

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

EXAMINATION REPORT  
OF  
CITY OF PETERSBURG  
PIKE COUNTY, INDIANA  
January 1, 2010 to December 31, 2010



**FILED**  
08/25/2011



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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Tammy Selby	01-01-08 to 12-31-11
Mayor	Jon W. Craig	01-01-08 to 12-31-11
President of the Common Council	Jon W. Craig	01-01-10 to 12-31-11
President of the Board of Public Works and Safety	Jon W. Craig	01-01-08 to 12-31-11
President of the Water Board	Jon W. Craig	01-01-10 to 12-31-11



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF CITY OF PETERSBURG, PIKE COUNTY, INDIANA

We have examined the financial statement(s) of City of Petersburg (City), for the period of January 1, 2010 to December 31, 2010. The District's management is responsible for the financial statement(s). 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 statement(s) and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

As discussed in Note 1, the District prepares its financial statement(s) on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The basis noted above is a different basis than that used in the prior year.

In our opinion, the financial statement(s) referred to above present fairly, in all material respects, the financial position and results of operations of the District for the year ended December 31, 2010, on the basis of accounting described in Note 1.

The Combining Schedule(s) of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, 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 financial statement(s). They have not been subjected to the examination procedures applied to the financial statement(s) and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the City's management, the Common Council, the Board of Public Works and Safety, and the Water Board and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

July 27, 2011

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FINANCIAL STATEMENT(S)

CITY OF PETERSBURG  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES  
REGULATORY BASIS  
For The Year Ended December 31, 2010

	Cash and Investments 01-01-10	Receipts	Disbursements	Cash and Investments 12-31-10
General Fund	\$ 427,866	\$ 653,771	\$ 730,589	\$ 351,048
Motor Vehicle Highway	63,626	87,584	105,521	45,689
Local Road And Street	19,946	9,374	9,400	19,920
Parks And Recreation Operating	97,529	34,007	40,858	90,678
Petersburg Pride Donations	198	3,503	2,699	1,002
Economic Development Operating	47,028	-	-	47,028
Afg Fed Fire Grant	-	40,453	40,453	-
Riverboat Fund	81,396	16,084	7,250	90,230
Firefighting	56,793	17,978	-	74,771
Fire Donation	55	4,144	1,672	2,527
Park Donation	1,460	11,726	7,697	5,489
Fed Rural Fire Grant	-	14,850	16,500	(1,650)
Rainy Day Fund	243,531	-	17,747	225,784
Levy Excess	2,718	1,411	-	4,129
Police Reserve	-	700	305	395
Local Law	14,482	5,679	1,543	18,618
Edit	265,306	69,941	40,444	294,803
Fire Grant	3,184	502	3,941	(255)
Cumulative Capital Development	74,513	22,815	13,144	84,184
Redevelopment	13,030	-	-	13,030
Cumulative Capital Improvement	77,361	7,524	9,677	75,208
Police Pension	62,605	9,142	26,379	45,368
Payroll	2,710	750,454	752,117	1,047
Wastewater Utility-Operating	62,789	604,829	620,328	47,290
Wastewater Util-Bond And Interest	30,834	152,517	127,682	55,669
Wastewater Utility-Deprec/Improve	25,000	-	-	25,000
Wastewater Utility-Debt Reserve	154,454	16,240	36,540	134,154
Wastewater 08 Bond/Interest	13,479	61,545	67,100	7,924
Wastewater 08 Construction Fund	671,616	-	264,195	407,421
Wastewater Cash In Drawer	80	-	-	80
Wastewater 08 Debt Reserve	46,620	39,960	-	86,580
Water Utility-Operating	65,480	1,246,668	1,225,524	86,624
Water Utility-Bond And Interest	20,585	129,005	133,060	16,530
Water Utility-Depreciation/Improve	179,294	-	-	179,294
Water Utility-Customer Deposit	19,153	9,575	5,425	23,303
Water Utility-Debt Reserve	135,160	-	-	135,160
Water Utility-Cash In Drawer	80	-	-	80
<b>Totals</b>	<b>\$ 2,979,961</b>	<b>\$ 4,021,981</b>	<b>\$ 4,307,790</b>	<b>\$ 2,694,152</b>

The notes to the financial statement are an integral part of this statement.

