

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

FINANCIAL STATEMENTS REVIEW REPORT

OF

TOWN OF HAGERSTOWN

WAYNE COUNTY, INDIANA

January 1, 2015 to December 31, 2018



FILED
12/10/2019

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Nicholas Jarrett Julie J. Neal	01-01-04 to 12-31-15 01-01-16 to 12-31-19
President of the Town Council	Becky Diercks	01-01-16 to 12-31-19
Town Manager	Chris LaMar	01-01-11 to 12-31-19



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

TO: THE OFFICIALS OF THE TOWN OF HAGERSTOWN, WAYNE COUNTY, INDIANA

We have reviewed the accompanying financial statements of the Town of Hagerstown (Town), for the period of January 1, 2015 to December 31, 2018. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the Town's management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with a regulatory 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. This includes determining that the basis of accounting the Town uses is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements whether due to fraud or error.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with *Statements on Standards for Accounting and Review Services* promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with the prescribed basis of accounting described in Note 1. We believe that the results of our procedures provide a reasonable basis for our conclusion.


INDEPENDENT ACCOUNTANT'S REVIEW REPORT
(Continued)

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with the prescribed basis of accounting described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with 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. Our conclusion is not modified with respect to this matter.


Paul D. Joyce, CPA
State Examiner

November 4, 2019

FINANCIAL STATEMENTS AND ACCOMPANYING NOTES

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 HAGERSTOWN
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH
AND INVESTMENT BALANCES - REGULATORY BASIS
For the Years Ended December 31, 2015 and 2016

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Fund	Cash and Investments 01-01-15	Receipts	Disbursements	Cash and Investments 12-31-15	Receipts	Disbursements	Cash and Investments 12-31-16
General	\$ 637,045	\$ 762,026	\$ 761,037	\$ 638,034	\$ 734,618	\$ 783,588	\$ 589,064
Mvh	167,152	178,596	208,659	137,089	176,221	94,163	219,147
Local Road And Street	28,462	15,176	10,194	33,444	14,967	5,070	43,341
Law Enforcement Continuing Ed	10,244	2,201	1,949	10,496	2,967	2,516	10,947
Parks	85,544	22,638	53,143	55,039	65,262	64,047	56,254
Rainy Day	508,294	217	-	508,511	947	-	509,458
E.D.I.T.	326,951	35,863	99,095	263,719	47,160	45,895	264,984
LOIT Special Distribution	-	-	-	-	32,117	-	32,117
Excess Levy	98	-	-	98	-	-	98
Cumulative Capital Imprv (Tax Levy)	315,686	19,606	-	335,292	21,230	26,630	329,892
Sidewalk to Park Grant	-	95,071	60,728	34,343	117,386	111,235	40,494
Civic Events Donation	236	-	-	236	-	-	236
Town Court Checking Account	76,309	397,665	404,407	69,567	340,378	350,201	59,744
INPRS/P.E.R.F.	5,001	-	-	5,001	-	-	5,001
May Lannerd Cemetery Bequest	5,000	-	-	5,000	-	-	5,000
Fire Service Response	-	2,260	-	2,260	-	-	2,260
Police Donation	2,535	-	-	2,535	16,458	18,653	340
Ruth Dutro Bequest	34,103	108,767	-	142,870	-	26,675	116,195
Fire Department Donation	4,718	1,556	2,681	3,593	3,110	2,585	4,118
Fire Department Grant	2,905	4,000	750	6,155	3,900	4,217	5,838
Court Deferral	1,467	3,974	3,974	1,467	3,808	3,808	1,467
Downtown Grant	8,203	-	-	8,203	-	7,650	553
Sidewalk Replacement	-	8,163	6,797	1,366	1,663	3,326	(297)
Airport	42,059	5,748	10,995	36,812	13,742	14,861	35,693
Cemetery	18,056	23,252	23,472	17,836	36,031	28,948	24,919
Miller Cemetery Bequest	4,242	-	3,225	1,017	-	1,017	-
Miller Park Bequest	29,751	27,054	2,536	54,269	10,254	16,827	47,696
Park Special Donations	1,600	174	-	1,774	-	25	1,749
Court Document Storage Fee	60,549	5,376	-	65,925	7,561	-	73,486
Court Cost Due County	45,911	26,534	52,003	20,442	21,966	-	42,408
User Fee Law Enforc. Contin. Educ.	22,786	7,643	7,597	22,832	6,128	6,128	22,832
Misc. Short Term	164	-	-	164	-	-	164
Town Revolving Fund	90,636	17,578	-	108,214	19,612	-	127,826
Housing Grant #1	11,749	-	-	11,749	-	-	11,749
Service Project	10,000	-	-	10,000	-	-	10,000

