

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

EXAMINATION REPORT
OF
TOWN OF PINE VILLAGE
WARREN COUNTY, INDIANA
January 1, 2009 to December 31, 2010



FILED
10/07/2011

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Nancy C. Kochell	01-01-08 to 12-31-11
President of the Town Council	Donny R. Hensley	01-01-09 to 12-31-11



STATE OF INDIANA
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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF PINE VILLAGE, WARREN COUNTY, INDIANA

We have examined the financial statements of the Town of Pine Village (Town), for the period of January 1, 2009 to December 31, 2010. The Town's management is responsible for the financial statements. 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 statements 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 Town prepares its financial statements 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 statements referred to above present fairly, in all material respects, the financial position and results of operations of the Town for the years ended December 31, 2009 and 2010, on the basis of accounting described in Note 1.

The Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statements. They have not been subjected to the examination procedures applied to the financial statements and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the Town's management and the Town Council, 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

August 16, 2011

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FINANCIAL STATEMENTS

TOWN OF PINE VILLAGE
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For The Year Ended December 31, 2009

	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
General	\$ 9,803	\$ 98,046	\$ 92,426	\$ 15,423
CEDIT	13,981	4,419	4,150	14,250
Motor Vehicle Highway	467	7,642	8,015	94
Local Road & Streets	3,532	795	804	3,523
Cummulative Capital Improvements	2,023	782	162	2,643
Cummulative Capital Development	1,469	1,179	646	2,002
Park Fund	1,313	-	1,158	155
Rainy Day Fund	2,722	1,518	1,800	2,440
Riverboat Fund	9,641	1,595	-	11,236
Public Safety LOIT	3,691	1,874	-	5,565
	<u>\$ 48,642</u>	<u>\$ 117,850</u>	<u>\$ 109,161</u>	<u>\$ 57,331</u>

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

TOWN OF PINE VILLAGE
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	\$ 15,423	\$ 81,444	\$ 60,181	\$ 36,686
Motor Vehicle Highway	94	8,569	7,382	1,281
Local Road And Street	3,523	817	3,845	495
Riverboat	11,236	1,596	-	12,832
Rainy Day	2,440	3,290	5,581	149
Public Safety LOIT	5,565	4,778	2,500	7,843
Cumulative Capital Development	2,002	1,488	1,322	2,168
Cumulative Capital Improvement	2,643	746	1,647	1,742
CEDIT	14,250	18,772	24,668	8,354
Park Fund	155	-	-	155
	<u>\$ 57,331</u>	<u>\$ 121,500</u>	<u>\$ 107,126</u>	<u>\$ 71,705</u>

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

TOWN OF PINE VILLAGE
NOTES TO FINANCIAL INFORMATION

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The Town was established under the laws of the State of Indiana. The Town operates under a Town Council form of government and provides 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.

The accompanying financial statements present the financial information for the Town (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 Town.

License and permits which includes 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 license and permits include: peddler licenses; dog tax licenses, auctioneer license, building and planning permits, demolition permits, electrical permits, sign permits; and gun permits.

Intergovernmental receipts which includes receipts from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of this type of receipts includes, but is not limited to: federal grants, state grants, cigarette tax

TOWN OF PINE VILLAGE
NOTES TO FINANCIAL INFORMATION
(Continued)

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 includes 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).

Transfers in which includes funds authorized by statute, ordinance, resolution or court order to be transferred in from another fund.

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 which includes 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 includes 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 includes, but is not limited to: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance; and rental charges.

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

Transfers out which includes funds authorized by statute, ordinance, resolution or court order to be transferred to another fund.

TOWN OF PINE VILLAGE
NOTES TO FINANCIAL INFORMATION
(Continued)

F. Interfund Transfers

The Town 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 Town. 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 Town. The money accounted for in a specific fund may only be available for use for certain, legally restricted purposes.

Note 2. Budgets

The operating budget is initially prepared and approved at the local level. The fiscal officer of the Town 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 Town 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% 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.

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 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 PINE VILLAGE
NOTES TO FINANCIAL INFORMATION
(Continued)

Note 5. Risk Management

The Town 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 Town 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 Town by recording as a disbursement and replacement items purchased.

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SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the Town's Annual Reports can be found on the Indiana Transparency Portal website: www.in.gov/itp/annual_reports/.

