

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

FINANCIAL STATEMENT EXAMINATION REPORT

OF

CITY OF PETERSBURG

PIKE COUNTY, INDIANA

January 1, 2011 to December 31, 2011



FILED
07/19/2012

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Tammy Selby	01-01-11 to 12-31-15
Mayor	Jon W. Craig	01-01-11 to 12-31-15
President of the Board of Public Works and Safety	Jon W. Craig	01-01-11 to 12-31-12
President of the Common Council	Jon W. Craig Fran Lewis	01-01-11 to 12-31-11 01-01-12 to 12-31-12
President of the Water Board	Jon W. Craig	01-01-11 to 12-31-12



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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 CITY OF PETERSBURG, PIKE COUNTY, INDIANA

We have examined the financial statement of the City of Petersburg (City), for the period of January 1, 2011 to December 31, 2011. The City's management is responsible for the financial statement. 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 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 City 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.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the City for the year ended December 31, 2011, on the basis of accounting described in Note 1.

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

This report is intended solely for the information and use of the City's management, Common Council, and others within the entity 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

June 4, 2012

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FINANCIAL STATEMENT

The financial statement and accompanying notes were approved by management of the City. The financial statement and notes are presented as intended by the City.

CITY OF PETERSBURG
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For The Year Ended December 31, 2011

Fund	Cash and Investments 01-01-11	Receipts	Disbursements	Cash and Investments 12-31-11
GENERAL	\$ 351,048	\$ 648,484	\$ 610,834	\$ 388,698
MOTOR VEHICLE HIGHWAY	45,689	86,310	92,465	39,534
LOCAL ROAD & STREET	19,920	9,135	-	29,055
PLANNING AND ZONING	-	50,000	48,750	1,250
LOCAL LAW	18,618	4,133	9,886	12,865
RIVERBOAT FUND	90,230	16,083	8,295	98,018
PARKS AND RECREATION OPERATING	90,678	58,778	63,595	85,861
RAINY DAY FUND	225,784	25,000	16,500	234,284
LEVY EXCESS FUND	4,129	-	-	4,129
CUMULATIVE CAPITAL IMPROVEMENT	75,208	7,380	817	81,771
CUMULATIVE CAPITAL DEVELOPMENT	84,184	21,621	32,825	72,980
REDEVELOPMENT	13,030	-	-	13,030
POLICE PENSION	45,368	10,160	25,358	30,170
PARK DONATION	5,489	11,869	5,725	11,633
IP&L ECONOMIC DEVELOPMENT	47,028	17,499	54,330	10,197
PETERSBURG PRIDE DONATION	1,002	2,551	2,222	1,331
FIRE TERRITORY EQUIP REPL	-	47,113	-	47,113
RURAL FIRE ASSIT GRANT	(1,650)	1,650	-	-
FIRE DONATION	2,527	160	2,527	160
FIRE GRANT	(255)	45,255	45,000	-
FIRE-FIGHTING	74,771	38,592	22,206	91,157
EDIT	294,803	69,356	25,077	339,082
PAYROLL FUND	1,047	744,475	745,522	-
POLICE RESERVE	395	719	1,013	101
DONATION SPECIAL RESPONSE	-	8,850	5,816	3,034
WASTEWATER DEBT RESERVE	85,000	-	-	85,000
WASTEWATER COLLECTION	47,290	585,999	631,751	1,538
WASTEWATER BOND/INTEREST	55,669	106,865	127,895	34,639
WASTEWATER IMPROVEMENT	25,000	-	25,000	-
WASTEWATER DEBT RESERVE -2003	49,154	24,295	-	73,449
08 WASTEWATER CONSTRUCTION FUND	407,421	-	79,303	328,118
WASTEWATER 08 BOND/INTEREST	7,924	67,140	69,100	5,964
WASTEWATER 08 DEBT RESERVE	86,580	39,960	-	126,540
WASTEWATER CASH IN DRAWER	80	-	-	80
WATER CASH OPERATING	86,624	2,120,040	1,981,098	225,566
WATER METER DEPOSIT	23,303	9,115	7,822	24,596
WATER BOND & INTEREST	16,530	158,052	137,209	37,373
WATER DEPRECIATION	179,294	-	-	179,294
WATER DEBT RESERVE	135,160	144,676	135,160	144,676
WATER CASH IN DRAWER	80	-	-	80
WATER CONSTRUCTION	-	395,057	395,057	-
Totals	\$ 2,694,152	\$ 5,576,372	\$ 5,408,158	\$ 2,862,366

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

CITY OF PETERSBURG
NOTES TO FINANCIAL STATEMENT

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 presents 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 statement is 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
(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
(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
(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 any 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
(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.

