

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, 2012 to December 31, 2012



FILED
11/05/2013

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Tammy Selby	01-01-12 to 12-31-15
Mayor	Jon W. Craig (Vacant) Frank A. Coleman, Jr.	01-01-12 to 01-25-13 01-26-13 to 02-21-13 02-22-13 to 12-31-15
President of the Board of Public Works and Safety	Jon W. Craig (Vacant) Frank A. Coleman, Jr.	01-01-12 to 01-25-13 01-26-13 to 02-21-13 02-22-13 to 12-31-15
President of the Common Council	Fran Lewis	01-01-12 to 12-31-13
President of the Water Board	Jon W. Craig (Vacant) Frank A. Coleman, Jr.	01-01-12 to 01-25-13 01-26-13 to 02-21-13 02-22-13 to 12-31-15



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the accompanying financial statement of the City of Petersburg (City), for the year ended December 31, 2012. The financial statement is the responsibility of the City's management. Our responsibility is to express an opinion on the financial statement 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 statement on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the Indiana 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 effects on the financial statement of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the matter discussed in the preceding paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position and results of operations of the City for the year ended December 31, 2012.

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, 2012, on the basis of accounting described in Note 1.

Our examination was conducted for the purpose of forming an opinion on the City's financial statement. The Combining Schedule of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis, Schedule of Payables and Receivables, Schedule of Leases and 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.

Bruce Hartman
State Examiner

October 10, 2013

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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, 2012

Fund	Cash and Investments 01-01-12	Receipts	Disbursements	Cash and Investments 12-31-12
GENERAL	\$ 388,699	\$ 608,968	\$ 548,746	\$ 448,921
MVH	39,534	95,850	66,984	68,400
LOCAL ROAD & STREET PLANNING AND ZONING	29,056	9,036	10,000	28,092
LOCAL LAW	1,250	-	-	1,250
UNSAFE BUILDING FUND	12,865	2,148	6,227	8,786
RIVERBOAT FUND	-	3,650	-	3,650
PARK	98,017	14,117	8,824	103,310
RAINY DAY FUND	85,860	66,349	49,196	103,013
LEVY EXCESS FUND	234,284	25,000	15,000	244,284
FIRE TERRITORY	4,129	-	-	4,129
C.C.I.	-	106,659	72,392	34,267
C.C.D.	81,772	6,320	3,055	85,037
REDEVELOPMENT	72,981	20,926	16,305	77,602
POLICE PENSION	13,030	-	5,000	8,030
PARK DONATION	30,170	10,132	33,014	7,288
IP&L ECONOMIC DEVELPOMENT	11,632	8,180	4,941	14,871
PETERSBURG PRIDE DONATION	10,197	-	-	10,197
FIRE TERRITORY EQUIP REPL	1,331	5,753	7,084	-
FIRE DONATION	47,113	236,386	70,428	213,071
FIRE-FIGHTING	160	10	-	170
EDIT	91,157	-	91,157	-
PAYROLL FUND	339,081	72,519	64,075	347,525
POLICE RESERVE	-	802,136	801,505	631
DONATION SPECIAL RESPONSE	101	500	566	35
WASTE WATER DEBT RESERVE	3,034	4,500	4,594	2,940
WASTE WATER COLLECTION	85,000	-	-	85,000
WASTE WATER BOND/INTEREST	1,539	687,847	643,543	45,843
WASTEWATER DEBT RES -2003	34,640	81,120	79,111	36,649
08 WW CONSTRUCTION FUND	73,449	48,600	47,920	74,129
WASTEWATER 08 BOND/INTERE	328,118	-	276,627	51,491
WASTEWATER 08 DEBT RES	5,964	67,140	67,100	6,004
WASTE WATER CASH IN DRAWE	126,540	39,960	-	166,500
WATER CASH OPERATING	80	-	-	80
WATER METER DEPOSIT	225,566	1,630,700	1,661,410	194,856
WATER BOND & INTEREST	24,596	10,465	8,195	26,866
WATER DEPRECIATION	37,373	228,600	216,023	49,950
WATER DEBT RESERVE	179,294	-	-	179,294
WATER CASH IN DRAWER	144,676	19,032	-	163,708
WATER CONSTRUCTION	80	-	-	80
	-	942,679	942,679	-
Totals	<u>\$ 2,862,368</u>	<u>\$ 5,855,282</u>	<u>\$ 5,821,701</u>	<u>\$ 2,895,949</u>

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.