TOWN OF HAGERSTOWN
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH
AND INVESTMENT BALANCES - REGULATORY BASIS
For the Years Ended December 31, 2015 and 2016

Fund	Cash and Investments			Cash and Investments			Cash and Investments
	01-01-15	Receipts	Disbursements	12-31-15	Receipts	Disbursements	12-31-16
Ulrich Cemetery Bequest	2,634	-	-	2,634	-	-	2,634
Cum Levy Swg & Storm Swrs	329,371	38,706	-	368,077	40,355	20,000	388,432
Cci - Cigarette Tax	155,146	4,671	-	159,817	5,198	25,000	140,015
Federal Withholding	1,013	65,664	65,909	768	63,712	63,712	768
Social Security Withholding	(72)	51,341	51,614	(345)	50,568	50,568	(345)
Medicare Withholding	(35)	12,007	12,071	(99)	11,827	11,827	(99)
State Withholding	3,378	27,135	26,607	3,906	25,859	26,778	2,987
County Withholding	3,315	11,471	11,166	3,620	11,189	11,561	3,248
Group Medical Insurance	(534)	19,763	19,871	(642)	14,812	14,801	(631)
Retirement Withholding	(379)	20,407	20,407	(379)	19,291	19,291	(379)
Credit Union Withholding	(435)	2,120	2,120	(435)	2,080	2,080	(435)
Court Order Withholding	430	23,896	23,896	430	16,832	16,832	430
Garnishment Withholding	(126)	7,126	7,126	(126)	6,238	6,638	(526)
Peoples Withholding	(175)	9,805	9,805	(175)	9,620	9,620	(175)
IRA Withholding	54	18,712	18,712	54	19,885	28,141	(8,202)
Life Insurance Withholding	233	116	-	349	101	-	450
AFLAC - Flex One Plan	1,608	12,025	12,179	1,454	15,538	15,202	1,790
Electric Utility-Operating	515,334	2,317,288	2,422,064	410,558	2,294,761	2,219,929	485,390
Electric Depreciation	523,935	195,707	60,464	659,178	120,355	171,939	607,594
Electric Meter Deposit	39,490	12,148	9,150	42,488	15,655	5,975	52,168
Electric U.C.R.	317,376	110,000	-	427,376	-	-	427,376
Electric- Min. Liquidity Holding	250,000	-	-	250,000	-	-	250,000
Sewer U.C.R.	56,837	62,004	-	118,841	20,668	-	139,509
Sewer Meter Deposit	-	-	-	-	8,300	500	7,800
Sewer Operating	212,312	625,575	537,467	300,420	603,738	514,007	390,151
Sewer Depreciation	353,829	88,774	162,444	280,159	81,479	12,287	349,351
Water Utility-Operating	77,118	376,351	395,843	57,626	398,979	348,157	108,448
Water Depreciation	114,379	47,638	11,173	150,844	39,954	-	190,798
Water Meter Deposit	16,368	5,290	3,940	17,718	4,100	2,690	19,128
Water U.C.R.	34,095	32,112	-	66,207	10,704	-	76,911
Totals	<u>\$ 5,563,955</u>	<u>\$ 5,968,990</u>	<u>\$ 5,597,270</u>	<u>\$ 5,935,675</u>	<u>\$ 5,609,284</u>	<u>\$ 5,215,600</u>	<u>\$ 6,329,359</u>

