

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

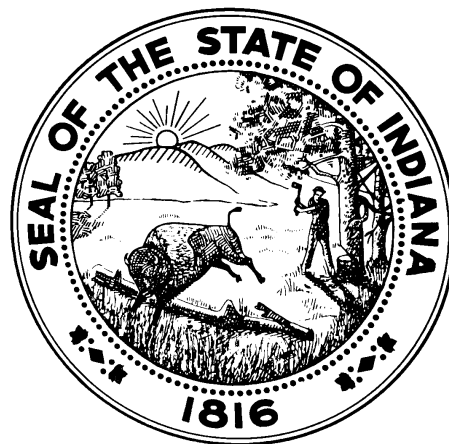
EXAMINATION REPORT

OF

TOWN OF PIERCETON

KOSCIUSKO COUNTY, INDIANA

January 1, 2006 to December 31, 2007



FILED
12/04/2008

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OFFICIALS

Office

Official

Term

Clerk-Treasurer

Janet L. Castle

01-01-04 to 12-31-11

President of the
Town Council

Jerry F. Kreger

01-01-06 to 12-31-08



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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 TOWN OF PIERCETON, KOSCIUSKO COUNTY, INDIANA

We have examined the financial information presented herein of the Town of Pierceton (Town), for the period of January 1, 2006 to December 31, 2007. The Town's management is responsible for the financial information presented herein. 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 information presented herein and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the financial information referred to above presents fairly, in all material respects, the financial information of the Town for the years ended December 31, 2006 and 2007, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The Schedule of Capital Assets and Schedule of Long-Term Debt, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the basic financial information. They have not been subjected to the examination procedures applied to the basic financial information and, accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

October 15, 2008

TOWN OF PIERCETON
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL, PROPRIETARY, AND FIDUCIARY FUND TYPES
As Of And For The Years Ended December 31, 2006 And 2007

	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
Governmental Funds:				
General	\$ 114,931	\$ 397,683	\$ 370,625	\$ 141,989
Motor Vehicle Highway	54,455	26,330	34,453	46,332
Local Road and Street	10,461	7,921	12,750	5,632
Park and Recreation	5,204	11,613	4,882	11,935
Park Nonreverting Operating	29,831	2,890	29,456	3,265
Law Enforcement Continuing Education	2,806	229	151	2,884
Police Grants	-	1,600	2,200	(600)
TIF	775,840	194,824	306,533	664,131
Senior Center Donation	1,140	-	1,082	58
DARE	1,043	1,374	1,673	744
Housing Project	-	71,408	71,408	-
Cumulative Capital Improvement	30,500	2,490	-	32,990
Cumulative Capital Development	76,061	17,120	-	93,181
County Economic Development Income Tax	172,704	44,776	-	217,480
Industrial Development	25,098	-	-	25,098
Proprietary Funds:				
Water Utility - Operating	15,503	222,889	219,388	19,004
Water Utility - Bond and Interest	124,341	40,860	32,552	132,649
Water Utility - Depreciation	936	-	-	936
Water Utility - Customer Deposit	13,949	2,695	2,375	14,269
Wastewater Utility - Operating	100,285	368,547	389,258	79,574
Wastewater Utility - Bond and Interest	63,621	198,150	127,312	134,459
Wastewater Utility - Construction	341,102	220,842	555,121	6,823
Wastewater Utility - Improvement	56,921	-	-	56,921
Fiduciary Funds:				
McNamara	11,324	-	-	11,324
Payroll	5,776	100,645	101,156	5,265
Totals	<u>\$ 2,033,832</u>	<u>\$ 1,934,886</u>	<u>\$ 2,262,375</u>	<u>\$ 1,706,343</u>

The accompanying notes are an integral part of the financial information.

