

B37181

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

EXAMINATION REPORT
OF
TOWN OF SELLERSBURG
CLARK COUNTY, INDIANA
January 1, 2008 to December 31, 2009



FILED
07/08/2010

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Officials	2
Independent Accountant's Report.....	3
Financial Information:	
Schedules of Receipts, Disbursements, and Cash and Investment Balances	4-5
Notes to Financial Information	6-8
Supplementary Information:	
Schedule of Capital Assets.....	9
Schedule of Long-Term Debt	10
Exit Conference.....	11

OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	David L. Kinder	01-01-08 to 12-31-11
President of the Town Council	Brian K. Meyer	01-01-08 to 12-31-10
Director of Municipal Works	Kenneth J. Alexander	01-01-08 to 12-31-10



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 SELLERSBURG, CLARK COUNTY, INDIANA

We have examined the financial information presented herein of the Town of Sellersburg (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 Capital Assets and Schedule of Long-Term Debt, as listed in the Table of Contents, are presented for additional analysis and are not a required part of the basic financial information. They have not been subjected to the examination procedures applied to the basic financial information and, accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

May 25, 2010

TOWN OF SELLERSBURG
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	\$ 1,962	\$ 2,710,025	\$ 2,463,299	\$ 248,688
Motor Vehicle Highway	113,558	176,144	310,661	(20,959)
Local Road and Street	87,181	62,748	84,308	65,621
Park and Recreation	49,963	127,168	112,903	64,228
Forfeiture	-	5,566	4,955	611
Clerk's Record Perpetuation	4,558	1,508	37	6,029
Deferral User Fee	2,117	701	-	2,818
Group Insurance	55,335	12,175	67,510	-
Law Enforcement Continuing Education	35,107	12,213	2,500	44,820
Police Grants	3,690	145,617	144,816	4,491
Police Station	5,708	600	3,398	2,910
Police Vehicle Lease	126,629	-	126,629	-
Police Equipment	-	5,218	1,235	3,983
Cumulative Capital Improvement	28,906	19,743	24,665	23,984
Cumulative Capital Development	170,626	71,361	63,753	178,234
Rainy Day	276,727	93,194	35,671	334,250
Economic Development Income Tax	342,362	156,577	10,233	488,706
Engineering Fees	13,585	-	13,585	-
Storm Water Planning Grant	-	17,175	17,175	-
Proprietary Funds:				
Water Utility - Operating	183,770	981,362	1,019,483	145,649
Water Utility - Bond and Interest	27,633	322,916	305,085	45,464
Water Utility - Debt Service Reserve	294,117	-	500	293,617
Water Utility - Customer Deposit	295,947	56,100	13,795	338,252
Water Utility - Improvement	95,501	21,355	23,666	93,190
Wastewater Utility - Operating	663,810	1,756,840	1,686,993	733,657
Wastewater Utility - Bond and Interest	64,834	396,520	393,702	67,652
Wastewater Utility - BAN	1,666,963	-	961,508	705,455
Wastewater Utility - Improvement	176,985	-	118,687	58,298
Wastewater Utility - Debt Service Reserve	386,476	-	-	386,476
Wastewater Utility - Reserve	535,894	273,310	238,876	570,328
Wastewater Utility - Expansion	237,628	118,800	-	356,428
Fiduciary Funds:				
Police Officers' Pension	161,307	90,238	75,291	176,254
Town Court	76,786	278,818	284,905	70,699
Construction Retainage	8,684	-	-	8,684
Payroll	1,271	2,275,105	2,270,970	5,406
Totals	<u>\$ 6,195,620</u>	<u>\$ 10,189,097</u>	<u>\$ 10,880,794</u>	<u>\$ 5,503,923</u>

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

TOWN OF SELLERSBURG
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	\$ 248,688	\$ 3,193,333	\$ 2,667,046	\$ 774,975
Motor Vehicle Highway	(20,959)	167,399	127,380	19,060
Local Road and Street	65,621	61,234	91,264	35,591
Park and Recreation	64,228	146,194	132,447	77,975
Forfeiture	611	-	-	611
Clerk's Record Perpetuation	6,029	949	1,760	5,218
Deferral User Fee	2,818	-	-	2,818
Retirees Insurance	-	22,000	-	22,000
Law Enforcement Continuing Education	44,820	8,654	14,000	39,474
Police Grants	4,491	136,350	138,540	2,301
Police Station	2,910	1,852	2,406	2,356
Police Equipment	3,983	-	1,000	2,983
Cumulative Capital Improvement	23,984	18,616	19,669	22,931
Cumulative Capital Development	178,234	71,339	115,088	134,485
Rainy Day	334,250	93,841	132,669	295,422
Economic Development Income Tax	488,706	181,287	237,027	432,966
Sellersburg/Nolan Fieldhouse	-	212,485	181,730	30,755
Vest For Valor	-	38,505	38,000	505
Shop With A Cop	-	16,805	7,907	8,898
Storm Water Planning Grant	-	12,825	12,825	-
Proprietary Funds:				
Water Utility - Operating	145,649	1,137,440	1,155,987	127,102
Water Utility - Bond and Interest	45,464	304,133	304,403	45,194
Water Utility - Debt Service Reserve	293,617	-	-	293,617
Water Utility - Customer Deposit	338,252	11,300	110,132	239,420
Water Utility - Improvement	93,190	27,734	100,580	20,344
Wastewater Utility - Operating	733,657	1,588,581	2,148,639	173,599
Wastewater Utility - Bond and Interest	67,652	423,552	489,927	1,277
Wastewater Utility - BAN	705,455	1,457,144	2,162,599	-
Wastewater Utility - Improvement	58,298	-	58,298	-
Wastewater Utility - Debt Service Reserve	386,476	524	-	387,000
Wastewater Utility - Reserve	570,328	355,340	151,009	774,659
Wastewater Utility - Expansion	356,428	123,200	24,044	455,584
Fiduciary Funds:				
Police Officers' Pension	176,254	100,680	76,021	200,913
Town Court	70,699	160,215	170,667	60,247
Construction Retainage	8,684	-	8,684	-
Payroll	5,406	2,250,691	2,255,926	171
Totals	<u>\$ 5,503,923</u>	<u>\$ 12,324,202</u>	<u>\$ 13,137,674</u>	<u>\$ 4,690,451</u>

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

TOWN OF SELLERSBURG
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, highway and streets, public improvements, planning and zoning, culture and recreation, economic development, water, wastewater, sanitation, 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.