B. 1977 Police Officers' and Firefighters' Pension and Disability Fund

Plan Description

The 1977 Police Officers' and Firefighters' Pension and Disability Fund is 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 52 with 20 years of service. An employee with 20 years of service may leave service, but will not receive benefits until reaching age 52. 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

The contribution requirements of plan members and the City are established by the Board of Trustees of PERF.

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SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the City's 2011 Annual Report information can be found on the Gateway website: <https://gateway.ifionline.org/>.

Differences may be noted between the financial information presented in the financial statement contained in this report and the financial information presented in the Annual Report of the City which is referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the examination. This is a common occurrence in any financial statement examination. The financial information presented in this report is examined information, and the accuracy of such information can be determined by reading the opinion given in the Independent Accountant's Report.

The supplementary information presented was prepared and/or approved by management of the City. It is presented as intended by the City.

CITY OF PETERSBURG
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011

	GENERAL	MOTOR VEHICLE HIGHWAY	LOCAL ROAD & STREET	PLANNING AND ZONING	LOCAL LAW	RIVERBOAT FUND	PARKS AND RECREATION OPERATING
Cash and investments - beginning	\$ 351,048	\$ 45,689	\$ 19,920	\$ -	\$ 18,618	\$ 90,230	\$ 90,678
Receipts:							
Taxes	484,290	4,227	-	-	-	-	38,686
Licenses and permits	160	-	-	-	660	-	-
Intergovernmental	48,519	67,794	9,135	-	-	16,083	557
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	756	-	-	-	3,473	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	114,759	14,289	-	50,000	-	-	19,535
Total receipts	<u>648,484</u>	<u>86,310</u>	<u>9,135</u>	<u>50,000</u>	<u>4,133</u>	<u>16,083</u>	<u>58,778</u>
Disbursements:							
Personal services	376,614	59,106	-	-	-	-	23,219
Supplies	36,807	27,038	-	-	2,775	-	2,607
Other services and charges	142,738	4,201	-	48,750	1,611	7,673	19,600
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	29,675	2,120	-	-	5,500	-	18,169
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	25,000	-	-	-	-	622	-
Total disbursements	<u>610,834</u>	<u>92,465</u>	<u>-</u>	<u>48,750</u>	<u>9,886</u>	<u>8,295</u>	<u>63,595</u>
Excess (deficiency) of receipts over disbursements	<u>37,650</u>	<u>(6,155)</u>	<u>9,135</u>	<u>1,250</u>	<u>(5,753)</u>	<u>7,788</u>	<u>(4,817)</u>
Cash and investments - ending	<u>\$ 388,698</u>	<u>\$ 39,534</u>	<u>\$ 29,055</u>	<u>\$ 1,250</u>	<u>\$ 12,865</u>	<u>\$ 98,018</u>	<u>\$ 85,861</u>

CITY OF PETERSBURG
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011
 (Continued)

	RAINY DAY FUND	LEVY EXCESS FUND	CUMULATIVE CAPITAL IMPROVEMENT	CUMULATIVE CAPITAL DEVELOPMENT	REDEVELOPMENT	POLICE PENSION	PARK DONATION
Cash and investments - beginning	\$ 225,784	\$ 4,129	\$ 75,208	\$ 84,184	\$ 13,030	\$ 45,368	\$ 5,489
Receipts:							
Taxes	-	-	-	18,960	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	7,380	2,661	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	25,000	-	-	-	-	10,160	11,869
Total receipts	<u>25,000</u>	<u>-</u>	<u>7,380</u>	<u>21,621</u>	<u>-</u>	<u>10,160</u>	<u>11,869</u>
Disbursements:							
Personal services	-	-	-	-	-	16,081	-
Supplies	-	-	-	5,000	-	-	-
Other services and charges	-	-	-	-	-	-	5,725
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	27,825	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	16,500	-	817	-	-	9,277	-
Total disbursements	<u>16,500</u>	<u>-</u>	<u>817</u>	<u>32,825</u>	<u>-</u>	<u>25,358</u>	<u>5,725</u>
Excess (deficiency) of receipts over disbursements	<u>8,500</u>	<u>-</u>	<u>6,563</u>	<u>(11,204)</u>	<u>-</u>	<u>(15,198)</u>	<u>6,144</u>
Cash and investments - ending	<u>\$ 234,284</u>	<u>\$ 4,129</u>	<u>\$ 81,771</u>	<u>\$ 72,980</u>	<u>\$ 13,030</u>	<u>\$ 30,170</u>	<u>\$ 11,633</u>

CITY OF PETERSBURG
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011
 (Continued)