CITY OF PETERSBURG  
NOTES TO FINANCIAL STATEMENT(S)

**Note 1. Summary of Significant Accounting Policies**

*A. Reporting Entity*

The City was established under the laws of the State of Indiana. The City operates under a Council-Mayor form of government and provides some or all of the following services: public safety (police and fire), highways and streets, health and social services, culture and recreation, public improvements, planning and zoning, general administrative services, water, wastewater, electric, gas, storm water, trash, aviation, and urban redevelopment and housing.

The accompanying financial statement(s) present(s) the financial information for the City (primary government), and does not include financial information for any of the City's legally separate component units, which accounting principles generally accepted in the United States of America require to be reported with the financial information of the City (primary government).

*B. Basis of Accounting*

The financial statements are reported on a regulatory basis of accounting prescribed by the State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when received and disbursements are recorded when paid.

The regulatory basis of accounting differs from accounting principles generally accepted in the United States of America in that receipts are recognized when received in cash, rather than when earned, and disbursements are recognized when paid, rather than when a liability is incurred.

*C. Cash and Investments*

Investments are stated at cost. Any changes in fair value of the investments are reported as receipts in the year of the sale of the investment.

*D. Receipts*

Receipts are presented in the aggregate on the face of the financial statements. The aggregate receipts may include, but are not limited to, the following sources:

Taxes which can include one or more of the following: property taxes, certified shares (local option tax), property tax replacement credit (local option tax), county option income tax, wheel tax, innkeepers tax, food and beverage tax, county economic development income tax, boat and trailer excise tax, county adjusted gross income tax, and other taxes that are set by the City.

Licenses and permits which include amounts received from businesses, occupations, or nonbusinesses that must be licensed before doing business within the government's jurisdiction or permits levied according to the benefits presumably conferred by the permit. Examples of licenses and permits include: peddler licenses, dog tax licenses, auctioneer license, building and planning permits, demolition permits, electrical permits, sign permits, and gun permits.

CITY OF PETERSBURG  
NOTES TO FINANCIAL STATEMENT(S)  
(Continued)

Intergovernmental receipts which include receipts from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of this type of receipts include, but are not limited to: federal grants, state grants, cigarette tax distributions received from the state, motor vehicle highway distribution received from the state, local road and street distribution received from the state, financial institution tax received from the state, auto excise surtax received from the state, commercial vehicle excise tax received from the state, major moves distributions received from the state, and riverboat receipts received from the county.

Charges for services which can include, but are not limited to the following: planning commission charges, building department charges, copies of public records, copy machine charges, accident report copies, gun permit applications, 911 telephone services, recycling fees, dog pound fees, emergency medical service fees, park rental fees, swimming pool receipts, cable tv receipts, ordinance violations, fines and fees, bond forfeitures, court costs, and court receipts.

Fines and forfeits which include receipts derived from fines and penalties imposed for the commission of statutory offenses, violation of lawful administrative rules and regulations (fines), and for the neglect of official duty and monies derived from confiscating deposits held as performance guarantees (forfeitures).

Utility fees which are comprised mostly of charges for current services.

Other receipts which include amounts received from various sources which can include, but are not limited to the following: net proceeds from borrowings; interfund loan activity; transfers authorized by statute, ordinance, resolution or court order; internal service receipts; and fiduciary receipts.

*E. Disbursements*

Disbursements are presented in the aggregate on the face of the financial statements. The aggregate disbursements may include, but are not limited to, the following uses:

Personal services include outflows for salaries, wages, and related employee benefits provided for all persons employed. In those units where sick leave, vacation leave, overtime compensation, and other such benefits are appropriated separately, such payments would also be included.

Supplies which include articles and commodities that are entirely consumed and materially altered when used and/or show rapid depreciation after use for a short period of time. Examples of supplies include office supplies, operating supplies, and repair and maintenance supplies.

Other services and charges which include, but are not limited to: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

Debt service principal and interest which include fixed obligations resulting from financial transactions previously entered into by the City. It includes all expenditures for the reduction of the principal and interest of the City's general obligation indebtedness.

CITY OF PETERSBURG  
NOTES TO FINANCIAL STATEMENT(S)  
(Continued)

Capital outlay which include all outflows for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

Utility operating expenses which include all outflows for operating the utilities.

Other disbursements which include, but are not limited to the following: interfund loan payments, loans made to other funds, internal service disbursements, and transfers out that are authorized by statute, ordinance, resolution, or court order.

*F. Interfund Transfers*

The City may, from time to time, transfer money from one fund to another. These transfers, if any, are included as a part of the receipts and disbursements of the affected funds and as a part of total receipts and disbursements. The transfers are used for cash flow purposes as provided by various statutory provisions.