B. Basis of Accounting

The financial statement is reported on a regulatory basis of accounting prescribed by the Indiana 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. The basis of accounting involves the reporting of only cash and investments and the changes therein resulting from cash inflows (receipts) and cash outflows (disbursements) reported in the period in which they occurred.

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 statement. The aggregate receipts include 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 statement. The aggregate disbursements include 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.

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.

CITY OF PETERSBURG
NOTES TO FINANCIAL STATEMENT
(Continued)

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.

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.

CITY OF PETERSBURG
NOTES TO FINANCIAL STATEMENT
(Continued)

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 statement. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks.

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 Indiana Public Retirement System (INPRS) 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.

INPRS 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:

Indiana Public Retirement System
1 North Capital Street, Suite 001
Indianapolis, IN 46204
Ph. (888) 526-1687

Funding Policy and Annual Pension Cost

The contribution requirements of the plan members for PERF are established by the Board of Trustees of INPRS.

CITY OF PETERSBURG
NOTES TO FINANCIAL STATEMENT
(Continued)

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 Retirement System (INPRS) 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.

INPRS 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:

Indiana Public Retirement System
1 North Capital Street, Suite 001
Indianapolis, IN 46204
Ph. (888) 526-1687

Funding Policy

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

Note 7. Subsequent Events

Storm Water Grant

In December 2012, the City was awarded a \$1,000,000.00 Community Development Block Grant (DR2-09-233) under the Disaster Recovery Act for a storm water project. The City received their first draw down on September 25, 2013, in the amount of \$83,000.00. The project is required to be completed by June 30, 2014.

Bond Issue

The City issued \$300,000.00 of Economic Development Income Tax Revenue Bonds Series 2013, on October 3, 2013. The bond proceeds are to be used to finance proposed economic development projects of the City. The bonds have an interest rate of 2.55 percent. Semiannual payments are to be made from the City's EDIT Fund and are to begin February 1, 2014, and continue through February 1, 2019.

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SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the City's 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 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, 2012

	GENERAL	MVH	LOCAL ROAD & STREET	PLANNING AND ZONING	LOCAL LAW	UNSAFE BUILDING FUND	RIVERBOAT FUND
Cash and investments - beginning	\$ 388,699	\$ 39,534	\$ 29,056	\$ 1,250	\$ 12,865	\$ -	\$ 98,017
Receipts:							
Taxes	439,847	25,328	-	-	-	-	-
Licenses and permits	25	-	-	-	1,620	-	-
Intergovernmental	79,238	66,665	9,036	-	-	-	14,117
Charges for services	200	-	-	-	-	-	-
Fines and forfeits	1,015	-	-	-	78	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	88,643	3,857	-	-	450	3,650	-
Total receipts	<u>608,968</u>	<u>95,850</u>	<u>9,036</u>	<u>-</u>	<u>2,148</u>	<u>3,650</u>	<u>14,117</u>
Disbursements:							
Personal services	373,775	18,478	-	-	-	-	-
Supplies	26,148	24,825	-	-	2,319	-	-
Other services and charges	115,707	5,081	10,000	-	2,030	-	-
Capital outlay	8,116	18,600	-	-	1,878	-	4,004
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	25,000	-	-	-	-	-	4,820
Total disbursements	<u>548,746</u>	<u>66,984</u>	<u>10,000</u>	<u>-</u>	<u>6,227</u>	<u>-</u>	<u>8,824</u>
Excess (deficiency) of receipts over disbursements	<u>60,222</u>	<u>28,866</u>	<u>(964)</u>	<u>-</u>	<u>(4,079)</u>	<u>3,650</u>	<u>5,293</u>
Cash and investments - ending	<u>\$ 448,921</u>	<u>\$ 68,400</u>	<u>\$ 28,092</u>	<u>\$ 1,250</u>	<u>\$ 8,786</u>	<u>\$ 3,650</u>	<u>\$ 103,310</u>