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 SELLERSBURG
NOTES TO FINANCIAL INFORMATION
(Continued)

Note 6. Pension Plans

A. Agent Multiple-Employer and Single-Employer Defined Benefit Pension Plans

1. 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 the 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 member's 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. The 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 plan members for PERF are established by the Board of Trustees of PERF.

2. 1925 Police Officers' Pension Plan

Plan Description

The Town contributes to the 1925 Police Officers' Pension Plan, which is a single-employer defined benefit pension plan. The plan is administered by the local pension board as authorized by state statute (IC 36-8-6). The plan provides retirement, disability, and death benefits to plan members and beneficiaries. The plan was established by the plan administrator, as provided by state statute. The plan administrator does not issue a publicly available financial report that includes financial statements and required supplementary information of the plan.

Funding Policy and Annual Pension Cost

The contribution requirements of plan members for the 1925 Police Officers' Pension Plan are established by state statute.

TOWN OF SELLERSBURG
NOTES TO FINANCIAL INFORMATION
(Continued)

B. Cost-Sharing Multiple-Employer Defined Benefit Pension Plan

1977 Police Officers' and Firefighters' Pension and Disability Fund

Plan Description

The Town contributes to the 1977 Police Officers' and Firefighters' Pension and Disability Fund, a cost-sharing multiple-employer defined benefit pension plan administered by the Indiana Public Employees' Retirement Plan (PERF) for all police officers and firefighters hired after April 30, 1977.

State statute (IC 36-8-8) regulates the operations of the system, including benefits, vesting and requirements for contributions by employers and by employees. Covered employees may retire at age 55 with 20 years of service. An employee with 20 years of service may leave service, but will not receive benefits until reaching age 55. The plan also provides for death and disability benefits.

PERF 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 Costs

Plan members are required to contribute 6% of the first-class police officers' and firefighters' salary and the Town is to contribute at an actuarially determined rate. The current rate, which has not changed since the inception of the plan, is 21% of the first-class police officers' and firefighters' salary. The contribution requirements of plan members and the Town are established by the Board of Trustees of PERF.

Note 7. Subsequent Event

On January 11, 2010, the Town Council passed Ordinance No. 2010-001 to abolish the Town Court effective December 31, 2011.

TOWN OF SELLERSBURG
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 For The Year Ended December 31, 2009

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.

General infrastructure assets are included if acquired (purchased, constructed, or donated) after January 1, 2004, or if they received major renovations, restorations, or improvements after that date. The government was able to estimate the historical cost for the initial reporting of these assets through backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). As the government constructs or acquires additional capital assets each period, including infrastructure assets, they are reported at historical cost.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 2,017,878
Infrastructure	4,205,839
Buildings	1,840,632
Improvements other than buildings	330,464
Machinery and equipment	<u>1,724,520</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 10,119,333</u>

<u>Primary Government</u>	<u>Ending Balance</u>
Business-type activities:	
Water Utility:	
Capital assets, not being depreciated:	
Land	\$ 976,526
Buildings	789,020
Improvements other than buildings	4,956,909
Machinery and equipment	<u>181,808</u>
Total Water Utility capital assets	<u>6,904,263</u>
Wastewater Utility:	
Capital assets, not being depreciated:	
Land	118,199
Buildings	734,263
Improvements other than buildings	26,677,784
Machinery and equipment	<u>1,282,679</u>
Total Wastewater Utility capital assets	<u>28,812,925</u>
Total business-type activities capital assets	<u>\$ 35,717,188</u>

TOWN OF SELLERSBURG
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:		
Capital leases:		
Police Vehicles	\$ 43,982	\$ 45,856
Vacon Truck (1/2)	17,798	18,401
Office Building (1/3)	<u>51,305</u>	<u>18,300</u>
Total governmental activities debt	<u>\$ 113,085</u>	<u>\$ 82,557</u>
Business-type activities:		
Water Utility:		
Capital leases:		
Office Building (1/3)	\$ 51,305	\$ 18,300
Revenue bonds:		
1993 Water Works Refunding Bonds	<u>285,000</u>	<u>302,528</u>
Total Water Utility	<u>336,305</u>	<u>320,828</u>
Wastewater Utility:		
Capital leases:		
Belt Press	16,796	17,394
Vacon Truck (1/2)	17,798	18,401
Office Building (1/3)	51,305	18,300
Revenue bonds:		
2003 Wastewater Refunding Bonds	2,040,000	194,956
2009 Wastewater Revenue Bonds	<u>1,200,000</u>	<u>27,650</u>
Total Wastewater Utility	<u>3,325,899</u>	<u>276,701</u>
Total business-type activities debt:	<u>\$ 3,662,204</u>	<u>\$ 597,529</u>

TOWN OF SELLERSBURG
EXIT CONFERENCE

The contents of this report were discussed on May 25, 2010, with David L. Kinder, Clerk-Treasurer; and Paul J. Rhodes, Vice-President of the Town Council. Our examination disclosed no material items that warrant comment at this time.