

B37269

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

EXAMINATION REPORT
OF
TOWN OF PITTSBORO
HENDRICKS COUNTY, INDIANA
January 1, 2008 to December 31, 2009



FILED
07/26/2010

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Judith A. Compton	01-01-08 to 12-31-11
President of the Town Council	William Hueber John Hart	01-01-08 to 12-31-09 01-01-10 to 12-31-10



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF PITTSBORO, HENDRICKS COUNTY, INDIANA

We have examined the financial information presented herein of the Town of Pittsboro (Town), for the period of January 1, 2008 to December 31, 2009. 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, 2008 and 2009, 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 a required part 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

June 8, 2010

TOWN OF PITTSBORO
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, 2008 And 2009

	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
Governmental Funds:				
General	\$ 160,445	\$ 593,564	\$ 578,123	\$ 175,887
Dare	41	16,872	1,184	15,729
Park Gift Donation	5,420	3,300	5,587	3,133
Police Gift Donation	6,114	28,901	30,096	4,919
Local Road and Street	26,953	21,977	21,736	27,194
Motor Vehicle Highway	257,743	52,402	218,529	91,615
Cumulative Street Fund	85,195	25,624	49,000	61,819
Police Administration	14	-	-	14
Law Enforcement Continuing Education	3,399	12,007	14,700	706
Rainy Day	31,354	89,188	42,473	78,068
Park and Recreation	16,489	45,791	62,268	12
Park Nonreverting Operating	18,797	5,585	6,840	17,542
Park Nonreverting Capital	20,782	6,454	-	27,236
Cumulative Capital Improvement	1,234	5,164	4,744	1,654
Economic Development Income Tax	282,635	76,607	72,883	286,360
Nonreverting Fund	18,021	50,234	60,363	7,891
Riverboat Wagering Tax	18,121	9,962	17,341	10,742
Proprietary Funds:				
Electric Utility - Operating	82,775	958,033	895,560	145,248
Electric Utility - Depreciation	42,068	17	10	42,075
Electric Utility - Cash Reserve	12,707	-	-	12,707
Electric Utility - Meter Deposit	8,440	4,275	3,475	9,240
Gas Utility - Operating	56,598	1,045,515	974,332	127,781
Gas Utility - Depreciation	22	-	-	22
Gas Utility - Meter Deposit	12,550	4,300	4,800	12,050
Gas Utility - Cash Reserve	1,792	10	5	1,796
Wastewater Utility - Operating	519,373	773,407	880,487	412,292
Wastewater Utility - Debt Service	474,316	411,448	399,891	485,873
Wastewater Utility - Bond and Interest	274,104	460,709	386,979	347,834
Wastewater Utility - Rate Stabilization	200,000	-	-	200,000
Wastewater Utility - Cumulative Sewer	3,449	132	74	3,507
Wastewater Utility - Sanitation	53,348	76,033	74,740	54,641
Sewer Tap Fee	78,150	4,800	3,575	79,375
Sewer Availability Fee	351,250	59,800	36,690	374,360
Water Utility - Operating	299,816	517,719	531,115	286,420
Water Utility - Bond Depreciation	18,127	97,324	83,541	31,910
Water Utility - Meter Deposit	4,360	1,961	1,611	4,710
Water Utility - Cash Reserve	79,328	27,000	16,324	90,004
Water - Sinking	126,190	90,167	87,219	129,137
Storm Sewer	14,702	57,264	45,441	26,524
Sales Tax	(1,515)	141,689	138,970	1,204
Fiduciary Fund:				
Payroll Withholdings	5,729	842,731	846,897	1,564
Totals	<u>\$ 3,670,436</u>	<u>\$ 6,617,965</u>	<u>\$ 6,597,606</u>	<u>\$ 3,690,795</u>

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

TOWN OF PITTSBORO
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, 2008 And 2009
(Continued)