CITY OF PETERSBURG
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2012
 (Continued)

	PARK	RAINY DAY FUND	LEVY EXCESS FUND	FIRE TERRITORY	C.C.I.	C.C.D.	REDEVELOPMENT
Cash and investments - beginning	\$ 85,860	\$ 234,284	\$ 4,129	\$ -	\$ 81,772	\$ 72,981	\$ 13,030
Receipts:							
Taxes	42,213	-	-	68,345	-	18,052	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	6,700	-	-	3,278	6,320	2,874	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	17,436	25,000	-	35,036	-	-	-
Total receipts	<u>66,349</u>	<u>25,000</u>	<u>-</u>	<u>106,659</u>	<u>6,320</u>	<u>20,926</u>	<u>-</u>
Disbursements:							
Personal services	20,237	-	-	33,569	-	-	-
Supplies	7,742	-	-	8,954	794	-	-
Other services and charges	19,765	-	-	29,869	-	-	-
Capital outlay	1,452	-	-	-	-	16,305	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	15,000	-	-	2,261	-	5,000
Total disbursements	<u>49,196</u>	<u>15,000</u>	<u>-</u>	<u>72,392</u>	<u>3,055</u>	<u>16,305</u>	<u>5,000</u>
Excess (deficiency) of receipts over disbursements	<u>17,153</u>	<u>10,000</u>	<u>-</u>	<u>34,267</u>	<u>3,265</u>	<u>4,621</u>	<u>(5,000)</u>
Cash and investments - ending	<u>\$ 103,013</u>	<u>\$ 244,284</u>	<u>\$ 4,129</u>	<u>\$ 34,267</u>	<u>\$ 85,037</u>	<u>\$ 77,602</u>	<u>\$ 8,030</u>

CITY OF PETERSBURG
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2012
 (Continued)

	POLICE PENSION	PARK DONATION	IP&L ECONOMIC DEVELOPMENT	PETERSBURG PRIDE DONATION	FIRE TERRITORY EQUIP REPL	FIRE DONATION	FIRE-FIGHTING
Cash and investments - beginning	\$ 30,170	\$ 11,632	\$ 10,197	\$ 1,331	\$ 47,113	\$ 160	\$ 91,157
Receipts:							
Taxes	1,245	-	-	-	113,228	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	181	-	-	-	5,398	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	8,706	8,180	-	5,753	117,760	10	-
Total receipts	<u>10,132</u>	<u>8,180</u>	<u>-</u>	<u>5,753</u>	<u>236,386</u>	<u>10</u>	<u>-</u>
Disbursements:							
Personal services	23,607	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	4,941	-	-	-	-	-
Capital outlay	-	-	-	-	35,428	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	9,407	-	-	7,084	35,000	-	91,157
Total disbursements	<u>33,014</u>	<u>4,941</u>	<u>-</u>	<u>7,084</u>	<u>70,428</u>	<u>-</u>	<u>91,157</u>
Excess (deficiency) of receipts over disbursements	<u>(22,882)</u>	<u>3,239</u>	<u>-</u>	<u>(1,331)</u>	<u>165,958</u>	<u>10</u>	<u>(91,157)</u>
Cash and investments - ending	<u>\$ 7,288</u>	<u>\$ 14,871</u>	<u>\$ 10,197</u>	<u>\$ -</u>	<u>\$ 213,071</u>	<u>\$ 170</u>	<u>\$ -</u>

CITY OF PETERSBURG
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2012
 (Continued)