TOWN OF PIERCETON
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL, PROPRIETARY, AND FIDUCIARY FUND TYPES
As Of And For The Years Ended December 31, 2006 And 2007

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Governmental Funds:				
General	\$ 141,989	\$ 362,905	\$ 336,553	\$ 168,341
Motor Vehicle Highway	46,332	25,797	14,731	57,398
Local Road and Street	5,632	7,942	-	13,574
Park and Recreation	11,935	18,828	8,511	22,252
Park Nonreverting Operating	3,265	1,053	117	4,201
Law Enforcement Continuing Education	2,884	147	-	3,031
Police Grants	(600)	-	-	(600)
TIF	664,131	318,894	191,346	791,679
Senior Center Donation	58	-	-	58
DARE	744	2,610	2,580	774
Park Donation	-	33,445	21,545	11,900
Economic Development Operating	-	1,000	-	1,000
Levy Excess	-	10,014	-	10,014
Cumulative Capital Improvement	32,990	2,448	-	35,438
Cumulative Capital Development	93,181	-	273	92,908
County Economic Development Income Tax	217,480	44,491	-	261,971
Industrial Development	25,098	-	-	25,098
Proprietary Funds:				
Water Utility - Operating	19,004	241,414	217,642	42,776
Water Utility - Bond and Interest	132,649	10,418	31,533	111,534
Water Utility - Depreciation	936	-	-	936
Water Utility - Customer Deposit	14,269	2,730	2,240	14,759
Wastewater Utility - Operating	79,574	338,997	381,177	37,394
Wastewater Utility - Bond and Interest	134,459	225,210	125,513	234,156
Wastewater Utility - Construction	6,823	27,257	34,080	-
Wastewater Utility - Improvement	56,921	-	27,257	29,664
Fiduciary Funds:				
McNamara	11,324	-	-	11,324
Payroll	5,265	126,782	125,566	6,481
Totals	<u>\$ 1,706,343</u>	<u>\$ 1,802,382</u>	<u>\$ 1,520,664</u>	<u>\$ 1,988,061</u>

The accompanying notes are an integral part of the financial information.

TOWN OF PIERCETON
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

The Town was established under the laws of the State of Indiana. The Town provides the following services: public safety, health and social services, culture and recreation, and general administrative services.

Note 2. Fund Accounting

The Town uses funds to report on its cash and investments and the results of its operations on a cash basis. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities.

Note 3. Budgets

The operating budget is initially prepared and approved at the local level. In addition, funds for which property taxes are levied or highway use taxes are received are subject to final approval by the Indiana Department of Local Government Finance.

Note 4. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the Town in June and December. 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 become delinquent if not paid by May 10 and November 10, respectively. All property taxes collected by the County Treasurer and available for distribution were distributed to the Town on or prior to December 31 of the year collected.

Note 5. Deposits and Investments

Deposits, made in accordance with Indiana Code 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.

TOWN OF PIERCETON
NOTES TO FINANCIAL INFORMATION
(Continued)

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.

Note 6. Pension Plan

Public Employees' Retirement Fund

Plan Description

The Town contributes to the Indiana Public Employees' Retirement Fund (PERF), 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 Town 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% 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:

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.

TOWN OF PIERCETON
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS

As of December 31, 2007

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>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 98,199
Buildings	1,251,092
Improvements other than buildings	176,419
Machinery and equipment	<u>447,977</u>
 Total governmental activities, capital assets not being depreciated	 <u>\$ 1,973,687</u>

<u>Primary Government</u>	<u>Ending Balance</u>
Business-type activities:	
Water Utility:	
Capital assets, not being depreciated:	
Land	\$ 12,000
Buildings	191,953
Improvements other than buildings	659,500
Machinery and equipment	<u>203,278</u>
Total Water Utility capital assets	<u>1,066,731</u>
 Wastewater Utility:	
Capital assets, not being depreciated:	
Buildings	82,014
Improvements other than buildings	2,616,121
Machinery and equipmen	<u>1,335,928</u>
Total Wastewater Utility capital assets	<u>4,034,063</u>
 Total business-type activities capital assets	 <u>\$ 5,100,794</u>

TOWN OF PIERCETON
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 December 31, 2007

The Town has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Business-type Activities:		
Water Utility		
Revenue bonds:	\$ 190,000	\$ 35,263
Wastewater Utility		
Revenue bonds:	<u>1,470,000</u>	<u>123,138</u>
Total business-type activities debt:	<u>\$ 1,660,000</u>	<u>\$ 158,401</u>

TOWN OF PIERCETON
EXIT CONFERENCE

The contents of this report were discussed on October 15, 2008, with Janet L. Castle, Clerk-Treasurer; and Jerry F. Kreger, President of the Town Council. Our examination disclosed no material items that warrant comment at this time.