,200	700
Park Non-Reverting Fund	40,040	74,077	52,436	61,681
Major Moves	21,682	5,839	27,521	-
Park Bond	40,658	74,558	103,562	11,654
General Obligation Bonds	-	242,944	245,195	(2,251)
Cumulative Capital Improvement	48,551	19,680	46,704	21,527
Cumulative Capital Development	91,234	49,435	119,310	21,359
Economic Development Income Tax	2,321,343	1,528,453	1,562,058	2,287,738
Community Host	1,116,708	605,058	1,504,113	217,653
Host Future	1,698,574	1,158,664	1,000,000	1,857,238
Proprietary Funds:				
Water Utility - Operating	133,930	2,065,101	2,092,531	106,500
Water Utility - Bond and Interest	93,000	372,000	370,699	94,301
Water Utility - Debt Service Reserve	371,475	-	-	371,475
Water Utility - Customer Deposit	37,000	19,950	20,900	36,050
Water Utility - Replacement	959,040	55,500	196,068	818,472
Wastewater Utility - Operating	173,750	2,185,958	2,229,798	129,910
Wastewater Utility - Bond and Interest	113,599	684,000	675,252	122,347
Wastewater Utility - Depreciation	673,221	-	-	673,221
Wastewater Utility - Construction	541,843	7,313	3,800	545,356
Wastewater Utility - Replacement	1,264,795	10,000	237,024	1,037,771
Wastewater Escrow #1	-	4,816	-	4,816
Storm Water	-	10,101	-	10,101
Fiduciary Fund:				
Payroll	93,369	3,706,962	3,768,910	31,421
Totals	$ 11,588,329	$ 18,575,957	$ 19,909,695	$ 10,254,591

The accompanying notes are an integral part of the financial information.

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. Pension Plan

Public Employees' Retirement Fund

Plan Description

The Town contributes to the Indiana Public Employees' Retirement Fund (PERF), 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 PERF 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% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

PERF 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:

Public Employees' Retirement Fund
Harrison Building, Room 800
143 West Market Street
Indianapolis, IN 46204
Ph. (317) 233-4162

Funding Policy and Annual Pension Cost

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

TOWN OF DANVILLE
SUPPLEMENTARY INFORMATION
SCHEDULE OF LONG-TERM DEBT
December 31, 2009

The Town has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:		
Bonds payable:		
General obligation bonds:		
GO Bonds of 2001, Series B	$ 166,000	$ 87,847
Park District GO Bonds of 2004	985,000	200,163
Police Equipment GO Bonds of 2007	103,000	106,023
Public Works GO Bonds of 2007	391,000	23,528
Total governmental activities debt	$ 1,645,000	$ 417,561
Business-type activities:		
Water Utility:		
Revenue bonds:		
Water Revenue Bonds of 2001	$ 1,549,000	$ 154,411
Water Revenue Bonds of 2003	1,791,000	158,342
Water Revenue Bonds of 2004	652,000	57,972
Total Water Utility	3,992,000	370,725
Wastewater Utility		
Revenue bonds:		
Sewage Works Revenue Bonds of 1996	580,000	114,000
Sewage Works Revenue Bonds of 2004	7,105,000	561,751
Total Wastewater Utility	7,685,000	675,751
Total business-type activities debt	$ 11,677,000	$ 1,046,476

TOWN OF DANVILLE
EXAMINATION RESULTS AND COMMENTS

BANK ACCOUNT RECONCILIATION

Depository reconciliations of the fund balances to the bank account balances were prepared by the clerk-treasurer during the period examined but were incorrect or did not accurately and completely reconcile the fund balances to the bank account balances. As of December 31, 2009, fund balances were reported in the amount of $10,254,596.48 and adjusted bank balances were reported in the amount of $10,225,888.39, a difference of $28,708.09.

IC 5-13-6-1(e) states in part: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

At all times, the manual and/or 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 responsibility for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

OVERDRAWN FUND BALANCE

The General Obligation Bonds Fund was overdrawn by $2,251 as of December 31, 2009.

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 February 17, 2011, with Amy Roberts, Clerk-Treasurer; Jeff Martin, President of the Town Council; and Gary Eakin, Town Manager.

The official response has been made a part of this report and may be found on page 11.

TOWN *of* DANVILLE

Amy J. Roberts, Clerk-Treasurer

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

www.danvilleindiana.org ~ 317-745-4180

February 23, 2011

In response the Examination Results and Comments of the 2008 & 2009 Town of Danville review we would like to record the following:

1. <u>Bank Account Reconciliations</u>
   All differences have been corrected in 2010 and should show on the next State Board of Accounts Examination Audit. The reason for the difference is a combination of issues from computer conversion, manual books being difficult to read and using an accrual based system for the town's cash based fund accounting making it difficult for the staff and State Board of Accounts to locate the exact issues and amounts. The Clerk-Treasurer and State Board of Accounts worked diligently to resolve the issue but were unsuccessful during the examination.
2. <u>Overdrawn Fund Balances</u>
   The reason for the overdrawn balance in the Go Debt Service was due to a shortfall in property taxes caused by the new circuit breaker. As of 2010 the Debt Service fund has a cash reserve balance which should eliminate this problem in the future.

Respectfully submitted,

Amy J Roberts

Amy J. Roberts

The Town of Danville, "A great place to spend an hour or a lifetime."