TOWN OF PINE VILLAGE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2009

	General	CEDIT	Motor Vehicle Highway	Local Road and Street	Cummulative Capital Improvements	Cummulative Capital Development
Cash and investments - beginning	\$ 9,803	\$ 13,981	\$ 467	\$ 3,532	\$ 2,023	\$ 1,469
Receipts:						
Taxes	37,225	-	-	-	-	979
Intergovernmental	55,871	4,419	6,643	795	782	200
Other receipts	4,950	-	999	-	-	-
Total receipts	<u>98,046</u>	<u>4,419</u>	<u>7,642</u>	<u>795</u>	<u>782</u>	<u>1,179</u>
Disbursements:						
Personal services	18,700	4,150	7,015	-	-	-
Supplies	890	-	-	-	-	-
Other services and charges	37,991	-	-	804	-	-
Capital outlay	-	-	-	-	162	646
Other disbursements	34,845	-	1,000	-	-	-
Total disbursements	<u>92,426</u>	<u>4,150</u>	<u>8,015</u>	<u>804</u>	<u>162</u>	<u>646</u>
Excess (deficiency) of receipts over disbursements	<u>5,620</u>	<u>269</u>	<u>(373)</u>	<u>(9)</u>	<u>620</u>	<u>533</u>
Cash and investments - ending	<u>\$ 15,423</u>	<u>\$ 14,250</u>	<u>\$ 94</u>	<u>\$ 3,523</u>	<u>\$ 2,643</u>	<u>\$ 2,002</u>

TOWN OF PINE VILLAGE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2009
 (Continued)

	Park Fund	Rainy Day Fund	Riverboat Fund	Public Safety LOIT	Totals
Cash and investments - beginning	\$ 1,313	\$ 2,722	\$ 9,641	\$ 3,691	\$ 48,642
Receipts:					
Taxes	-	-	-	-	38,204
Intergovernmental	-	-	1,595	1,874	72,179
Other receipts	-	1,518	-	-	7,467
Total receipts	-	1,518	1,595	1,874	117,850
Disbursements:					
Personal services	-	1,800	-	-	31,665
Supplies	-	-	-	-	890
Other services and charges	1,158	-	-	-	39,953
Capital outlay	-	-	-	-	808
Other disbursements	-	-	-	-	35,845
Total disbursements	1,158	1,800	-	-	109,161
Excess (deficiency) of receipts over disbursements	(1,158)	(282)	1,595	1,874	8,689
Cash and investments - ending	<u>\$ 155</u>	<u>\$ 2,440</u>	<u>\$ 11,236</u>	<u>\$ 5,565</u>	<u>\$ 57,331</u>

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

	General	Motor Vehicle Highway	Local Road and Street	Riverboat	Rainy Day	Public Safety LOIT
Cash and investments - beginning	\$ 15,423	\$ 94	\$ 3,523	\$ 11,236	\$ 2,440	\$ 5,565
Receipts:						
Taxes	50,744	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	24,575	8,569	817	1,596	3,290	4,778
Other receipts	6,125	-	-	-	-	-
Total receipts	<u>81,444</u>	<u>8,569</u>	<u>817</u>	<u>1,596</u>	<u>3,290</u>	<u>4,778</u>
Disbursements:						
Personal services	16,246	5,382	3,845	-	-	2,500
Supplies	1,412	-	-	-	-	-
Other services and charges	39,487	-	-	-	5,000	-
Capital outlay	3,036	-	-	-	-	-
Other disbursements	-	2,000	-	-	581	-
Total disbursements	<u>60,181</u>	<u>7,382</u>	<u>3,845</u>	<u>-</u>	<u>5,581</u>	<u>2,500</u>
Excess (deficiency) of receipts over disbursements	<u>21,263</u>	<u>1,187</u>	<u>(3,028)</u>	<u>1,596</u>	<u>(2,291)</u>	<u>2,278</u>
Cash and investments - ending	<u>\$ 36,686</u>	<u>\$ 1,281</u>	<u>\$ 495</u>	<u>\$ 12,832</u>	<u>\$ 149</u>	<u>\$ 7,843</u>

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

	Cumulative Capital Development	Cumulative Capital Improvement	CEDIT	Park Fund	Totals
Cash and investments - beginning	\$ 2,002	\$ 2,643	\$ 14,250	\$ 155	\$ 57,331
Receipts:					
Taxes	1,289	-	-	-	52,033
Licenses and permits	197	-	-	-	197
Intergovernmental	2	746	18,190	-	62,563
Other receipts	-	-	582	-	6,707
Total receipts	<u>1,488</u>	<u>746</u>	<u>18,772</u>	<u>-</u>	<u>121,500</u>
Disbursements:					
Personal services	-	-	-	-	27,973
Supplies	-	-	-	-	1,412
Other services and charges	1,322	1,647	24,668	-	72,124
Capital outlay	-	-	-	-	3,036
Other disbursements	-	-	-	-	2,581
Total disbursements	<u>1,322</u>	<u>1,647</u>	<u>24,668</u>	<u>-</u>	<u>107,126</u>
Excess (deficiency) of receipts over disbursements	<u>166</u>	<u>(901)</u>	<u>(5,896)</u>	<u>-</u>	<u>14,374</u>
Cash and investments - ending	<u>\$ 2,168</u>	<u>\$ 1,742</u>	<u>\$ 8,354</u>	<u>\$ 155</u>	<u>\$ 71,705</u>

TOWN OF PINE VILLAGE
EXIT CONFERENCE

The contents of this report were discussed on August 16, 2011, with Nancy C. Kochell, Clerk-Treasurer, and Donny R. Hensley, President of the Town Council. Our examination disclosed no material items that warrant comment at this time.