

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

EXAMINATION REPORT
OF
TOWN OF PITTSBORO
HENDRICKS COUNTY, INDIANA
January 1, 2006 to December 31, 2007



FILED
11/06/2008

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Patricia Mitchell Judith A. Compton	01-01-04 to 12-31-07 01-01-08 to 12-31-11
President of the Town Council	Shelby Smith William Hueber	01-01-06 to 12-31-06 01-01-07 to 12-31-08



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the financial information presented herein of the Town of Pittsboro (Town), for the period of January 1, 2006 to December 31, 2007. 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 present fairly, in all material respects, the financial information of the Town for the years ended December 31, 2006 and 2007, 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

October 2, 2008

TOWN OF PITTSBORO
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, 2006 And 2007

	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
Governmental Funds:				
General	\$ 402,346	\$ 498,413	\$ 606,893	\$ 293,866
Dare	41	-	-	41
Park Gift Donation	1,005	10,820	2,123	9,702
Police Gift Donation	862	53,478	51,394	2,946
Local Road and Street	5,498	20,519	7,302	18,715
Motor Vehicle Highway	189,952	121,263	58,330	252,885
Cumulative Street Fund	8,724	39,509	-	48,233
Police Administration	39	-	-	39
Cell Phone	-	306	244	62
Law Enforcement Continuing Education	764	15,101	2,607	13,258
Park and Recreation	57,930	93,687	119,018	32,599
Park Nonreverting Operating	4,137	8,305	385	12,057
Park Nonreverting Capital	1,782	9,500	-	11,282
Cumulative Capital Improvement	4,740	5,673	7,263	3,150
Economic Development Income Tax	52,745	207,374	52,405	207,714
Nonreverting Fund	22,915	21,605	44,269	251
CR 225E Project	-	18,404	18,404	-
Riverboat Wagering Tax	19,310	9,993	-	29,303
Proprietary Funds:				
Electric Utility - Operating	83,168	832,022	692,854	222,336
Electric Utility - Depreciation	42,042	12	-	42,054
Electric Utility - Cash Reserve	12,707	-	-	12,707
Electric Utility - Meter Deposit	8,890	3,500	3,975	8,415
Gas Utility - Operating	78,196	1,098,666	1,134,846	42,016
Gas Utility - Depreciation	2,039	-	-	2,039
Gas Utility - Meter Deposit	12,750	4,600	4,800	12,550
Gas Utility - Cash Reserve	1,776	7	-	1,783
Wastewater Utility - Operating	501,623	756,801	673,325	585,099
Wastewater Utility - Debt Service	428,788	120,981	97,404	452,365
Wastewater Utility - Bond and Interest	199,301	382,337	382,995	198,643
Wastewater Utility - Rate Stabilization	200,000	-	-	200,000
Wastewater Utility - Cumulative Sewer	3,238	101	-	3,339
Wastewater Utility - Sanitation	41,458	69,367	62,931	47,894
Sewer Tap Fee	55,950	12,300	-	68,250
Sewer Availability Fee	183,350	92,000	-	275,350
Water Utility - Operating	430,269	475,930	421,171	485,028
Water Utility - Bond Depreciation	18,127	-	-	18,127
Water Utility - Meter Deposit	4,341	1,269	1,350	4,260
Water Utility - Cash Reserve	49,500	-	-	49,500
Water - Sinking	115,594	73,709	68,657	120,646
Storm Sewer	-	6,250	1,451	4,799
Sales Tax	803	121,997	122,448	352
Fiduciary Fund:				
Payroll Withholdings	8,221	667,903	675,692	432
Totals	<u>\$ 3,254,921</u>	<u>\$ 5,853,702</u>	<u>\$ 5,314,536</u>	<u>\$ 3,794,087</u>

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

TOWN OF PITTSBORO
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, 2006 And 2007
(Continued)

