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

EXAMINATION REPORT

OF

TOWN OF HEBRON

PORTER COUNTY, INDIANA

January 1, 2008 to December 31, 2009



FILED
10/13/2010

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Theresa Waywood	01-01-08 to 12-31-11
President of the Town Council	Donald Ensign	01-01-08 to 12-31-10



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF HEBRON, PORTER COUNTY, INDIANA

We have examined the financial information presented herein of the Town of Hebron (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

August 2, 2010

TOWN OF HEBRON
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	\$ 132,474	\$ 1,237,415	\$ 1,087,299	\$ 282,590
Motor Vehicle Highway	50,247	107,766	119,886	38,127
Local Road and Street	51,144	36,757	25,592	62,309
Law Enforcement Continuing Education	4,606	4,093	4,152	4,547
Garbage Fund	1,971	187,596	189,475	92
Riverboat	22,676	22,558	32,630	12,604
Rainy Day	30,483	92,830	31,079	92,234
Community Center Operating	56,006	20,865	26,989	49,882
Police Equipment	190	3,737	1,234	2,693
Police Gift	1,335	9,849	9,844	1,340
Park and Recreation Savings Gift	2,710	607	300	3,017
Downtown Beautification	49,729	121	18,819	31,031
Police Undercover	297	-	297	-
Unsafe Building Fund	1,000	-	-	1,000
HRC Gift Savings	197	1	-	198
PCSAC Taser Guns Grant - 2008	-	2,021	2,021	-
PCSAC BAC Data Training 07	300	-	40	260
Redevelopment Commission	-	2,425	-	2,425
Cumulative Capital Improvement	12,326	11,694	17,502	6,518
Cumulative Capital Development	5,217	34,280	31,440	8,057
County Economic Development Income Tax (CEDIT)	416,012	485,684	403,064	498,632
Major Moves	42,103	412,243	407,262	47,084
Proprietary Funds:				
Water Utility - Operating	139,358	2,127,146	2,107,324	159,180
Water Utility - Bond and Interest	24,973	213,124	209,790	28,307
Water Utility - Customer Deposit	45,225	16,259	18,409	43,075
Water Utility - Debt Reserve	212,150	-	-	212,150
Water Utility - Escrow Jeffrey Porter	57,496	235	57,731	-
Wastewater Utility - Operating	7,615	916,373	923,593	395
Wastewater Utility - Bond and Interest	6,056	2,730	458	8,328
Wastewater Utility - Debt Service 2001	258,500	249,670	249,670	258,500
Wastewater Utility - Surplus Revenue	212,875	12,620	86,500	138,995
Wastewater Utility - Debt Service 2005	5	50,550	50,555	-
Wastewater Utility - Debt Service Reserve 2005	39,000	18,000	-	57,000
Stormwater Utility - Operating	106,166	87,768	117,298	76,636
Fiduciary Fund:				
Payroll	937	898,577	894,814	4,700
Totals	<u>\$ 1,991,379</u>	<u>\$ 7,265,594</u>	<u>\$ 7,125,067</u>	<u>\$ 2,131,906</u>

