

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

FINANCIAL STATEMENTS EXAMINATION REPORT

OF

TOWN OF PINES

PORTER COUNTY, INDIANA

January 1, 2010 to December 31, 2011



FILED
04/10/2013

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Sandra Hall	01-01-08 to 12-31-15
President of the Town Council	Cathi Murray George Adey	01-01-10 to 12-31-11 01-01-12 to 12-31-13



STATE OF INDIANA
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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF PINES, PORTER COUNTY, INDIANA

We have examined the accompanying financial statements of the Town of Pines (Town), for the period of January 1, 2010 to December 31, 2011. The financial statements are the responsibility of the Town's management. Our responsibility is to express an opinion on the financial statements 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 statements 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 Town 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. The effects on the financial statements 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. The basis noted above is a different basis than that used in the prior period.

In our opinion, because of the matter discussed in the preceding paragraph, the financial statements referred to above do 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 Town for the period of January 1, 2010 to December 31, 2011.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the Town for the period of January 1, 2010 to December 31, 2011, on the basis of accounting described in Note 1.

Our examination was conducted for the purpose of forming an opinion on the Town's financial statements. The Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, Schedule of Payables and Receivables, 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 statements. They have not been subjected to the examination procedures applied to the financial statements and, accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

January 10, 2013

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FINANCIAL STATEMENTS

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

TOWN OF PINES
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For The Year Ended December 31, 2010

Fund	Cash and Investments 01-01-10	Receipts	Disbursements	Cash and Investments 12-31-10
General Fund	\$ 118,665	\$ 153,843	\$ 131,271	\$ 141,237
Motor Vehicle Highway	34,425	34,019	29,378	39,066
Local Road & Street	69,698	18,229	15,881	72,046
Rainy Day	55,975	30,874	982	85,867
Levy Excess Fund	758	268	-	1,026
Major Moves Construction	6,083	-	-	6,083
Cumulative Capital Improvement	5,051	2,337	2,400	4,988
CEDIT	240,739	58,702	980	298,461
Donation	1,417	-	-	1,417
Totals	<u>\$ 532,811</u>	<u>\$ 298,272</u>	<u>\$ 180,892</u>	<u>\$ 650,191</u>

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

TOWN OF PINES
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 Fund	\$ 141,237	\$ 133,407	\$ 130,697	\$ 143,947
Motor Vehicle Highway	39,066	50,245	30,019	59,292
Local Road & Street	72,046	11,882	4,050	79,878
Rainy Day	85,867	-	2,427	83,440
Levy Excess Fund	1,026	-	1,026	-
Major Moves Construction	6,083	-	-	6,083
Cumulative Capital Improvement	4,988	2,292	2,510	4,770
CEDIT	298,461	46,914	276,726	68,649
Donation	1,417	-	1,417	-
Totals	<u>\$ 650,191</u>	<u>\$ 244,740</u>	<u>\$ 448,872</u>	<u>\$ 446,059</u>

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

TOWN OF PINES
NOTES TO FINANCIAL STATEMENTS

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, general administrative services, and urban redevelopment.

The accompanying financial statements present the financial information for the Town.

B. Basis of Accounting

The financial statements are 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 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, county economic development income tax, boat and trailer excise tax, and other taxes that are set by the Town.

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.

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,

TOWN OF PINES
NOTES TO FINANCIAL STATEMENTS
(Continued)

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, recycling fees, dog pound fees, park rental fees, swimming pool receipts, cable tv receipts, ordinance violations, fines and fees, bond forfeitures, court costs, and court receipts.

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 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.

Debt service principal and interest which include fixed obligations resulting from financial transactions previously entered into by the Town. It includes all expenditures for the reduction of the principal and interest of the Town's general obligation indebtedness.

Capital outlay which include all outflows for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

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 Town 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.

TOWN OF PINES
NOTES TO FINANCIAL STATEMENTS
(Continued)

G. Fund Accounting

Separate funds are established, maintained, and reported by the Town. 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 Town. 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 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.

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, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

TOWN OF PINES
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

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SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the Town's Annual Reports for years prior to 2011 can be found on the Indiana Transparency Portal website: www.in.gov/itp/annual_reports/.

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

Differences may be noted between the financial information presented in the financial statements contained in this report and the financial information presented in the Annual Reports of the Town which are 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 Town. It is presented as intended by the Town.