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Governmental Funds:				
General	\$ 293,866	\$ 457,490	\$ 590,911	\$ 160,445
Dare	41	-	-	41
Park Gift Donation	9,702	6,120	10,402	5,420
Police Gift Donation	2,946	48,751	45,583	6,114
Local Road and Street	18,715	22,922	14,684	26,953
Motor Vehicle Highway	252,885	237,587	232,729	257,743
Cumulative Street Fund	48,233	36,962	-	85,195
Police Administration	39	-	25	14
Cell Phone	62	-	62	-
Law Enforcement Continuing Education	13,258	2,640	12,499	3,399
Rainy Day	-	31,354	-	31,354
Park and Recreation	32,599	65,356	81,466	16,489
Park Nonreverting Operating	12,057	8,310	1,570	18,797
Park Nonreverting Capital	11,282	9,500	-	20,782
Cumulative Capital Improvement	3,150	5,577	7,493	1,234
Economic Development Income Tax	207,714	78,863	3,942	282,635
Nonreverting Fund	251	187,662	169,892	18,021
Riverboat Wagering Tax	29,303	10,014	21,196	18,121
Proprietary Funds:				
Electric Utility - Operating	222,336	878,363	1,017,924	82,775
Electric Utility - Depreciation	42,054	14	-	42,068
Electric Utility - Cash Reserve	12,707	-	-	12,707
Electric Utility - Meter Deposit	8,415	3,625	3,600	8,440
Gas Utility - Operating	42,016	860,340	845,758	56,598
Gas Utility - Depreciation	2,039	48,662	50,679	22
Gas Utility - Meter Deposit	12,550	4,036	4,036	12,550
Gas Utility - Cash Reserve	1,783	9	-	1,792
Wastewater Utility - Operating	585,099	800,353	866,079	519,373
Wastewater Utility - Debt Service	452,365	119,355	97,404	474,316
Wastewater Utility - Bond and Interest	198,643	459,268	383,807	274,104
Wastewater Utility - Rate Stabilization	200,000	-	-	200,000
Wastewater Utility - Cumulative Sewer	3,339	110	-	3,449
Wastewater Utility - Sanitation	47,894	73,865	68,411	53,348
Sewer Tap Fee	68,250	9,900	-	78,150
Sewer Availability Fee	275,350	75,900	-	351,250
Water Utility - Operating	485,028	623,561	808,773	299,816
Water Utility - Bond Depreciation	18,127	-	-	18,127
Water Utility - Meter Deposit	4,260	1,250	1,150	4,360
Water Utility - Cash Reserve	49,500	117,000	87,172	79,328
Water - Sinking	120,646	75,933	70,389	126,190
Storm Sewer	4,799	12,491	2,588	14,702
Sales Tax	352	109,120	110,987	(1,515)
Fiduciary Fund:				
Payroll Withholdings	432	755,092	749,795	5,729
Totals	<u>\$ 3,794,087</u>	<u>\$ 6,237,355</u>	<u>\$ 6,361,006</u>	<u>\$ 3,670,436</u>

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

TOWN OF PITTSBORO
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, 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.

TOWN OF PITTSBORO
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 PITTSBORO
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 December 31, 2007

The Town has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental Activities:		
Capital leases:		
(2006) Police Cars Capital Lease	\$ 16,699	\$ 17,676
Business-type Activities:		
Water Utility		
State Revolving Loans:		
2005 Water Main construction and Improvement	\$ 431,423	\$ 7,892
Revenue bonds:		
(2001) \$495,000 Water Tower construction	180,000	66,795
Total Water Utility	611,423	74,687
Wastewater Utility		
Revenue bonds:		
(2002) \$4,950,000 Wastewater treatment plant	4,212,000	385,193
Total business-type activities debt:	\$ 4,823,423	\$ 459,880

TOWN OF PITTSBORO
EXAMINATION RESULTS AND COMMENTS

COMPENSATION AND BENEFITS

Three employees were hired during 2007 to fill new positions that were not included in the 2007 salary ordinance. The 2007 salary ordinance was not amended by the Town Council to include the new positions.

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, resolution or salary schedule adopted by the governing body unless otherwise authorized by statute. Compensation should be made in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

PARK BOARD MINUTES

Park Board minutes for the time period between April 2007 and December 2007 were not presented for examination. Inquiry of personnel revealed that the park board held meetings during that time period. A similar comment appeared in prior Report B28050.

Indiana Code 5-14-1.5-4 states in part:

"(b) As the meeting progresses, the following memoranda shall be kept:

- (1) The date, time, and place of the meeting.
- (2) The members of the governing body recorded as either present or absent.
- (3) The general substance of all matters proposed, discussed, or decided.
- (4) A record of all votes taken, by individual members if there is a roll call.
- (5) Any additional information required under IC 5-1.5-2-2.5 or IC 20-12-63-7."

TOWN OF PITTSBORO
EXIT CONFERENCE

The contents of this report were discussed on October 2, 2008, with Judith A. Compton, Clerk-Treasurer; and William Hueber, President of the Town Council. The officials concurred with our findings.