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

TOWN OF HAGERSTOWN
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH
AND INVESTMENT BALANCES - REGULATORY BASIS
For the Years Ended December 31, 2017 and 2018

Fund	Cash and Investments			Cash and Investments			Cash and Investments		
	01-01-17	Receipts	Disbursements	12-31-17	Receipts	Disbursements	12-31-18		
GENERAL FUND	\$ 589,063	\$ 775,264	\$ 769,167	\$ 595,160	\$ 1,280,546	\$ 1,325,762	\$ 549,944		
MOTOR VEHICLE HIGHWAY	219,147	170,028	158,233	230,942	189,254	165,190	255,006		
LOCAL ROAD & STREET	43,342	20,802	13,320	50,824	26,025	11,671	65,178		
AVIATION	35,691	9,416	10,036	35,071	14,499	13,039	36,531		
PARK	56,256	61,643	54,555	63,344	56,570	54,161	65,753		
RAINY DAY	509,457	1,932	-	511,389	254,301	378,484	387,206		
LEVY EXCESS FUND	98	-	-	98	-	-	98		
CUM CAP IMP - CIG TAX	140,015	5,553	2,099	143,469	6,582	-	150,051		
CUM CAP IMPR (TAX LEVY)	329,890	21,595	15,000	336,485	22,621	11,554	347,552		
Town Court Checking Account	59,744	376,914	374,337	62,321	396,917	386,734	72,504		
CEMETERY	24,919	19,835	21,535	23,219	17,639	21,369	19,489		
COUNTY ECONOMIC DEVELOPMENT INCOME TAX (CEDIT)	264,986	108,382	33,204	340,164	347,514	503,853	183,825		
RUTH DUTRO	116,195	-	-	116,195	-	-	116,195		
MARILYN ULRICH CEMETERY BEQUEST	2,634	-	-	2,634	-	736	1,898		
MAY LANNERD CEMETERY BEQUEST	5,000	-	5,000	-	-	-	-		
JAYNE MILLER PARK BEQUEST	47,696	57,505	4,659	100,542	8,768	20,848	88,462		
COURT DEFERRAL	1,467	3,808	3,808	1,467	4,144	4,144	1,467		
FIRE DEPARTMENT DONATION	4,117	2,435	1,947	4,605	850	1,918	3,537		
TOWN REVOLVING FUND	127,826	10,754	-	138,580	8,958	-	147,538		
50/50 TREE REMOVAL GRANT	-	-	-	-	2,350	2,350	-		
SIDEWALK	(297)	2,350	2,350	(297)	8,019	7,722	-		
PARK SPECIAL DONATIONS	1,749	40	-	1,789	1,105	25	2,869		
LOIT SPECIAL DISTRIBUTION	32,117	-	32,117	-	-	-	-		
LOCAL RD & BRIDGE MTCHG GRANT	-	142,557	142,557	-	310,723	310,723	-		
SERVICE PROJECT	10,000	-	-	10,000	-	-	10,000		
HOUSING GRANT	11,749	-	-	11,749	-	-	11,749		
CIVIC EVENTS DONATION	236	-	-	236	-	-	236		
LAW ENF CONT ED GUN PER/ACCIDENT	10,947	1,688	1,538	11,097	2,000	1,171	11,926		
POLICE DEPARTMENT DONATION	340	16,000	15,256	1,084	165	-	1,249		
USER FEE LAW ENF CONT EDUC	22,833	6,325	6,859	22,299	7,143	7,159	22,283		
COURT COST DUE COUNTY	42,408	24,556	21,966	44,998	24,751	24,556	45,193		
COURT DOCUMENT STORAGE FEE	73,486	8,626	13,200	68,912	8,753	6,600	71,065		
FIRE SERVICE RESPONSE	2,260	4,325	-	6,585	1,453	878	7,160		
CUMULATIVE LEVY SEWER WRKS& STORM SWR	388,433	39,231	2,660	425,004	37,357	11,999	450,362		
SIDEWALK TO PARK GRANT	40,493	14,250	45,950	8,793	12,312	21,106	(1)		
POLICE DEPARTMENT GRANT	-	2,000	1,888	112	368	84	396		
DOWNTOWN GRANT	553	-	-	553	-	-	553		
FIRE DEPARTMENT GRANT	5,838	-	-	5,838	-	900	4,938		

