

**STATE BOARD OF ACCOUNTS**  
**302 West Washington Street**  
**Room E418**  
**INDIANAPOLIS, INDIANA 46204-2765**

EXAMINATION REPORT  
OF  
CITY OF BERNE  
ADAMS COUNTY, INDIANA  
January 1, 2005 to December 31, 2005



**FILED**  
09/28/2006



TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Officials .....	2
Independent Accountant's Report .....	3
Schedule of Receipts, Disbursements, and Cash and Investment Balances.....	4
Notes to Schedule .....	5-6
Exit Conference.....	7

OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Gwendolyn J. Maller	01-01-04 to 12-31-07
Mayor	John F. Minch	01-01-04 to 12-31-07
President of the Board of Public Works and Safety	John F. Minch	01-01-04 to 12-31-07
President of the Common Council	William F. McKean	01-01-05 to 12-31-06



**STATE OF INDIANA**  
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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE CITY OF BERNE, ADAMS COUNTY, INDIANA

We have examined the schedule of receipts, disbursements, and cash and investment balances of the City of Berne (City), for the period of January 1, 2005 to December 31, 2005. The City's management is responsible for the schedule. 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 schedule of receipts, disbursements, and cash and investment balances 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 schedule referred to above presents fairly, in all material respects, the cash transactions of the City for the year ended December 31, 2005, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

August 29, 2006

CITY OF BERNE  
SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES  
ALL GOVERNMENTAL, PROPRIETARY, AND FIDUCIARY FUND TYPES  
As Of And For The Year Ended December 31, 2005

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
<b>Governmental Funds:</b>				
General	\$ 1,117,973	\$ 1,031,030	\$ 1,293,732	\$ 855,271
Motor Vehicle Highway	228,208	420,613	396,234	252,587
Local Road and Street	47,737	20,209	52,000	15,946
Law Enforcement Continuing Education	2,254	1,960	1,096	3,118
Sidewalk Match	69,871	5,339	22,762	52,448
Tree	240	-	-	240
Citizens Sewer Compliance	8,164	2,682	6,179	4,667
BRC Bond and Interest	99,843	11,707	56,925	54,625
Cumulative Capital Improvement	106,833	16,608	68,201	55,240
Cumulative Capital Development	263,766	71,018	53,730	281,054
Economic Development Income Tax	102,378	73,328	157,868	17,838
Industrial Development Grant	(15,903)	98,773	82,870	-
PRGI - Brownfield Grant	-	155,968	155,968	-
BRC Operating	1,689	58	-	1,747
Levy Excess	-	5,300	-	5,300
<b>Proprietary Funds:</b>				
Water Utility - Operating	823,808	474,867	439,527	859,148
Water Utility - Bond and Interest	35,529	1,302	-	36,831
Water Utility - Depreciation	937,781	319,466	250,000	1,007,247
Wastewater Utility - Operating	37,023	531,033	530,223	37,833
Wastewater Utility - Bond and Interest	19,760	197,870	194,515	23,115
Wastewater Utility - Depreciation	216,080	32,183	58,683	189,580
Wastewater Utility - Construction	239,845	8,781	350	248,276
Wastewater Utility - Reserve	223,054	7,098	20,531	209,621
Storm Water Utility - Operating	185,396	428,144	298,569	314,971
<b>Fiduciary Funds:</b>				
Police Training Donations	1,920	578	-	2,498
Donation	9,881	36,686	36,812	9,755
BRC Reserve	105,911	3,762	-	109,673
Payroll Withholdings	8,923	958,911	958,231	9,603
Police Officers' Pension	87,184	12,002	15,862	83,324
<b>Totals</b>	<u>\$ 4,965,148</u>	<u>\$ 4,927,276</u>	<u>\$ 5,150,868</u>	<u>\$ 4,741,556</u>

The accompanying notes are an integral part of the schedule.

CITY OF BERNE  
NOTES TO SCHEDULE

Note 1. Introduction

The City was established under the laws of the State of Indiana. The City provides 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 and storm water.

Note 2. Fund Accounting

The City 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 City 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 City 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.

State statute (IC 5-13-9) authorizes the City 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.

CITY OF BERNE  
NOTES TO SCHEDULE  
(Continued)

Note 6. Pension Plan

Public Employees' Retirement Fund

Plan Description

The City 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 City 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.

Note 7. Long-Term Debt

The City has entered into various debts such as general obligation bonds for tax increment financing, a land purchase contract and revenue bonds for wastewater construction. The outstanding principal at December 31, 2005, was \$1,035,000, \$98,901, and \$1,775,000, respectively.

CITY OF BERNE  
EXIT CONFERENCE

The contents of this report were discussed on August 29 2006, with Gwendolyn J. Maller, Clerk-Treasurer; and John F. Minch, Mayor. Our examination disclosed no material items that warrant comment at this time.