

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

FINANCIAL STATEMENT EXAMINATION REPORT

OF

TOWN OF PINE VILLAGE

WARREN COUNTY, INDIANA

January 1, 2013 to December 31, 2014



**FILED**  
04/13/2017



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#### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Nancy C. Kochell	01-01-12 to 12-31-19
President of the Town Council	Donny R. Hensley	01-01-13 to 12-31-17



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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**INDEPENDENT ACCOUNTANT'S REPORT**

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

We have examined the accompanying financial statement of the Town of Pine Village (Town), for the period of January 1, 2013 to December 31, 2014. The Town'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 to the financial statement, the Town 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, in conformity with accounting principles generally accepted in the United States of America, the financial position and results of operations of the Town for the period of January 1, 2013 to December 31, 2014.

In our opinion, the financial statement referred to above presents, in all material respects, the financial position and results of operations of the Town for the period of January 1, 2013 to December 31, 2014, based on the prescribed basis of accounting described in Note 1.

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

*Paul D. Joyce*  
Paul D. Joyce, CPA  
State Examiner

March 16, 2017

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## FINANCIAL STATEMENT AND ACCOMPANYING NOTES

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

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TOWN OF PINE VILLAGE  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For the Years Ended December 31, 2013 and 2014

Fund	Cash and Investments 01-01-13	Receipts	Disbursements	Cash and Investments 12-31-13	Receipts	Disbursements	Cash and Investments 12-31-14
General	\$ 56,883	\$ 67,581	\$ 65,891	\$ 58,573	\$ 71,953	\$ 69,597	\$ 60,929
Motor Vehicle Highway	106	8,660	8,457	309	8,609	8,457	461
Local Road And Street	312	711	769	254	717	769	202
Riverboat	14,247	1,285	5,579	9,953	1,285	3,013	8,225
Rainy Day	5,149	10,000	-	15,149	6,769	-	21,918
Cumulative Capital Development	3,206	993	1,800	2,399	1,073	-	3,472
Cumulative Capital Improvement	2,550	583	1,500	1,633	381	-	2,014
Cedit	18,485	5,116	8,000	15,601	5,232	1,660	19,173
Public Safety Loit	8,891	5,021	2,100	11,812	5,127	3,300	13,639
Totals	<u>\$ 109,829</u>	<u>\$ 99,950</u>	<u>\$ 94,096</u>	<u>\$ 115,683</u>	<u>\$ 101,146</u>	<u>\$ 86,796</u>	<u>\$ 130,033</u>

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

TOWN OF PINE VILLAGE  
NOTES TO FINANCIAL STATEMENT

**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 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, and 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 Town.

**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.* Amounts received from one or more of the following: property tax, certified shares (local option tax), property tax replacement credit (local option tax), county option income tax, wheel tax, innkeeper's 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.

*Intergovernmental receipts.* Amounts received from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of intergovernmental receipts include, but are not limited to, the following: federal grants, state grants, cigarette tax distributions received from the state, motor vehicle highway distributions received from the state, local road and street distributions 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.

TOWN OF PINE VILLAGE  
NOTES TO FINANCIAL STATEMENT  
(Continued)

*Other receipts.* Amounts received from various sources, including, but 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.* Amounts disbursed 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.* Amounts disbursed for 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, but are not limited to, the following: office supplies, operating supplies, and repair and maintenance supplies.

*Other services and charges.* Amounts disbursed for services including, but not limited to, the following: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

*Capital outlay.* Amounts disbursed for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

*Other disbursements.* Amounts disbursed for various other purposes including, but 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 Town may, from time to time, make transfers 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 amounts 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 amounts 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 Town 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.

TOWN OF PINE VILLAGE  
NOTES TO FINANCIAL STATEMENT  
(Continued)

**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 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.

State statutes authorize the Town to invest in securities including, but not limited to, the following: 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 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 statement. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks.

TOWN OF PINE VILLAGE  
NOTES TO FINANCIAL STATEMENT  
(Continued)

**Note 6. Subsequent Events**

In 2015, the Town was awarded a Community Development Block Grant in the amount of \$600,000; a USDA Rural Development grant in the amount of \$3,309,000; and a USDA Rural Development loan in the amount of \$987,000 for the construction of a wastewater treatment and distribution system.