*G. Fund Accounting*

Separate funds are established, maintained, and reported by the City. Each fund is used to account for money received from and used for specific sources and uses as determined by various regulations. Restrictions on some funds are set by statute while other funds are internally restricted by the City. The money accounted for in a specific fund may only be available for use for certain, legally restricted purposes. Additionally, some funds are used to account for assets held by the City in a trustee capacity as an agent of individuals, private organizations, other funds, or other governmental units and therefore the funds cannot be used for any expenditures of the unit itself.

**Note 2. Budgets**

The operating budget is initially prepared and approved at the local level. The fiscal officer of the City submits a proposed operating budget to the governing board for the following calendar year. The budget is advertised as required by law. Prior to adopting the budget, the governing board conducts public hearings and obtains taxpayer comments. Prior to November 1, the governing board approves the budget for the next year. The budget for funds for which property taxes are levied or highway use taxes are received is subject to final approval by the Indiana Department of Local Government Finance.

**Note 3. Property Taxes**

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the City in June and December; however, situations can arise which would delay the distributions. 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 percent 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 normally become delinquent if not paid by May 10 and November 10, respectively.

CITY OF PETERSBURG  
NOTES TO FINANCIAL STATEMENT(S)  
(Continued)

**Note 4. Deposits and Investments**

Deposits, made in accordance with state statute (IC 5-13), with financial institutions in the State of Indiana at year end should be 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 statutes authorize the City 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 5. Risk Management**

The City may be exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents; and natural disasters.

These risks can be mitigated through the purchase of insurance, establishment of a self-insurance fund, and/or participation in a risk pool. The purchase of insurance transfers the risk to an independent third party. The establishment of a self-insurance fund allows the City to set aside money for claim settlements. The self-insurance fund would be included in the financial statements. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks. These risks may also be mitigated by the City by recording as a disbursement and replacement items purchased.

**Note 6. Pension Plans**

*A. Public Employees' Retirement Fund*

*Plan Description*

The Indiana Public Employees' Retirement Fund (PERF) is 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 City 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 percent 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:

CITY OF PETERSBURG  
NOTES TO FINANCIAL STATEMENT(S)  
(Continued)

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.

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SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the City of Petersburg's Annual Report(s) can be found on the Indiana Transparency Portal website: [www.in.gov/itp/annual\\_reports/](http://www.in.gov/itp/annual_reports/).

CITY OF PETERSBURG  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2010

	General Fund	Motor Vehicle Highway	Local Road And Street	Parks And Recreation Operating	Petersburg Pride Donations	Economic Development Operating	Afg Fed Fire Grant
Cash and investments - beginning	\$ 427,866	\$ 63,626	\$ 19,946	\$ 97,529	\$ 198	\$ 47,028	\$ -
Receipts:							
Taxes	454,713	12,039	-	197	-	-	-
Licenses and permits	1,960	1,908	-	-	-	-	-
Intergovernmental	87,116	62,627	9,374	30,399	-	-	40,453
Charges for services	59,735	8,799	-	2,138	-	-	-
Fines and forfeits	200	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	50,047	2,211	-	1,273	3,503	-	-
Total receipts	<u>653,771</u>	<u>87,584</u>	<u>9,374</u>	<u>34,007</u>	<u>3,503</u>	<u>-</u>	<u>40,453</u>
Disbursements:							
Personal services	375,516	71,508	-	18,337	-	-	-
Supplies	51,126	23,799	-	5,626	-	-	40,453
Other services and charges	185,840	10,214	-	9,601	2,699	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	49,270	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	68,837	-	9,400	7,294	-	-	-
Total disbursements	<u>730,589</u>	<u>105,521</u>	<u>9,400</u>	<u>40,858</u>	<u>2,699</u>	<u>-</u>	<u>40,453</u>
Excess (deficiency) of receipts over disbursements	<u>(76,818)</u>	<u>(17,937)</u>	<u>(26)</u>	<u>(6,851)</u>	<u>804</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ 351,048</u>	<u>\$ 45,689</u>	<u>\$ 19,920</u>	<u>\$ 90,678</u>	<u>\$ 1,002</u>	<u>\$ 47,028</u>	<u>\$ -</u>

CITY OF PETERSBURG  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2010  
 (Continued)