	IP&L ECONOMIC DEVELOPMENT	PETERSBURG PRIDE DONATION	FIRE TERRITORY EQUIP REPL	RURAL FIRE ASSIT GRANT	FIRE DONATION	FIRE GRANT	FIRE-FIGHTING
Cash and investments - beginning	\$ 47,028	\$ 1,002	\$ -	\$ (1,650)	\$ 2,527	\$ (255)	\$ 74,771
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	17,538
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	17,499	2,551	47,113	1,650	160	45,255	21,054
Total receipts	17,499	2,551	47,113	1,650	160	45,255	38,592
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	54,330	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	10,000
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	2,222	-	-	2,527	45,000	12,206
Total disbursements	54,330	2,222	-	-	2,527	45,000	22,206
Excess (deficiency) of receipts over disbursements	(36,831)	329	47,113	1,650	(2,367)	255	16,386
Cash and investments - ending	\$ 10,197	\$ 1,331	\$ 47,113	\$ -	\$ 160	\$ -	\$ 91,157

CITY OF PETERSBURG
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011
 (Continued)

	EDIT	PAYROLL FUND	POLICE RESERVE	DONATION SPECIAL RESPONSE	WASTEWATER DEBT RESERVE	WASTEWATER COLLECTION	WASTEWATER BOND/INTEREST
Cash and investments - beginning	\$ 294,803	\$ 1,047	\$ 395	\$ -	\$ 85,000	\$ 47,290	\$ 55,669
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	68,517	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	725	-
Other receipts	839	744,475	719	8,850	-	585,274	106,865
Total receipts	<u>69,356</u>	<u>744,475</u>	<u>719</u>	<u>8,850</u>	<u>-</u>	<u>585,999</u>	<u>106,865</u>
Disbursements:							
Personal services	-	706,805	-	-	-	-	-
Supplies	-	-	1,013	5,816	-	-	-
Other services and charges	11,000	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	127,895
Capital outlay	14,077	-	-	-	-	10,960	-
Utility operating expenses	-	-	-	-	-	294,946	-
Other disbursements	-	38,717	-	-	-	325,845	-
Total disbursements	<u>25,077</u>	<u>745,522</u>	<u>1,013</u>	<u>5,816</u>	<u>-</u>	<u>631,751</u>	<u>127,895</u>
Excess (deficiency) of receipts over disbursements	<u>44,279</u>	<u>(1,047)</u>	<u>(294)</u>	<u>3,034</u>	<u>-</u>	<u>(45,752)</u>	<u>(21,030)</u>
Cash and investments - ending	<u>\$ 339,082</u>	<u>\$ -</u>	<u>\$ 101</u>	<u>\$ 3,034</u>	<u>\$ 85,000</u>	<u>\$ 1,538</u>	<u>\$ 34,639</u>

CITY OF PETERSBURG
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011
 (Continued)

	WASTEWATER IMPROVEMENT	WASTEWATER DEBT RESERVE -2003	08 WASTEWATER CONSTRUCTION FUND	WASTEWATER 08 BOND/INTEREST	WASTEWATER 08 DEBT RESERVE	WASTEWATER CASH IN DRAWER	WATER CASH OPERATING
Cash and investments - beginning	\$ 25,000	\$ 49,154	\$ 407,421	\$ 7,924	\$ 86,580	\$ 80	\$ 86,624
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	540,912
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	24,295	-	67,140	39,960	-	1,579,128
Total receipts	-	24,295	-	67,140	39,960	-	2,120,040
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	69,100	-	-	-
Capital outlay	-	-	79,303	-	-	-	545,476
Utility operating expenses	-	-	-	-	-	-	508,280
Other disbursements	25,000	-	-	-	-	-	927,342
Total disbursements	25,000	-	79,303	69,100	-	-	1,981,098
Excess (deficiency) of receipts over disbursements	(25,000)	24,295	(79,303)	(1,960)	39,960	-	138,942
Cash and investments - ending	\$ -	\$ 73,449	\$ 328,118	\$ 5,964	\$ 126,540	\$ 80	\$ 225,566

CITY OF PETERSBURG
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011
 (Continued)

