

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

EXAMINATION REPORT

OF

TOWN OF BAINBRIDGE

PUTNAM COUNTY, INDIANA

January 1, 2005 to December 31, 2006



FILED

10/03/2007

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Jason T. Hartman	01-01-04 to 12-31-07
President of the Town Council	Joshua Abdon Mike Smith	01-01-05 to 12-31-05 01-01-06 to 12-31-07
President of the Utility Service Board	Jeff Kiger	01-01-05 to 12-31-07
Superintendent of Utilities	James Nelson	01-01-05 to 12-31-07



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF BAINBRIDGE, PUTNAM COUNTY, INDIANA

We have examined the financial information presented herein of the Town of Bainbridge (Town), for the period of January 1, 2005 to December 31, 2006. 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, 2005 and 2006, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The Schedule of Long-Term Debt, as listed in the Table of Contents, is presented for additional analysis and is 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

July 26, 2007

TOWN OF BAINBRIDGE
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, 2005 And 2006

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds:				
General	\$ 163,286	\$ 96,848	\$ 158,154	\$ 101,980
Motor Vehicle Highway	80,047	33,050	4,584	108,513
Local Road and Street	17,481	3,734	13,471	7,744
Law Enforcement Equipment Donation	1,177	300	70	1,407
Law Enforcement Continuing Education	1,501	160	1,046	615
Riverboat	9,398	4,685	-	14,083
Rainy Day	7,353	-	-	7,353
Children's Activities	739	-	-	739
Criminal Justice Grant	702	-	-	702
Putnam Foundation Grant	1,894	-	-	1,894
Cumulative Capital Improvement	11,269	2,297	-	13,566
Cumulative Capital Development	7,074	36,064	-	43,138
EDIT	47,857	12,419	56,889	3,387
Proprietary Funds:				
Electric Utility - Operating	12,174	362,471	455,829	(81,184)
Electric Utility - Reserve	126,481	-	-	126,481
Electric Utility - Replacement	82,846	-	-	82,846
Electric Utility - Customer Deposit	5,975	2,300	2,800	5,475
Water Utility - Operating	10,768	130,723	87,479	54,012
Water Utility - Bond and Interest	36,224	-	8,710	27,514
Water Utility - Debt Service	8,181	-	-	8,181
Water Utility - Reserve	17,131	-	-	17,131
Water Utility - Replacement	41,071	-	-	41,071
Water Utility - Customer Deposit	1,380	710	740	1,350
Gas Utility - Operating	19,762	330,935	333,231	17,466
Gas Utility - Reserve	259,107	-	-	259,107
Gas Utility - Customer Deposit	6,890	2,650	2,850	6,690
Wastewater Utility - Operating	-	119,104	78,890	40,214
Wastewater Utility - Bond and Interest	1,173	-	35,130	(33,957)
Wastewater Utility - Debt Service	52,219	-	-	52,219
Wastewater Utility - Improvement	49,383	-	-	49,383
Wastewater Utility - Customer Deposit	2,110	1,040	1,080	2,070
Fiduciary Fund:				
Payroll	4,146	203,528	200,767	6,907
Totals	\$ 1,086,799	\$ 1,343,018	\$ 1,441,720	\$ 988,097

	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
Governmental Funds:				
General	\$ 101,980	\$ 205,993	\$ 188,591	\$ 119,382
Motor Vehicle Highway	108,513	38,345	9,863	136,995
Local Road and Street	7,744	3,650	10,016	1,378
Law Enforcement Equipment Donation	1,407	-	541	866
Law Enforcement Continuing Education	615	1,287	801	1,101
Riverboat	14,083	4,676	-	18,759
Rainy Day	7,353	-	-	7,353
Children's Activities	739	-	-	739
Criminal Justice Grant	702	-	-	702
Putnam Foundation Grant	1,894	-	1,894	-
Cumulative Capital Improvement	13,566	2,654	-	16,220
Cumulative Capital Development	43,138	1,317	-	44,455
EDIT	3,387	14,226	11,196	6,417
Proprietary Funds:				
Electric Utility - Operating	(81,184)	516,288	427,146	7,958
Electric Utility - Reserve	126,481	-	85,000	41,481
Electric Utility - Replacement	82,846	-	43,176	39,670
Electric Utility - Customer Deposit	5,475	2,600	1,975	6,100
Water Utility - Operating	54,012	165,937	100,053	119,896
Water Utility - Bond and Interest	27,514	-	8,705	18,809
Water Utility - Debt Service	8,181	-	-	8,181
Water Utility - Reserve	17,131	333	-	17,464
Water Utility - Replacement	41,071	-	550	40,521
Water Utility - Customer Deposit	1,350	690	320	1,720
Gas Utility - Operating	17,466	483,555	466,631	34,390
Gas Utility - Reserve	259,107	-	150,000	109,107
Gas Utility - Customer Deposit	6,690	2,900	2,190	7,400
Wastewater Utility - Operating	40,214	148,117	143,867	44,464
Wastewater Utility - Bond and Interest	(33,957)	60,000	38,624	(12,581)
Wastewater Utility - Debt Service	52,219	-	-	52,219
Wastewater Utility - Improvement	49,383	-	-	49,383
Wastewater Utility - Customer Deposit	2,070	930	670	2,330
Fiduciary Fund:				
Payroll	6,907	204,137	200,980	10,064
Totals	\$ 988,097	\$ 1,857,635	\$ 1,892,789	\$ 952,943