	Riverboat Fund	Firefighting	Fire Donation	Park Donation	Fed Rural Fire Grant	Rainy Day Fund	Levy Excess
Cash and investments - beginning	\$ 81,396	\$ 56,793	\$ 55	\$ 1,460	\$ -	\$ 243,531	\$ 2,718
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	16,084	-	-	-	14,850	-	-
Charges for services	-	17,978	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	-	4,144	11,726	-	-	1,411
Total receipts	<u>16,084</u>	<u>17,978</u>	<u>4,144</u>	<u>11,726</u>	<u>14,850</u>	<u>-</u>	<u>1,411</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	16,500	-	-
Other services and charges	7,250	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	1,672	-	-	17,747	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	7,697	-	-	-
Total disbursements	<u>7,250</u>	<u>-</u>	<u>1,672</u>	<u>7,697</u>	<u>16,500</u>	<u>17,747</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>8,834</u>	<u>17,978</u>	<u>2,472</u>	<u>4,029</u>	<u>(1,650)</u>	<u>(17,747)</u>	<u>1,411</u>
Cash and investments - ending	<u>\$ 90,230</u>	<u>\$ 74,771</u>	<u>\$ 2,527</u>	<u>\$ 5,489</u>	<u>\$ (1,650)</u>	<u>\$ 225,784</u>	<u>\$ 4,129</u>

CITY OF PETERSBURG  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2010  
 (Continued)

	Police Reserve	Local Law	Edit	Fire Grant	Cumulative Capital Development	Redevelopment
Cash and investments - beginning	\$ -	\$ 14,482	\$ 265,306	\$ 3,184	\$ 74,513	\$ 13,030
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	1,110	-	-	-	-
Intergovernmental	-	-	69,941	502	22,815	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	4,569	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	700	-	-	-	-	-
Total receipts	<u>700</u>	<u>5,679</u>	<u>69,941</u>	<u>502</u>	<u>22,815</u>	<u>-</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	1,543	-	-	-	-
Other services and charges	305	-	12,000	-	13,144	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	28,444	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	3,941	-	-
Total disbursements	<u>305</u>	<u>1,543</u>	<u>40,444</u>	<u>3,941</u>	<u>13,144</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>395</u>	<u>4,136</u>	<u>29,497</u>	<u>(3,439)</u>	<u>9,671</u>	<u>-</u>
Cash and investments - ending	<u>\$ 395</u>	<u>\$ 18,618</u>	<u>\$ 294,803</u>	<u>\$ (255)</u>	<u>\$ 84,184</u>	<u>\$ 13,030</u>

CITY OF PETERSBURG  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2010  
 (Continued)

	Cumulative Capital Improvement	Police Pension	Payroll	Wastewater Utility-Operating	Wastewater Util-Bond And Interest	Wastewater Utility-Deprec/Improve
Cash and investments - beginning	\$ 77,361	\$ 62,605	\$ 2,710	\$ 62,789	\$ 30,834	\$ 25,000
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	7,524	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	539,097	-	-
Other receipts	-	9,142	750,454	65,732	152,517	-
Total receipts	7,524	9,142	750,454	604,829	152,517	-
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	26,379	-	-	-	-
Debt service - principal and interest	-	-	-	-	127,682	-
Capital outlay	-	-	-	24,141	-	-
Utility operating expenses	-	-	-	269,227	-	-
Other disbursements	9,677	-	752,117	326,960	-	-
Total disbursements	9,677	26,379	752,117	620,328	127,682	-
Excess (deficiency) of receipts over disbursements	(2,153)	(17,237)	(1,663)	(15,499)	24,835	-
Cash and investments - ending	\$ 75,208	\$ 45,368	\$ 1,047	\$ 47,290	\$ 55,669	\$ 25,000

CITY OF PETERSBURG  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2010  
 (Continued)

	Wastewater Utility-Debt Reserve	Wastewater 08 Bond/Interest	Wastewater 08 Construction Fund	Wastewater Cash In Drawer	Wastewater 08 Debt Reserve	Water Utility-Operating
Cash and investments - beginning	\$ 154,454	\$ 13,479	\$ 671,616	\$ 80	\$ 46,620	\$ 65,480
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	11,723
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	633,308
Other receipts	16,240	61,545	-	-	39,960	601,637
Total receipts	<u>16,240</u>	<u>61,545</u>	<u>-</u>	<u>-</u>	<u>39,960</u>	<u>1,246,668</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	67,100	-	-	-	-
Capital outlay	-	-	16,519	-	-	45,421
Utility operating expenses	-	-	247,676	-	-	445,555
Other disbursements	36,540	-	-	-	-	734,548
Total disbursements	<u>36,540</u>	<u>67,100</u>	<u>264,195</u>	<u>-</u>	<u>-</u>	<u>1,225,524</u>
Excess (deficiency) of receipts over disbursements	<u>(20,300)</u>	<u>(5,555)</u>	<u>(264,195)</u>	<u>-</u>	<u>39,960</u>	<u>21,144</u>
Cash and investments - ending	<u>\$ 134,154</u>	<u>\$ 7,924</u>	<u>\$ 407,421</u>	<u>\$ 80</u>	<u>\$ 86,580</u>	<u>\$ 86,624</u>