TOWN OF HAGERSTOWN
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH
AND INVESTMENT BALANCES - REGULATORY BASIS
For the Years Ended December 31, 2017 and 2018

Fund	Cash and Investments 01-01-17	Receipts	Disbursements	Cash and Investments 12-31-17	Receipts	Disbursements	Cash and Investments 12-31-18
INPRS/PERF WARRANTS	5,001	-	-	5,001	-	-	5,001
NET WAGES	-	85,999	85,999	-	1,532	1,532	-
FEDERAL WITHHOLDING	768	68,084	68,084	768	63,557	63,557	768
SOCIAL SECURITY WITHHOLDING	(345)	77,981	78,008	(372)	111,263	110,891	-
MEDICARE WITHHOLDING	(98)	18,238	18,244	(104)	26,038	25,933	1
STATE WITHHOLDING	2,988	25,822	25,773	3,037	27,715	27,972	2,780
COUNTY WITHHOLDING	3,248	11,452	11,398	3,302	11,931	12,125	3,108
DIRECT DEPOSIT	-	266,825	266,825	-	648,679	648,679	-
GROUP MEDICAL INSURANCE	(632)	13,365	11,826	907	9,914	9,744	1,077
RETIREMENT WITHHOLDING	(379)	20,667	20,667	(379)	21,975	21,480	116
CREDIT UNION WITHHOLDING	(435)	1,120	1,120	(435)	-	-	(435)
COURT ORDER WITHHOLDING	430	9,958	9,958	430	984	984	430
GARNISHMENT WITHHOLDING	(526)	6,758	6,758	(526)	4,397	4,382	(511)
MAINSOURCE WITHHOLDING	(175)	5,180	5,180	(175)	-	-	(175)
IRA WITHHOLDING	(8,202)	28,790	28,835	(8,247)	31,476	31,971	(8,742)
LIFE INSURANCE WITHHOLDING	451	103	-	554	103	-	657
AFLAC - FLEX ONE PLAN	1,789	23,442	23,006	2,225	12,899	12,890	2,234
FIRE FIGHTING FUND	-	1,380	1,380	-	1,560	1,560	-
MISCELLANEOUS-SHORT TERM	164	-	-	164	-	-	164
ELECTRIC UTL OPERATING	485,390	2,222,269	2,370,840	336,819	2,344,019	2,184,415	496,423
ELECTRIC UTL METER DEP	52,168	17,181	10,880	58,469	14,175	8,745	63,899
ELECTRIC UTL DEPRECIATION	607,594	150,724	80,077	678,241	17,117	29,483	665,875
ELECTRIC-MIN. LIQUIDITY HOLDING	250,000	-	-	250,000	-	-	250,000
ELECTRIC UCR	427,376	-	-	427,376	-	350,000	77,376
SEWAGE UTILITY OPERATING	390,151	589,137	483,292	495,996	572,215	554,040	514,171
SEWAGE UTL METER DEPOSIT	7,800	8,450	3,200	13,050	7,250	3,650	16,650
SEWAGE UTL DEPRECIATION	349,351	130,797	114,329	365,819	100,577	3,798	462,598
SEWAGE UCR	139,509	-	-	139,509	-	35,000	104,509
WATER UTILITY OPERATING	108,450	377,390	301,518	184,322	401,510	450,565	135,267
WATER UTL METER DEPOSIT	19,128	4,200	3,615	19,713	3,800	2,635	20,878
WATER UTL DEPRECIATION	190,797	90,966	89,942	191,821	61,924	245,991	7,754
WATER UCR	76,911	-	-	76,911	-	-	76,911
Totals	<u>\$ 6,329,360</u>	<u>\$ 6,164,092</u>	<u>\$ 5,873,995</u>	<u>\$ 6,619,457</u>	<u>\$ 7,548,297</u>	<u>\$ 8,136,758</u>	<u>\$ 6,030,996</u>