	EDIT	PAYROLL FUND	POLICE RESERVE	DONATION SPECIAL RESPONSE	WASTE WATER DEBT RESERVE	WASTE WATER COLLECTION	WASTE WATER BOND/INTEREST
Cash and investments - beginning	\$ 339,081	\$ -	\$ 101	\$ 3,034	\$ 85,000	\$ 1,539	\$ 34,640
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	72,519	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	657,972	-
Other receipts	-	802,136	500	4,500	-	29,875	81,120
Total receipts	<u>72,519</u>	<u>802,136</u>	<u>500</u>	<u>4,500</u>	<u>-</u>	<u>687,847</u>	<u>81,120</u>
Disbursements:							
Personal services	-	757,550	-	-	-	-	-
Supplies	-	-	566	4,594	-	-	-
Other services and charges	11,000	-	-	-	-	-	-
Capital outlay	53,075	-	-	-	-	15,187	-
Utility operating expenses	-	-	-	-	-	290,070	-
Other disbursements	-	43,955	-	-	-	338,286	79,111
Total disbursements	<u>64,075</u>	<u>801,505</u>	<u>566</u>	<u>4,594</u>	<u>-</u>	<u>643,543</u>	<u>79,111</u>
Excess (deficiency) of receipts over disbursements	<u>8,444</u>	<u>631</u>	<u>(66)</u>	<u>(94)</u>	<u>-</u>	<u>44,304</u>	<u>2,009</u>
Cash and investments - ending	<u>\$ 347,525</u>	<u>\$ 631</u>	<u>\$ 35</u>	<u>\$ 2,940</u>	<u>\$ 85,000</u>	<u>\$ 45,843</u>	<u>\$ 36,649</u>

CITY OF PETERSBURG
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2012
 (Continued)

	WASTEWATER DEBT RES -2003	08 WW CONSTRUCTION FUND	WASTEWATER 08 BOND/INTERE	WASTEWATER 08 DEBT RES	WASTE WATER CASH IN DRAWE	WATER CASH OPERATING	WATER METER DEPOSIT
Cash and investments - beginning	\$ 73,449	\$ 328,118	\$ 5,964	\$ 126,540	\$ 80	\$ 225,566	\$ 24,596
Receipts:							
Taxes	-	-	-	-	-	26,920	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	821,739	-
Other receipts	48,600	-	67,140	39,960	-	782,041	10,465
Total receipts	48,600	-	67,140	39,960	-	1,630,700	10,465
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Capital outlay	-	276,627	-	-	-	118,339	-
Utility operating expenses	-	-	-	-	-	581,074	-
Other disbursements	47,920	-	67,100	-	-	961,997	8,195
Total disbursements	47,920	276,627	67,100	-	-	1,661,410	8,195
Excess (deficiency) of receipts over disbursements	680	(276,627)	40	39,960	-	(30,710)	2,270
Cash and investments - ending	\$ 74,129	\$ 51,491	\$ 6,004	\$ 166,500	\$ 80	\$ 194,856	\$ 26,866

CITY OF PETERSBURG
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2012
 (Continued)

	WATER BOND & INTEREST	WATER DEPRECIATION	WATER DEBT RESERVE	WATER CASH IN DRAWER	WATER CONSTRUCTION	TOTALS
Cash and investments - beginning	\$ 37,373	\$ 179,294	\$ 144,676	\$ 80	\$ -	\$ 2,862,368
Receipts:						
Taxes	-	-	-	-	-	735,178
Licenses and permits	-	-	-	-	-	1,645
Intergovernmental	-	-	-	-	-	266,326
Charges for services	-	-	-	-	-	200
Fines and forfeits	-	-	-	-	-	1,093
Utility fees	-	-	-	-	-	1,479,711
Other receipts	228,600	-	19,032	-	942,679	3,371,129
Total receipts	<u>228,600</u>	<u>-</u>	<u>19,032</u>	<u>-</u>	<u>942,679</u>	<u>5,855,282</u>
Disbursements:						
Personal services	-	-	-	-	-	1,227,216
Supplies	-	-	-	-	-	75,942
Other services and charges	-	-	-	-	-	198,393
Capital outlay	-	-	-	-	942,679	1,491,690
Utility operating expenses	-	-	-	-	-	871,144
Other disbursements	216,023	-	-	-	-	1,957,316
Total disbursements	<u>216,023</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>942,679</u>	<u>5,821,701</u>
Excess (deficiency) of receipts over disbursements	<u>12,577</u>	<u>-</u>	<u>19,032</u>	<u>-</u>	<u>-</u>	<u>33,581</u>
Cash and investments - ending	<u>\$ 49,950</u>	<u>\$ 179,294</u>	<u>\$ 163,708</u>	<u>\$ 80</u>	<u>\$ -</u>	<u>\$ 2,895,949</u>