CITY OF PETERSBURG  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2010  
 (Continued)

	Water Utility-Bond And Interest	Water Utility-Depreciation/ Improve	Water Utility-Customer Deposit	Water Utility-Debt Reserve	Water Utility-Cash In Drawer	Totals
Cash and investments - beginning	\$ 20,585	\$ 179,294	\$ 19,153	\$ 135,160	\$ 80	\$ 2,979,961
Receipts:						
Taxes	-	-	-	-	-	466,949
Licenses and permits	-	-	-	-	-	4,978
Intergovernmental	-	-	-	-	-	373,408
Charges for services	-	-	-	-	-	88,650
Fines and forfeits	-	-	-	-	-	4,769
Utility fees	-	-	-	-	-	1,172,405
Other receipts	129,005	-	9,575	-	-	1,910,822
Total receipts	<u>129,005</u>	<u>-</u>	<u>9,575</u>	<u>-</u>	<u>-</u>	<u>4,021,981</u>
Disbursements:						
Personal services	-	-	-	-	-	465,361
Supplies	-	-	-	-	-	139,047
Other services and charges	-	-	-	-	-	267,432
Debt service - principal and interest	133,060	-	-	-	-	327,842
Capital outlay	-	-	-	-	-	183,214
Utility operating expenses	-	-	5,425	-	-	967,883
Other disbursements	-	-	-	-	-	1,957,011
Total disbursements	<u>133,060</u>	<u>-</u>	<u>5,425</u>	<u>-</u>	<u>-</u>	<u>4,307,790</u>
Excess (deficiency) of receipts over disbursements	<u>(4,055)</u>	<u>-</u>	<u>4,150</u>	<u>-</u>	<u>-</u>	<u>(285,809)</u>
Cash and investments - ending	<u>\$ 16,530</u>	<u>\$ 179,294</u>	<u>\$ 23,303</u>	<u>\$ 135,160</u>	<u>\$ 80</u>	<u>\$ 2,694,152</u>

CITY OF PETERSBURG  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF CAPITAL ASSETS

December 31, 2010

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.

The City of Petersburg is a small unit with revenue falling within the Phase III category; therefore, the City has been reporting infrastructure as of January 1, 2004 and thereafter.

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>
<b>Governmental activities:</b>	
<b>Capital assets, not being depreciated:</b>	
Land	\$ 5,800
Infrastructure	3,908
Buildings	294,648
Improvements other than buildings	106,546
Machinery and equipment	<u>1,574,264</u>
<b>Total governmental activities, capital assets not being depreciated</b>	<b><u>\$ 1,985,166</u></b>
<u>Primary Government</u>	<u>Ending Balance</u>
<b>Business-type activities:</b>	
<b>Water Utility:</b>	
<b>Capital assets, not being depreciated:</b>	
Land	\$ 10,000
Buildings	374,916
Improvements other than buildings	3,488,481
Machinery and equipment	<u>1,217,570</u>
<b>Total Water Utility capital assets</b>	<b><u>5,090,967</u></b>
<b>Wastewater Utility:</b>	
<b>Capital assets, not being depreciated:</b>	
Land	500
Buildings	1,220,354
Improvements other than buildings	5,510,123
Machinery and equipment	617,632
Construction Work in Progress	<u>439,261</u>
<b>Total Wastewater Utility capital assets</b>	<b><u>7,787,870</u></b>
<b>Total business-type activities capital assets</b>	<b><u>\$ 12,878,837</u></b>

CITY OF PETERSBURG  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF LONG-TERM DEBT  
 December 31, 2010