	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
Governmental Funds:				
General	\$ 175,887	\$ 665,421	\$ 588,426	\$ 252,881
Dare	15,729	2,354	17,395	688
Park Gift Donation	3,133	475	3,160	448
Police Gift Donation	4,919	4,582	5,458	4,043
Local Road and Street	27,194	21,260	20,362	28,092
Motor Vehicle Highway	91,615	206,358	139,845	158,128
Cumulative Street Fund	61,819	50,782	61,029	51,572
Police Administration	14	-	-	14
Law Enforcement Continuing Education	706	15,861	14,098	2,469
Rainy Day	78,068	41,831	6,405	113,494
Park and Recreation	12	96,195	44,620	51,586
Park Nonreverting Operating	17,542	8,610	13,855	12,297
Park Nonreverting Capital	27,236	15,954	-	43,190
Cumulative Capital Improvement	1,654	4,869	-	6,524
Economic Development Income Tax	286,360	101,054	86,453	300,961
Nonreverting Fund	7,891	4,825	10,225	2,491
Riverboat Wagering Tax	10,742	9,938	7,769	12,910
Proprietary Funds:				
Electric Utility - Operating	145,248	1,136,662	1,099,464	182,446
Electric Utility - Depreciation	42,075	-	-	42,075
Electric Utility - Cash Reserve	12,707	-	-	12,707
Electric Utility - Meter Deposit	9,240	3,200	3,150	9,290
Gas Utility - Operating	127,781	976,358	877,712	226,426
Gas Utility - Depreciation	22	-	-	22
Gas Utility - Meter Deposit	12,050	4,812	4,556	12,306
Gas Utility - Cash Reserve	1,796	-	-	1,796
Wastewater Utility - Operating	412,292	723,552	801,867	333,978
Wastewater Utility - Debt Service	485,873	297,556	295,550	487,879
Wastewater Utility - Bond and Interest	347,834	457,971	386,101	419,705
Wastewater Utility - Rate Stabilization	200,000	-	-	200,000
Wastewater Utility - Cumulative Sewer	3,507	10	1,276	2,240
Wastewater Utility - Sanitation	54,641	73,808	70,961	57,488
Sewer Tap Fee	79,375	1,800	-	81,175
Sewer Availability Fee	374,360	36,600	89,440	321,520
Water Utility - Operating	286,420	418,159	464,193	240,385
Water Utility - Bond Depreciation	31,910	107,322	84,910	54,322
Water Utility - Meter Deposit	4,710	1,686	1,561	4,835
Water Utility - Cash Reserve	90,004	-	-	90,004
Water - Sinking	129,137	85,438	84,910	129,666
Storm Sewer	26,524	60,362	62,014	24,872
Sales Tax	1,204	156,162	140,119	17,247
Fiduciary Fund:				
Payroll Withholdings	1,564	862,660	861,541	2,682
Totals	<u>\$ 3,690,795</u>	<u>\$ 6,654,485</u>	<u>\$ 6,348,425</u>	<u>\$ 3,996,855</u>

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

TOWN OF PITTSBORO
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 PITTSBORO
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.

CITY OF PITTSBORO
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 For The Year Ended December 31, 2009

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.

General infrastructure assets (those reported by governmental activities) are included regardless of their acquisition date or amount. The government was able to estimate the historical cost for the initial reporting of these assets through backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). As the government constructs or acquires additional capital assets each period, including infrastructure assets, they are reported at historical cost.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 166,866
Infrastructure	158,924
Buildings	37,867
Improvements other than buildings	1,676,731
Machinery and equipment	<u>218,208</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 2,258,595</u>
<u>Primary Government</u>	<u>Ending Balance</u>
Business-type activities:	
Water Utility:	
Capital assets, not being depreciated:	
Buildings	\$ 17,586
Improvements other than buildings	2,229,617
Machinery and equipment	<u>200,718</u>
Total Water Utility capital assets	<u>2,447,922</u>
Wastewater Utility:	
Capital assets, not being depreciated:	
Land	109,536
Construction in progress	308,388
Buildings	7,049,027
Improvements other than buildings	<u>344,108</u>
Total Wastewater Utility capital assets	<u>7,811,059</u>
Gas Utility:	
Capital assets, not being depreciated:	
Buildings	22,345
Improvements other than buildings	1,462,873
Machinery and equipment	<u>74,356</u>
Total Gas Utility capital assets	<u>1,559,574</u>
Electric Utility:	
Capital assets, not being depreciated:	
Construction in progress	7,590
Improvements other than buildings	191,451
Machinery and equipment	<u>85,408</u>
Total Electric Utility capital assets	<u>284,449</u>
Total business-type activities capital assets	<u>\$ 12,103,004</u>