TOWN OF PINES
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For The Year Ended December 31, 2010

	General Fund	Motor Vehicle Highway	Local Road & Street	Rainy Day	Levy Excess Fund	Major Moves Construction	Cumulative Capital Improvement	CEDIT	Donation	Totals
Cash and investments - beginning	\$ 118,665	\$ 34,425	\$ 69,698	\$ 55,975	\$ 758	\$ 6,083	\$ 5,051	\$ 240,739	\$ 1,417	\$ 532,811
Receipts:										
Taxes	99,163	-	-	-	268	-	-	-	-	99,431
Licenses and permits	4,049	-	-	-	-	-	-	-	-	4,049
Intergovernmental	17,983	33,951	18,164	30,874	-	-	2,337	58,702	-	162,011
Charges for services	6,316	-	-	-	-	-	-	-	-	6,316
Other receipts	26,332	68	65	-	-	-	-	-	-	26,465
Total receipts	153,843	34,019	18,229	30,874	268	-	2,337	58,702	-	298,272
Disbursements:										
Personal services	25,977	12,393	-	-	-	-	-	-	-	38,370
Supplies	591	15,269	-	982	-	-	2,400	-	-	19,242
Other services and charges	104,441	1,716	15,881	-	-	-	-	-	-	122,038
Capital outlay	262	-	-	-	-	-	-	-	-	262
Other disbursements	-	-	-	-	-	-	-	980	-	980
Total disbursements	131,271	29,378	15,881	982	-	-	2,400	980	-	180,892
Excess (deficiency) of receipts over disbursements	22,572	4,641	2,348	29,892	268	-	(63)	57,722	-	117,380
Cash and investments - ending	\$ 141,237	\$ 39,066	\$ 72,046	\$ 85,867	\$ 1,026	\$ 6,083	\$ 4,988	\$ 298,461	\$ 1,417	\$ 650,191

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

	General Fund	Motor Vehicle Highway	Local Road & Street	Rainy Day	Levy Excess Fund	Major Moves Construction	Cumulative Capital Improvement	CEDIT	Donation	Totals
Cash and investments - beginning	\$ 141,237	\$ 39,066	\$ 72,046	\$ 85,867	\$ 1,026	\$ 6,083	\$ 4,988	\$ 298,461	\$ 1,417	\$ 650,191
Receipts:										
Taxes	81,893	-	-	-	-	-	-	-	-	81,893
Licenses and permits	1,216	-	-	-	-	-	-	-	-	1,216
Intergovernmental	15,442	50,189	11,827	-	-	-	2,292	46,914	-	126,664
Charges for services	32,951	-	-	-	-	-	-	-	-	32,951
Other receipts	1,905	56	55	-	-	-	-	-	-	2,016
Total receipts	133,407	50,245	11,882	-	-	-	2,292	46,914	-	244,740
Disbursements:										
Personal services	27,818	13,136	-	-	-	-	-	-	-	40,954
Supplies	918	10,469	-	627	-	-	2,510	674	-	15,198
Other services and charges	98,771	565	4,050	-	-	-	-	14,900	1,417	119,703
Debt service - principal and interest	100	-	-	-	-	-	-	-	-	100
Capital outlay	1,881	5,849	-	1,800	-	-	-	259,108	-	268,638
Other disbursements	1,209	-	-	-	1,026	-	-	2,044	-	4,279
Total disbursements	130,697	30,019	4,050	2,427	1,026	-	2,510	276,726	1,417	448,872
Excess (deficiency) of receipts over disbursements	2,710	20,226	7,832	(2,427)	(1,026)	-	(218)	(229,812)	(1,417)	(204,132)
Cash and investments - ending	\$ 143,947	\$ 59,292	\$ 79,878	\$ 83,440	\$ -	\$ 6,083	\$ 4,770	\$ 68,649	\$ -	\$ 446,059

TOWN OF PINES
SCHEDULE OF PAYABLES AND RECEIVABLES
December 31, 2011

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	<u>\$ 1,264</u>	<u>\$ -</u>

TOWN OF PINES
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.

	Ending Balance
Governmental activities:	
Land	\$ 32,000
Infrastructure	200,000
Buildings	396,887
Machinery, equipment and vehicles	<u>96,950</u>
Total governmental activities	<u>725,837</u>
Total capital assets	<u><u>\$ 725,837</u></u>

TOWN OF PINES
EXIT CONFERENCE

The contents of this report were discussed on January 10, 2013, with Sandra Hall, Clerk-Treasurer, and George Adey, President of the Town Council. Our examination disclosed no material items that warrant comment at this time.