The City of Petersburg and Municipal Utilities have entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental Activities:		
Capital leases:		
2009 Crown Victoria	\$ 7,046	\$ 7,476
2009 Ford F350 Pickup	<u>6,079</u>	<u>6,450</u>
Total governmental activities debt	<u>\$ 13,125</u>	<u>\$ 13,926</u>
Business-type Activities:		
Water Utility		
Revenue bonds:		
Water Utility Improvements of 2000	\$ 1,040,000	\$ 135,160
Wastewater Utility		
Capital leases:		
Sewer Jetter	19,271	10,225
Revenue bonds:		
Wastewater Utility Improvements of 2000	443,000	48,058
Inflow/Infiltration Utility Improvements of 2003	748,000	79,837
Wastewater Utility Improvements of 2008	<u>1,120,000</u>	<u>67,100</u>
Total Wastewater Utility	<u>2,330,271</u>	<u>205,220</u>
Total business-type activities debt:	<u>\$ 3,370,271</u>	<u>\$ 340,380</u>

CITY OF PETERSBURG  
EXAMINATION RESULT(S) AND COMMENT(S)

**APPROPRIATIONS**

The records presented for examination indicated the following expenditures in excess of budgeted appropriations:

Fund	Year	Excess Amount Expended
General	2010	<u>\$ 20,622</u>

Indiana Code 6-1.1-18-4 states in part: ". . . the proper officers of a political subdivision shall appropriate funds in such a manner that the expenditures for a year do not exceed its budget for that year as finally determined under this article."

A similar comment appeared in the prior report.

**OVERPAYMENT COLLECTIONS**

As stated in prior reports, an interfund payable/receivable amount was owed from the City to the Wastewater in the amount of \$59,539 at December 13, 2009. Overpayments of \$56,313 from the City were made to the Wastewater which leaves a balance due of \$3,226 as of December 13, 2010.

Governmental units should collect any overpayments made. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

A similar comment appeared in the prior report.

**PAYROLL DEDUCTIONS - INSURANCE WITHHOLDING**

The Insurance withholding fund is used to accrue health, dental, and AFLAC withholdings from employee payroll. The year-end balance in the payroll insurance withholding fund of \$1,048 appears to be excess withholding.

This excess was discussed in the prior examination with the Clerk-Treasurer and the payroll clerk. Officials should investigate this excess and determine if the deductions were made in error and should be refunded to the employees or if the withholdings are correct and should be remitted for insurance payments.

Political subdivisions are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings, and filing requirements concerning reports and other procedural matters of federal and state agencies, including opinions of the Attorney General of the State of Indiana, and court decisions. Governmental units should file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

CITY OF PETERSBURG  
EXAMINATION RESULT(S) AND COMMENT(S)  
(Continued)

***BOARD MINUTES***

Minutes of the Park Board were incomplete. Minutes of meetings of the governing body presented for examination did not disclose all proceedings that took place and decisions made by the Park Board. Reorganization of the Park Board and approval of the minutes of the prior meeting were not documented in the minutes.

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 take, by individual members if there is a roll call.
- (5) An additional information required under IC 5-1.5-2-2.5 or IC 20-12-63-7."

A similar comment appeared in the prior report.

***CAPITAL ASSET RECORDS***

The City, Water Utility, and Wastewater Utility record capital asset additions and disposals; however, not all City acquired capital assets, Utility construction projects or disposals were recorded. City and Utilities acquisitions and disposals of capital assets should be recorded on the prescribed Form 369 as additions and deletions, respectively. The capital asset prescribed Form 369 was not properly maintained to reflect total assets by classifications for the City and Utilities.

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 form. 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)

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

A similar comment appeared in the prior report.

***PENALTIES, INTEREST, AND OTHER CHARGES***

A penalty of \$59 was paid to the Indiana Department of Revenue for 2009 non-estimation of Utility Receipts Tax in 2010.

CITY OF PETERSBURG  
EXAMINATION RESULT(S) AND COMMENT(S)  
(Continued)

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)

***ORDINANCES AND RESOLUTIONS - PETERSBURG UTILITIES***

The Petersburg Water and Wastewater Utilities have ordinances, 2000-2 and 2010-2, concerning water and wastewater rates. However, the Petersburg Wastewater did not bill the base rate per month as required by the ordinances.

The wastewater customer accounts that were tested were all billed at the 5/8 inch water meter rate of \$11.65 instead of the 3/4 inch water meter rate of \$15.50.

Each governmental unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

CITY OF PETERSBURG  
EXIT CONFERENCE

The contents of this report were discussed on July 27, 2011, with Tammy Selby, Clerk-Treasurer; and Jon W. Craig, Mayor. The officials concurred with our findings.