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#### OTHER INFORMATION - UNEXAMINED

The Town's Annual Financial 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 Town's Annual Financial Report 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 other information presented was approved by management of the Town. It is presented as intended by the Town.

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TOWN OF PINE VILLAGE  
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
For the Year Ended December 31, 2013

	General	Motor Vehicle Highway	Local Road And Street	Riverboat	Rainy Day	Cumulative Capital Development	Cumulative Capital Improvement	Cedit	Public Safety Loit	Totals
Cash and investments - beginning	\$ 56,883	\$ 106	\$ 312	\$ 14,247	\$ 5,149	\$ 3,206	\$ 2,550	\$ 18,485	\$ 8,891	\$ 109,829
Receipts:										
Taxes	35,052	-	-	-	-	865	-	-	-	35,917
Intergovernmental receipts	28,018	6,160	711	1,285	-	128	583	5,116	5,021	47,022
Other receipts	4,511	2,500	-	-	10,000	-	-	-	-	17,011
Total receipts	67,581	8,660	711	1,285	10,000	993	583	5,116	5,021	99,950
Disbursements:										
Personal services	27,490	8,457	769	-	-	-	-	-	2,100	38,816
Supplies	747	-	-	-	-	-	-	-	-	747
Other services and charges	32,129	-	-	579	-	-	-	-	-	32,708
Capital outlay	25	-	-	3,000	-	1,800	1,500	2,000	-	8,325
Other disbursements	5,500	-	-	2,000	-	-	-	6,000	-	13,500
Total disbursements	65,891	8,457	769	5,579	-	1,800	1,500	8,000	2,100	94,096
Excess (deficiency) of receipts over disbursements	1,690	203	(58)	(4,294)	10,000	(807)	(917)	(2,884)	2,921	5,854
Cash and investments - ending	\$ 58,573	\$ 309	\$ 254	\$ 9,953	\$ 15,149	\$ 2,399	\$ 1,633	\$ 15,601	\$ 11,812	\$ 115,683

TOWN OF PINE VILLAGE  
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
For the Year Ended December 31, 2014

	General	Motor Vehicle Highway	Local Road And Street	Riverboat	Rainy Day	Cumulative Capital Development	Cumulative Capital Improvement	Cedit	Public Safety Loit	Totals
Cash and investments - beginning	\$ 58,573	\$ 309	\$ 254	\$ 9,953	\$ 15,149	\$ 2,399	\$ 1,633	\$ 15,601	\$ 11,812	\$ 115,683
Receipts:										
Taxes	39,850	-	-	-	-	929	-	-	-	40,779
Intergovernmental receipts	30,025	7,609	717	1,285	-	144	381	5,232	5,127	50,520
Other receipts	2,078	1,000	-	-	6,769	-	-	-	-	9,847
Total receipts	71,953	8,609	717	1,285	6,769	1,073	381	5,232	5,127	101,146
Disbursements:										
Personal services	23,137	6,371	579	-	-	-	-	-	-	30,087
Supplies	1,755	-	-	-	-	-	-	-	-	1,755
Other services and charges	26,825	-	-	-	-	-	-	-	-	26,825
Capital outlay	1,057	-	-	-	-	-	-	1,660	-	2,717
Other disbursements	16,823	2,086	190	3,013	-	-	-	-	3,300	25,412
Total disbursements	69,597	8,457	769	3,013	-	-	-	1,660	3,300	86,796
Excess (deficiency) of receipts over disbursements	2,356	152	(52)	(1,728)	6,769	1,073	381	3,572	1,827	14,350
Cash and investments - ending	\$ 60,929	\$ 461	\$ 202	\$ 8,225	\$ 21,918	\$ 3,472	\$ 2,014	\$ 19,173	\$ 13,639	\$ 130,033

TOWN OF PINE VILLAGE  
SCHEDULE OF CAPITAL ASSETS  
December 31, 2014

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	\$ 25,000
Buildings	295,000
Machinery, equipment, and vehicles	<u>11,500</u>
Total capital assets	<u><u>\$ 331,500</u></u>

#### OTHER REPORTS

In addition to this report, other reports may have been issued for the Town. All reports can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>.