

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

EXAMINATION REPORT
OF
TOWN OF PIERCETON
KOSCIUSKO COUNTY, INDIANA
January 1, 2008 to December 31, 2009



FILED
10/27/2010

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Janet L. Castle	01-01-08 to 12-31-11
President of the Town Council	Jerry F. Kreger Jerry Hartman	01-01-08 to 12-31-08 01-01-09 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 PIERCETON, KOSCIUSKO COUNTY, INDIANA

We have examined the financial information presented herein of the Town of Pierceton (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 required parts 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 12, 2010

TOWN OF PIERCETON
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	\$ 168,341	\$ 262,694	\$ 338,768	\$ 92,267
Motor Vehicle Highway	57,398	19,539	13,515	63,422
Local Road and Street	13,574	7,424	-	20,998
Park and Recreation	22,252	13,721	8,222	27,751
Park Nonreverting Operating	4,201	2,617	3,701	3,117
Law Enforcement Continuing Education	3,031	181	217	2,995
Rainy Day	-	15,348	-	15,348
Police Grants	(600)	860	860	(600)
TIF	791,679	168,522	59,465	900,736
Senior Center Donation	58	-	-	58
DARE	774	561	-	1,335
Park Donation	11,900	29,103	-	41,003
Donations Skate Park	-	4,158	-	4,158
Economic Development Operating	1,000	-	-	1,000
Levy Excess	10,014	-	10,014	-
Cumulative Capital Improvement	35,438	2,267	-	37,705
Cumulative Capital Development	92,908	273	-	93,181
County Economic Development Income Tax	261,971	45,169	109,926	197,214
Industrial Development	25,098	-	-	25,098
Proprietary Funds:				
Water Utility - Operating	42,776	318,372	308,372	52,776
Water Utility - Bond and Interest	111,534	20	111,554	-
Water Utility - Depreciation	936	-	936	-
Water Utility - Customer Deposit	14,759	1,820	1,605	14,974
Wastewater Utility - Operating	37,394	384,619	273,083	148,930
Wastewater Utility - Bond and Interest	234,156	52,296	123,313	163,139
Wastewater Utility - Improvement	29,664	-	-	29,664
Fiduciary Funds:				
McNamara	11,324	-	-	11,324
Payroll	6,481	109,233	109,057	6,657
Totals	\$ 1,988,061	\$ 1,438,797	\$ 1,472,608	\$ 1,954,250

	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
Governmental Funds:				
General	\$ 92,267	\$ 397,576	\$ 325,914	\$ 163,929
Motor Vehicle Highway	63,422	19,172	24,943	57,651
Local Road and Street	20,998	6,992	4,451	23,539
Park and Recreation	27,751	4,702	6,155	26,298
Park Nonreverting Operating	3,117	732	238	3,611
Law Enforcement Continuing Education	2,995	119	151	2,963
Rainy Day	15,348	7,280	-	22,628
Police Grants	(600)	2,694	2,494	(400)
TIF	900,736	402,771	93,162	1,210,345
Senior Center Donation	58	-	-	58
DARE	1,335	395	395	1,335
Park Donation	41,003	1,650	9,062	33,591
Donations Skate Park	4,158	-	-	4,158
Economic Development Operating	1,000	-	-	1,000
Cumulative Capital Improvement	37,705	2,137	-	39,842
Cumulative Capital Development	93,181	-	-	93,181
County Economic Development Income Tax	197,214	57,507	95,841	158,880
Industrial Development	25,098	-	-	25,098
Proprietary Funds:				
Water Utility - Operating	52,776	197,079	215,330	34,525
Water Utility - Customer Deposit	14,974	1,575	1,610	14,939
Wastewater Utility - Operating	148,930	401,081	423,890	126,121
Wastewater Utility - Bond and Interest	163,139	99,587	145,556	117,170
Wastewater Utility - Improvement	29,664	18,800	-	48,464
Fiduciary Funds:				
McNamara	11,324	-	-	11,324
Payroll	6,657	110,395	113,645	3,407
Totals	\$ 1,954,250	\$ 1,732,244	\$ 1,462,837	\$ 2,223,657

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

TOWN OF PIERCETON
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.

TOWN OF PIERCETON
NOTES TO FINANCIAL INFORMATION
(Continued)

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 PIERCETON
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 December 31, 2009

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 98,199
Buildings	1,251,092
Improvements other than buildings	176,419
Machinery and equipment	<u>555,345</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 2,081,055</u>
	<u>Ending Balance</u>
Business-type activities:	
Water Utility:	
Capital assets, not being depreciated:	
Land	\$ 12,000
Buildings	191,952
Improvements other than buildings	625,584
Machinery and equipment	<u>171,220</u>
Total Water Utility capital assets	<u>1,000,756</u>
Wastewater Utility:	
Capital assets, not being depreciated:	
Land	148,232
Buildings	1,108,669
Improvements other than buildings	2,641,606
Machinery and equipment	<u>80,807</u>
Total Wastewater Utility capital assets	<u>3,979,314</u>
Total business-type activities capital assets	<u>\$ 4,980,070</u>

TOWN OF PIERCETON
 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
Business-type activities:		
Wastewater Utility:		
Revenue bonds:		
Refunding Bonds of 2004	<u>\$ 1,345,000</u>	<u>\$ 123,988</u>

TOWN OF PIERCETON
EXAMINATION RESULT AND COMMENT

PARK BOARD MINUTES

The Park Board minutes were not presented for examination.

Supporting documentation such as receipts, canceled checks, invoices, bills, contracts, and other public records must be available for audit to provide supporting information for the validity and accountability of monies disbursed. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TOWN OF PIERCETON
EXIT CONFERENCE

The contents of this report were discussed on August 12, 2010, with Janet L. Castle, Clerk-Treasurer; and Jerry Hartman, President of the Town Council. The officials concurred with our finding.