

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

EXAMINATION REPORT

OF

TOWN OF CHESTERFIELD

MADISON COUNTY, INDIANA

January 1, 2005 to December 31, 2006



FILED

10/12/2007

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Chris L. Parrish	01-01-04 to 12-31-07
President of the Town Council	Jack Taylor	01-01-05 to 12-31-07



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

INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF CHESTERFIELD, MADISON COUNTY, INDIANA

We have examined the financial information presented herein of the Town of Chesterfield (Town), for the period of January 1, 2005 to December 31, 2006. 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, 2005 and 2006, 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. It 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

August 29, 2007

TOWN OF CHESTERFIELD
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, 2005 And 2006

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds:				
General	\$ (33,761)	\$ 955,751	\$ 733,372	\$ 188,618
Levy Excess	9,634	13,635	16,824	6,445
Riverboat	19,496	18,722	8,022	30,196
General Donation	322	-	-	322
Parade Donation	544	1,848	1,230	1,162
Rainy Day	1,201	-	-	1,201
Motor Vehicle Highway	28,393	93,975	90,385	31,983
Local Road and Street	11,335	28,091	24,126	15,300
Local Law Enforcement Continuing Education	6,440	1,670	2,650	5,460
Police Donation	3,044	4,314	4,654	2,704
Park	12,709	132,083	93,284	51,508
Park Donation	5,373	4,123	1,949	7,547
Police Equipment/Training Fund	943	-	-	943
Flag/Christmas Donation	469	-	-	469
Fireworks Donation	-	2,175	2,175	-
Trash and Garbage	9,470	101,774	108,516	2,728
Cumulative Capital Improvement	8,698	-	-	8,698
Cumulative Capital Development	32,561	17,195	759	48,997
Alternatives of Madison County	-	37,867	31,530	6,337
General Obligation Bond	45,044	58,800	56,548	47,296
Planning Grant	(2,400)	14,400	12,000	-
Indiana Highway Safety Program	5	1,850	1,679	176
ILEAF Cop Grant	11	-	-	11
Police Training/Schooling	197	-	-	197
Block Grant	2	-	-	2
Chemical Task Grant	238	6,700	7,270	(332)
DUI Task Force	35	-	-	35
Indiana Housing Grant	-	20,000	20,000	-
Bulletproof Vest Grant	2,500	-	6	2,494
Proprietary Funds:				
Water Utility - Operating	336,730	315,960	294,130	358,560
Water Utility - Depreciation	44,429	11,887	-	56,316
Water Utility - Customer Deposit	30,271	5,180	4,475	30,976
Wastewater Utility - Operating	(6,229)	586,233	476,278	103,726
Wastewater Utility - Depreciation and Replacement	13,658	12,000	3,886	21,772
Wastewater Utility - Bond	388,000	8,319	98,422	297,897
Fiduciary Fund:				
Payroll	1,322	570,887	570,735	1,474
Totals	<u>\$ 970,684</u>	<u>\$ 3,025,439</u>	<u>\$ 2,664,905</u>	<u>\$ 1,331,218</u>

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

TOWN OF CHESTERFIELD
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, 2005 And 2006
(Continued)

	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
Governmental Funds:				
General	\$ 188,618	\$ 768,342	\$ 726,194	\$ 230,766
Levy Excess	6,445	39,389	18,277	27,557
Riverboat	30,196	18,683	44,968	3,911
General Donation	322	568	582	308
Parade Donation	1,162	1,395	1,191	1,366
Rainy Day	1,201	-	-	1,201
Motor Vehicle Highway	31,983	110,880	80,909	61,954
Local Road and Street	15,300	27,103	19,799	22,604
Local Law Enforcement Continuing Education	5,460	1,229	5,831	858
Police Donation	2,704	184	2,574	314
Park	51,508	77,127	86,123	42,512
Park Donation	7,547	1,250	7,754	1,043
Police Equipment/Training Fund	943	-	-	943
Flag/Christmas Donation	469	-	-	469
Trash and Garbage	2,728	112,935	114,648	1,015
Fireworks Donation	-	2,754	69	2,685
Cumulative Capital Improvement	8,698	281	5,835	3,144
Cumulative Capital Development	48,997	10,938	24,840	35,095
Police Court Funds	-	40,930	8,228	32,702
Diamond Celebration Fund	-	22,455	22,422	33
Alternatives of Madison County	6,337	71,869	73,615	4,591
General Obligation Bond	47,296	58,800	55,783	50,313
Indiana Highway Safety Program	176	3,070	2,928	318
ILEAF Cop Grant	11	-	-	11
Police Training/Schooling	197	-	-	197
Block Grant	2	-	-	2
Chemical Task Grant	(332)	4,718	4,266	120
DUI Task Force	35	6,734	6,577	192
Indiana Housing Grant	-	6,123	5,000	1,123
Bulletproof Vest Grant	2,494	2	10	2,486
Proprietary Funds:				
Water Utility - Operating	358,560	311,070	328,273	341,357
Water Utility - Depreciation	56,316	11,485	-	67,801
Water Utility - Customer Deposit	30,976	4,725	3,577	32,124
Wastewater Utility - Operating	103,726	577,377	484,155	196,948
Wastewater Utility - Depreciation and Replacement	21,772	12,000	-	33,772
Wastewater Utility - Bond	297,897	12,253	37,683	272,467
Fiduciary Fund:				
Payroll	1,474	597,488	593,417	5,545
Totals	\$ 1,331,218	\$ 2,914,157	\$ 2,765,528	\$ 1,479,847