CITY OF PETERSBURG
 SCHEDULE OF PAYABLES AND RECEIVABLES
 December 31, 2012

Government or Enterprise	Accounts Payable	Accounts Receivable
Governmental activities	\$ 11,741	\$ -
Wastewater	5,475	83,046
Water	6,732	66,288
Totals	\$ 23,948	\$ 149,334

CITY OF PETERSBURG
SCHEDULE OF LEASES AND DEBT
December 31, 2012

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Ford Credit	Police Car	\$ 7,501	06-15-11	06-15-13
Ford Credit	Police Car	<u>5,084</u>	01-07-11	01-07-13
Total governmental activities		<u>12,585</u>		
Total of annual lease payments		<u>\$ 12,585</u>		

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Type	Purpose	
Wastewater:		
Revenue bonds	Sewer Line Improvements	\$ 374,000
Revenue bonds	Sewer Line Improvements	629,000
Revenue bonds	Sewer Improvements	<u>1,120,000</u>
Total Wastewater		<u>2,123,000</u>
Water:		
Revenue bonds	Water Line Improvements	830,000
Revenue bonds	Water Line Improvements	<u>1,390,000</u>
Total Water		<u>2,220,000</u>
Totals		<u>\$ 4,343,000</u>
		<u>\$ 424,153</u>

CITY OF PETERSBURG
SCHEDULE OF CAPITAL ASSETS
December 31, 2012

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.

	Ending Balance
Governmental activities:	
Land	\$ 5,800
Buildings	294,648
Improvements other than buildings	110,454
Machinery, equipment, and vehicles	1,581,555
Total governmental activities	1,992,457
Wastewater:	
Land	500
Buildings	1,220,354
Improvements other than buildings	6,165,744
Machinery, equipment, and vehicles	625,033
Total Wastewater	8,011,631
Water:	
Land	10,000
Buildings	374,916
Improvements other than buildings	3,488,481
Machinery, equipment, and vehicles	1,574,070
Construction in progress	1,337,738
Total Water	6,785,205
Total capital assets	\$ 16,789,293

CITY OF PETERSBURG
EXAMINATION RESULTS AND COMMENTS

COMPENSATION AND BENEFITS

Additional compensation and benefits were paid to one employee for mosquito spraying services performed after his normal work hours but were not included on the salary ordinance or resolution. The compensation and benefits paid to this employee for these services were \$1,288.

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, resolution or salary schedule adopted by the governing body unless otherwise authorized by statute. Compensation should be made in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns Chapter 7)

BANK ACCOUNT RECONCILIATIONS

Depository reconciliations of the fund balances to the bank account balances were conducted; however, the reconciliations often reflected figures that were either unidentified or identified but not corrected in a timely manner.

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."

CONDITION OF RECORDS

Financial records presented for examination contained the following deficiencies:

1. Numerous posting errors, some were corrected and some remained uncorrected;
2. Correcting entries made with no explanation of what or why the correction is made and some corrections appear multiple times; and
3. Transactions entered or corrections made that were posted to a prior month.

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (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 October 10, 2013, with Tammy Selby, Clerk-Treasurer, and Frank A. Coleman, Jr., Mayor.