	WATER METER DEPOSIT	WATER BOND & INTEREST	WATER DEPRECIATION	WATER DEBT RESERVE	WATER CASH IN DRAWER	WATER CONSTRUCTION	Totals
Cash and investments - beginning	\$ 23,303	\$ 16,530	\$ 179,294	\$ 135,160	\$ 80	\$ -	\$ 2,694,152
Receipts:							
Taxes	-	-	-	-	-	-	546,163
Licenses and permits	-	-	-	-	-	-	820
Intergovernmental	-	-	-	-	-	-	761,558
Charges for services	-	-	-	-	-	-	17,538
Fines and forfeits	-	-	-	-	-	-	4,229
Utility fees	-	-	-	-	-	-	725
Other receipts	9,115	158,052	-	144,676	-	395,057	4,245,339
Total receipts	9,115	158,052	-	144,676	-	395,057	5,576,372
Disbursements:							
Personal services	-	-	-	-	-	-	1,181,825
Supplies	-	-	-	-	-	-	81,056
Other services and charges	-	-	-	-	-	-	295,628
Debt service - principal and interest	-	30,160	-	-	-	-	227,155
Capital outlay	-	-	-	-	-	-	743,105
Utility operating expenses	-	-	-	-	-	-	803,226
Other disbursements	7,822	107,049	-	135,160	-	395,057	2,076,163
Total disbursements	7,822	137,209	-	135,160	-	395,057	5,408,158
Excess (deficiency) of receipts over disbursements	1,293	20,843	-	9,516	-	-	168,214
Cash and investments - ending	\$ 24,596	\$ 37,373	\$ 179,294	\$ 144,676	\$ 80	\$ -	\$ 2,862,366

CITY OF PETERSBURG
SUPPLEMENTARY INFORMATION
SCHEDULE OF LONG-TERM DEBT
December 31, 2011

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year	Fund/ Department
Governmental activities:			
Capital Leases:	\$ -	\$ -	
2012 Fire Pickup	13,119	13,549	402 & 410
2011 Ford Crown Victoria	9,386	5,084	402
2011 Ford Crown Victoria	13,849	7,501	101
Business-Type activities:			
Water Utility:			
Revenue bonds:			
Water Utility Improvements of 2000	935,000	132,115	602
Water Utility Improvements of 2011	1,445,000	96,472	602
Wastewater Utility:			
Capital Leases:			
Sewer Jetter	9,827	10,225	606
Revenue Bonds:			
Wastewater Utility Improvements of 2000	689,000	80,837	607
Inflow/Infiltration Utility Improvements of 2003	409,000	47,920	607
Wastewater Utility Improvements of 2008	1,120,000	67,100	612
	-	-	
Total debt	<u>\$ 4,644,181</u>	<u>\$ 460,803</u>	

CITY OF PETERSBURG
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 December 31, 2011

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>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 5,800
Infrastructure	3,908
Buildings	294,648
Improvements other than buildings	110,454
Machinery and equipment	<u>1,544,405</u>
Total other capital assets	<u>1,959,215</u>
Water Utility:	
Capital assets, not being depreciated:	
Land	10,000
Construction in progress	1,003,439
Buildings	374,916
Improvements other than buildings	3,488,481
Machinery and equipment	<u>1,217,570</u>
Total Water Utility capital assets	<u>6,094,406</u>
Wastewater Utility:	
Capital assets, not being depreciated:	
Land	500
Construction in progress	439,261
Buildings	1,220,354
Improvements other than buildings	5,510,123
Machinery and equipment	<u>642,571</u>
Total Wastewater Utility capital assets	<u>7,812,809</u>
Total capital assets not being depreciated	<u><u>\$ 15,866,430</u></u>

CITY OF PETERSBURG
EXAMINATION RESULTS AND COMMENTS

CONDITION OF RECORDS - SRF LOAN RECORDING

The Water Utility had the following deficiencies related to the State Revolving Fund (SRF) accounting for the water improvement project.

1. Transfers for the bond and interest fund and the debt reserve fund were posted incorrectly to the construction fund. Also, the construction expenditures and loan proceeds were incorrectly posted to the water operating fund.
2. The Water Utility record balances for the water construction were not reconciled to depository balances during the one year period.

Indiana Code 5-13-6-1(e) states in part: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

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

BOARD MINUTES - PARK DEPARTMENT

Minutes of the Park Board were incomplete. Minutes of meetings of the governing body presented for examination did not disclose all votes and decisions made by the Park Board. Reorganization of the Park Board and approval of claims was not documented in the minutes.

A similar comment appeared in the prior report.

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

A similar comment appeared in the prior examination.

CITY OF PETERSBURG
EXAMINATION RESULTS AND COMMENTS
(Continued)

ORDINANCES AND RESOLUTIONS

The City of Petersburg Water and Wastewater Utilities have ordinances, 2000-2 and 2010-2, respectively, concerning the calculation of the monthly billing rates. However, the City of Petersburg Wastewater customers are billed at the $\frac{5}{8}$ inch water meter base rate and not the $\frac{3}{4}$ inch water meter base rate per rate ordinance.

In discussion with the Clerk-Treasurer, it was determined that there are no $\frac{5}{8}$ inch meters installed.

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 June 4, 2012, with Jon W. Craig, Mayor, and Tammy Selby, Clerk-Treasurer. The officials concurred with our findings.