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

TOWN OF HAGERSTOWN
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, water, wastewater, electric, gas, storm water, trash, aviation, and urban redevelopment and housing.

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 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 statements. 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.

Licenses and permits. 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 the following: peddler licenses, animal licenses, auctioneer licenses, building and planning permits, demolition permits, electrical permits, sign permits, and gun permits.

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,

TOWN OF HAGERSTOWN
NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

Charges for services. Amounts received for services including, but not limited to, the following: planning commission charges, building department charges, copies of public records, copy machines 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. Amounts received 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. Amounts received from charges for current services.

Penalties. Amounts received from late payment fees.

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 statements. 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.

Utility operating expenses. Amounts disbursed for operating the utilities.

TOWN OF HAGERSTOWN
NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

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 December 31 of the year preceding the budget year or January 15 of the budget year if the Town is issuing debt after December 1 or intends on filing a shortfall appeal. These rates were based upon the assessed valuations adjusted for various tax credits from the preceding year's lien date of January 1. 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.

TOWN OF HAGERSTOWN
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

Note 6. *Pension Plan*

Public Employees' Retirement Fund

Plan Description

The Indiana Public Employees' Retirement Fund Defined Benefit Plan (PERF DB) is a cost-sharing multiple-employer defined benefit plan and provides retirement, disability, and survivor benefits to plan members. PERF DB is administered through the Indiana Public Retirement System (INPRS) Board in accordance with state statutes (IC 5-10.2 and IC 5-10.3) and administrative code (35 IAC 1.2), which govern most requirements of the system and give the Town authority to contribute to the plan.

The Public Employees' Hybrid Plan (PERF Hybrid) consists of two components: PERF DB, the employer-funded monthly defined benefit component, and the Public Employees' Hybrid Members Defined Contribution Account, the defined contribution component.

The Retirement Savings Plan for Public Employees (My Choice) is a multiple-employer defined contribution plan. It is administered through the INPRS Board in accordance with state statutes (IC 5-10.2 and IC 5-10.3) and administrative code (35 IAC 1.2), which govern most requirements of the system and give the Town authority to contribute to the plan.

New employees hired have a one-time election to join either the PERF Hybrid or the My Choice.

TOWN OF HAGERSTOWN
NOTES TO FINANCIAL STATEMENTS
(Continued)

Financial Report

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
One North Capitol, Suite 001
Indianapolis, IN 46204
Ph. (844) 464-6777

Contributions

Members' contributions are set by state statute at 3 percent of compensation for both the defined contribution component of PERF Hybrid and My Choice. The employer may elect to make the contribution on behalf of the member of the defined contribution component of PERF Hybrid and My Choice members may receive additional employer contribution in lieu of the PERF DB. Contributions to the PERF DB are determined by INPRS Board based on actuarial valuation.

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.

Financial Report

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
One North Capitol, Suite 001
Indianapolis, IN 46204
Ph. (844) 464-6777

Contributions

The contribution requirements of plan members and the Town are established by the Board of Trustees of INPRS based on actuarial valuation. Employers may pay all or part of the member contribution for the member.

Note 8. Combined Funds

Funds related to payroll withholdings were combined into one fund for the prior financial statements, but are reported individually for the current financial statements.

TOWN OF HAGERSTOWN
EXIT CONFERENCE

The contents of this report were discussed on November 4, 2019, with Julie J. Neal, Clerk-Treasurer, and Becky Diercks, President of the Town Council.