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

TOWN OF BAINBRIDGE
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.

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.

TOWN OF BAINBRIDGE
NOTES TO FINANCIAL INFORMATION
(Continued)

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 BAINBRIDGE
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT

For The Year Ended December 31, 2006

Description of Asset	Ending Balance	Due Within One Year
Governmental Activities:		
Notes and loans payable	\$ <u>82,047</u>	\$ <u>7,805</u>
Business-type Activities:		
Water Utility		
Revenue bonds:		
1994 Water Project	\$ <u>127,695</u>	\$ <u>2,300</u>
Wastewater Utility		
Revenue bonds:		
1990 Wastewater Project	<u>155,000</u>	<u>-</u>
Total business-type activities long-term debt:	\$ <u>282,695</u>	\$ <u>2,300</u>

TOWN OF BAINBRIDGE
EXAMINATION RESULTS AND COMMENTS

ANNUAL REPORT (Town and Utilities)

An annual report for 2005 was not presented for examination.

Indiana Code 5-3-1-3(a) states in part: "Within sixty (60) days after the expiration of each calendar year, the fiscal officer of each civil city and town in Indiana shall publish an annual report of the receipts and expenditures of the city or town . . ."

ERRORS ON CLAIMS (Town and Utilities)

The following deficiencies were noted on claims during the examination period:

1. Invoices were not available for examination for all disbursements.
2. Invoice amount did not also match disbursement amount.
3. All claims did not have Board approval.

Indiana Code 5-11-10-1.6 states in part:

"(b) As used in this section, 'claim' means a bill or an invoice submitted to a governmental entity for goods or services.

(c) The fiscal officer of a governmental entity may not draw a warrant or check for payment of a claim unless:

- (1) there is a fully itemized invoice or bill for the claim;
- (2) the invoice or bill is approved by the officer or person receiving the goods and services;
- (3) the invoice or bill is filed with the governmental entity's fiscal officer;
- (4) the fiscal officer audits and certifies before payment that the invoice or bill is true and correct; and
- (5) payment of the claim is allowed by the governmental entity's legislative body or the board or official having jurisdiction over allowance of payment of the claim."

TOWN OF BAINBRIDGE
EXAMINATION RESULTS AND COMMENTS
(Continued)

MILEAGE REIMBURSEMENT (Town and Utilities)

Some employees were reimbursed for mileage without filing Mileage Claim, General Form 101.

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for audit to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TRAVEL POLICY (Town and Utilities)

A travel policy covering Town employee travel was not presented for examination.

Each governmental unit should adopt a written travel policy in conformity with applicable statutes. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

CAPITAL ASSET RECORDS (Town and Utilities)

As stated in prior Report B26064, a Capital Asset Ledger has not been maintained in a sufficient manner during the examination period.

Every governmental unit should have a complete inventory of all capital assets owned which reflect their acquisition value. Such inventory should be recorded in the Capital Assets Ledger. A complete inventory should be taken every year for good internal control and for verifying account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

OVERDRAWN FUND BALANCES (Electric and Wastewater Utilities)

The Electric Operating Fund was overdrawn in 2005 and the Wastewater Bond and Interest Fund was overdrawn in 2005 and 2006.

The fund balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TOWN OF BAINBRIDGE
EXIT CONFERENCE

The contents of this report were discussed on July 26, 2007, with Jason T. Hartman, Clerk-Treasurer. The official concurred with our findings.