CITY OF PITTSBORO
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 December 31, 2009

The Town has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:		
Capital leases:		
(2009) Police Cars Capital Lease	\$ 11,500	\$ 11,500
Total governmental activities debt	<u>\$ 11,500</u>	<u>\$ 11,500</u>
Business-type activities:		
Water Utility:		
State Revolving Loans:		
(2005) Water Main Construction and Improvement	\$ 429,423	\$ 16,674
Revenue bonds:		
(2001) \$495,000 Water Tower Construction	<u>65,000</u>	<u>69,278</u>
Total Water Utility	<u>494,423</u>	<u>85,952</u>
Wastewater Utility:		
Revenue bonds:		
(2002) \$4,950,000 Wastewater Treatment Plant	<u>3,810,000</u>	<u>387,618</u>
Total Wastewater Utility	<u>3,810,000</u>	<u>387,618</u>
Total business-type activities debt	<u>\$ 4,304,423</u>	<u>\$ 473,570</u>

TOWN OF PITTSBORO
EXAMINATION RESULTS AND COMMENTS

PARTIAL PAYMENT OF UNCOLLECTIBLES

The Town does not have an ordinance to support partial payments of owed amounts to delay utilities shutoffs. An ordinance is needed to support such partial payments for the delay of utilities shutoffs.

The governing body of a governmental unit should have a written policy concerning a procedure for the writing off of bad debts, uncollectible accounts receivable, or any adjustments to record balances.

Documentation should exist for all efforts made by the governmental unit to collect amounts owed prior to any write-offs.

Officials or employees authorizing, directing or executing write-offs or adjustments to records which are not documented or warranted may be held personally responsible. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

FIRE PROTECTION PAYMENTS

The Town's water rate ordinance requires the Town to pay Fire Protection fees from the General fund to the Water Operating Fund for hydrant rental fees. In 2008, the Town properly paid Fire Protection fees of \$62,328.24 from the General Fund in accordance with the rate ordinance; however, in 2009, the Town did not fund Fire Protection fees of \$62,328.24 as required by the Town's water rate ordinance and further, the Town has not adopted an ordinance that would allow the hydrant rental fees to be included in the basic rates of the customers of the utility within the municipality.

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)

IC 8-1.5-4-14 states in part: ". . . The reasonable cost and value of any service rendered to the municipality by the waterworks by furnishing water for public purposes or by maintaining hydrants and other facilities for fire protection shall be:

- (1) charged against the municipality; and (2) paid for in monthly installments as the service accrues out of the current revenues of the municipality, collected or in process of collection, and the tax levy of the municipality made by it to raise money to meet its necessary current expenses."

IC 8-1-2-103(e) states in part:

". . . if the governing body of any municipality within the service area of the utility adopts an ordinance providing that costs shall be recovered under this subsection, the charges for the production, storage, transmission, sale and delivery, or furnishing of water for public fire protection purposes shall be included in the basic rates of all customers of the utility within the municipality."

TOWN OF PITTSBORO
EXIT CONFERENCE

The contents of this report were discussed on June 8, 2010, with Judy A. Compton, Clerk-Treasurer; John Hart, President of the Town Council; and William Hueber, Vice President of the Town Council. The officials concurred with our findings.