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

TOWN OF HEBRON
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	\$ 282,590	\$ 1,045,826	\$ 1,149,967	\$ 178,449
Motor Vehicle Highway	38,127	99,018	80,304	56,841
Local Road and Street	62,309	35,337	44,001	53,645
Law Enforcement Continuing Education	4,547	3,962	3,884	4,625
Garbage Fund	92	204,411	198,576	5,927
Riverboat	12,604	22,504	35,108	-
Rainy Day	92,234	132,854	204,100	20,988
Community Center Operating	49,882	21,002	27,421	43,463
BVP Grant 08	-	2,648	2,648	-
COPS Technology	-	50,000	-	50,000
Police Equipment	2,693	5,921	8,269	345
Police Gift	1,340	1,860	2,326	874
Park and Recreation Savings Gift	3,017	630	550	3,097
Downtown Beautification	31,031	788	9,705	22,114
Unsafe Building Fund	1,000	-	-	1,000
HRC Gift Savings	198	4,522	4,492	228
PCSAC Taser Guns Grant - 2009	-	2,019	2,019	-
PCSAC BAC Data Training 07	260	-	-	260
Redevelopment Commission	2,425	57,201	25,500	34,126
Cumulative Capital Improvement	6,518	11,027	7,677	9,868
Cumulative Capital Development	8,057	35,061	23,268	19,850
County Economic Development Income Tax (CEDIT)	498,632	330,680	314,742	514,570
Major Moves	47,084	400,000	-	447,084
Operation Pullover	-	505	500	5
Economic Development Grant 09	-	25,000	15,963	9,037
PCSAC ID Porta Pac 09	-	300	300	-
Proprietary Funds:				
Water Utility - Operating	159,180	2,192,625	2,196,601	155,204
Water Utility - Bond and Interest	28,307	207,612	209,993	25,926
Water Utility - Customer Deposit	43,075	13,566	18,336	38,305
Water Utility - Debt Reserve	212,150	-	-	212,150
Wastewater Utility - Operating	395	913,013	898,492	14,916
Wastewater Utility - Bond and Interest	8,328	770	1,005	8,093
Wastewater Utility - Debt Service 2001	258,500	247,105	247,105	258,500
Wastewater Utility - Surplus Revenue	138,995	12,000	98,000	52,995
Wastewater Utility - Debt Service 2005	-	50,205	50,205	-
Wastewater Utility - Debt Service Reserve 2005	57,000	18,000	-	75,000
Stormwater Utility - Operating	76,636	116,531	96,481	96,686
Fiduciary Fund:				
Payroll	4,700	857,319	847,599	14,420
Totals	<u>\$ 2,131,906</u>	<u>\$ 7,121,822</u>	<u>\$ 6,825,137</u>	<u>\$ 2,428,591</u>

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

TOWN OF HEBRON
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.

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 HEBRON
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 HEBRON
 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.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 48,403
Infrastructure	-
Buildings	1,642,182
Improvements other than buildings	209,346
Machinery and equipment	445,702
Construction in progress	<u>-</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 2,345,633</u>

<u>Primary Government</u>	<u>Ending Balance</u>
Business-type activities:	
Water Utility:	
Capital assets, not being depreciated:	
Land	\$ 92,075
Buildings	423,000
Improvements other than buildings	3,513,315
Machinery and equipment	<u>2,018,766</u>
Total Water Utility capital assets	<u>6,047,156</u>
Wastewater Utility:	
Capital assets, not being depreciated:	
Land	22,992
Buildings	490,815
Improvements other than buildings	3,158,768
Machinery and equipment	<u>2,592,201</u>
Total Wastewater Utility capital assets	<u>6,264,776</u>
Total business-type activities capital assets	<u>\$ 12,311,932</u>

TOWN OF HEBRON
 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 Cars (3)	\$ 16,391	\$ 17,246
Vactor Truck	143,161	40,702
Hebron Municipal Building Corp	<u>1,000,000</u>	<u>84,588</u>
Total governmental activities debt	<u>\$ 1,159,552</u>	<u>\$ 142,536</u>
Business-type activities:		
Water Utility:		
Revenue bonds:		
2001 series	<u>\$ 1,975,393</u>	<u>\$ 209,040</u>
Total Water Utility	<u>1,975,393</u>	<u>209,040</u>
Wastewater Utility:		
Revenue bonds:		
2001 refunding	1,300,000	254,143
2005 series	<u>860,000</u>	<u>59,845</u>
Total Wastewater Utility	<u>2,160,000</u>	<u>313,988</u>
Total business-type activities debt	<u>\$ 4,135,393</u>	<u>\$ 523,028</u>

TOWN OF HEBRON
EXAMINATION RESULTS AND COMMENTS

ORDINANCE VIOLATIONS

The Town is processing moving traffic violations as ordinance violations and collecting the related fines in the Clerk-Treasurer's office. This comment was also included in the prior examination reports #33625 and #27535.

IC 36-1-6-3 states in part: "(a) Certain ordinances may be enforced by a municipal corporation without proceeding in court . . . (c) An ordinance defining a moving violation may not be enforced under Indiana Code 33-36 and must be enforced with Indiana Code 34-28-5."

IC 34-28-5 states in part: "An action to enforce a statute defining an infraction shall be brought in the name of the State of Indiana by the prosecuting attorney for the judicial circuit in which the infraction allegedly took place."

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.

IC 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; or
- (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 HEBRON
EXIT CONFERENCE

The contents of this report were discussed on August 2, 2010, with Theresa Waywood, Clerk-Treasurer, and Donald Ensign, President of the Town Council.