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

TOWN OF CHESTERFIELD
NOTES TO 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, highways and streets, public improvements, planning and zoning, culture and recreation, and general administrative services, water, wastewater, and urban development and housing.

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.

TOWN OF CHESTERFIELD
NOTES TO FINANCIAL INFORMATION
(Continued)

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 CHESTERFIELD
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT

December 31, 2006

The town has entered into the following debt

Description of Asset	Ending Balance	Due Within One Year
Governmental and Business Type Activities		
Capital leases:		
2 Ford Explorers	\$ 15,257	\$ 15,257
2005 4X4 Truck	16,552	8,094
Backhoe	24,678	5,786
Street Sweeper	14,473	14,473
Lap Top Computers	31,570	5,602
2 Police Cars	56,945	18,065
Bonds payable:		
General obligation bonds:		
Renovation of Town Hall	545,000	23,000
Bonds Anticipation Notes	400,000	-
Total governmental and business type activities	<u>\$ 1,104,475</u>	<u>\$ 90,277</u>

TOWN OF CHESTERFIELD
EXAMINATION RESULTS AND COMMENTS

CAPITAL ASSET RECORDS

As stated in the prior Report B26072, an inventory or record of capital assets for the Town or Utilities using City and Town Form 211 or an approved alternate was not presented for examination.

Every governmental unit should have a complete inventory of all capital assets owned which reflects their acquisition value. Such inventory should be recorded in the Capital Assets Ledger. 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)

BANK RECONCILIATIONS

Depository reconciliations of the fund balances to the bank account balances were incorrect as presented for examination. A comparison of the records to the bank account indicated cash necessary to balance of \$1,508.21 at December 31, 2006.

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 responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

CONDITION OF RECORDS

As stated in prior Report B26072, financial records presented for examination were incomplete. The beginning balance, receipts, disbursements, and ending balance of the Bulletproof Vest Grant Fund was not reported on the ledger. The activity of the fund was also excluded from the annual report. The Clerk-Treasurer maintains this fund in a separate bank account. This resulted in the Town's ledger and annual report not being reflective of all financial activity of the Town. The Clerk-Treasurer should create a fund on the ledger to include the activity of this grant and include the receipts, disbursements and balances in the Town's annual report.

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 responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

All financial transactions pertaining to the governmental unit should be recorded in the records of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TOWN OF CHESTERFIELD
EXAMINATION RESULTS AND COMMENTS
(Continued)

METER DEPOSIT FUND

The Meter Deposit Fund control ledger was \$3,816.26 less than the detail of individual customer balances. This variance has been carried by the Town since a correcting entry was made in 2001. A transfer should be made from the Water Operating Fund to the Meter Deposit Fund in order for the Meter Deposit Fund detail to agree with the control, and to correct the over correction made in 2001.

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 responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

PENALTIES AND INTEREST PAID

The Town paid penalties and interest payments in the amount of \$2,351.01 due to untimely remittance of taxes during 2005 and 2006. Penalties and interest totaling \$1,661.25 were paid to the Internal Revenue Service and \$689.76 to the Indiana Department of Revenue.

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Failure to pay claims or remit taxes in a timely manner could be an indicator of serious financial problems which should be investigated by the governmental unit.

Additionally, officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the governmental unit.

Any penalties, interest or other charges 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)

TOWN OF CHESTERFIELD
EXIT CONFERENCE

The contents of this report were discussed on August 29, 2007, with Chris L. Parrish, Clerk-Treasurer; and Karen Wilson, Vice President of the Town Council. The officials concurred with our findings.