

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

EXAMINATION REPORT

OF

TOWN OF BREMEN

MARSHALL COUNTY, INDIANA

January 1, 2006 to December 31, 2007



**FILED**

04/22/2008



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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Janet M. Anglemyer	01-01-04 to 12-31-11
President of the Town Council	Chad Baker James Leeper Chad Baker	01-01-06 to 12-31-06 01-01-07 to 12-31-07 01-01-08 to 12-31-08
Director of Operations	Duwaine Elliott Richard Martin	01-01-06 to 10-25-07 10-26-07 to 12-31-08
Superintendent of Water Utility	Richard Martin Tim Kyser	01-01-06 to 10-25-07 10-26-07 to 12-31-08
Superintendent of Wastewater Utility	William Reed	01-01-06 to 12-31-08
Superintendent of Electric Utility	Timothy Montague	01-01-06 to 12-31-08



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF BREMEN, MARSHALL COUNTY, INDIANA

We have examined the financial information presented herein of the Town of Bremen (Town), for the period of January 1, 2006 to December 31, 2007. 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, 2006 and 2007, 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 required parts 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

February 27, 2008

TOWN OF BREMEN  
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, 2006 And 2007

	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
<b>Governmental Funds:</b>				
General	\$ 1,154,041	\$ 1,640,885	\$ 1,838,202	\$ 956,724
Motor Vehicle Highway	639,882	436,520	608,780	467,622
Local Road and Street	57,668	22,373	-	80,041
Park and Recreation	476,744	248,524	231,331	493,937
Law Enforcement Continuing Education	1,749	3,587	3,193	2,143
Riverboat	56,575	28,230	56,575	28,230
Rainy Day	190,463	-	-	190,463
Levy Excess	31,515	-	31,515	-
Cumulative Capital Improvement	34,636	16,026	-	50,662
Cumulative Capital Development	179,860	69,381	28,230	221,011
Emergency Ambulance	73,476	182,735	170,000	86,211
I.U. Automotive Safety Grant	49	-	-	49
Storm water Management	163,004	52,466	14,670	200,800
Criminal Justice/Operation Pullover	313	2,691	2,964	40
Cemetery Operating	110,560	241,324	146,571	205,313
Name Plate	12	1,560	1,572	-
Bremen Redevelopment Authority	1,119,360	406,303	2	1,525,661
Bremen Redevelopment Debt Service	119,728	529	120,257	-
Revolving Improvement	50,811	-	-	50,811
Senior Center	23,041	34,647	38,482	19,206
Garbage/Trash Pick-up	63,844	212,786	219,120	57,510
Debt Service	-	117,119	116,385	734
Economic Development	709	1,988	2,000	697
Local Law Enforcement Grant	34	2,285	-	2,319
<b>Proprietary Funds:</b>				
Water Utility - Operating	122,646	732,822	754,310	101,158
Water Utility - Bond and Interest	117,202	117,347	116,895	117,654
Water Utility - Customer Deposit	44,806	5,940	4,208	46,538
Water Utility - Improvement	103,483	32,965	48,474	87,974
Wastewater Utility - Operating	87,235	734,661	720,056	101,840
Wastewater Utility - Bond and Interest	61,770	60,513	57,635	64,648
Wastewater Utility - Construction	-	247	-	247
Wastewater Utility - Improvement	179,443	187,784	53,858	313,369
Electric Utility - Operating	986,603	7,686,271	7,791,597	881,277
Electric Utility - Depreciation	2,017,676	233,627	205,368	2,045,935
Electric Utility - Customer Deposit	92,864	12,000	10,633	94,231
Electric Utility - Cash Reserve	154,746	102,202	14,295	242,653
Electric Utility - Rate Stabilization	707,798	35,292	346,490	396,600
<b>Fiduciary Funds:</b>				
Police Officers' Pension	57,894	56,744	61,953	52,685
Pension Relief	30,047	-	-	30,047
Donation	155,651	42,337	29,442	168,546
Cemetery Perpetual Care	222,272	11,250	-	233,522
Payroll	32,500	794,429	792,419	34,510
Senior Center Security Deposit	2,300	250	250	2,300
<b>Totals</b>	<u>\$ 9,725,010</u>	<u>\$ 14,568,640</u>	<u>\$ 14,637,732</u>	<u>\$ 9,655,918</u>

The accompanying notes are an integral part of the schedule.

TOWN OF BREMEN  
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, 2006 And 2007  
(Continued)

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Governmental Funds:				
General	\$ 956,724	\$ 1,694,694	\$ 1,755,652	\$ 895,766
Motor Vehicle Highway	467,622	578,165	566,658	479,129
Local Road and Street	80,041	22,603	-	102,644
Park and Recreation	493,937	271,727	463,076	302,588
Law Enforcement Continuing Education	2,143	4,618	3,956	2,805
Riverboat	28,230	28,288	-	56,518
Rainy Day	190,463	315,419	-	505,882
Cumulative Capital Improvement	50,662	15,757	-	66,419
Cumulative Capital Development	221,011	67,327	-	288,338
Emergency Ambulance	86,211	169,388	170,000	85,599
I.U. Automotive Safety Grant	49	-	-	49
Storm water Management	200,800	14,140	60,761	154,179
Drug Free Committee	-	5,000	5,000	-
Criminal Justice/Operation Pullover	40	2,848	2,874	14
Cemetery Operating	205,313	165,308	185,230	185,391
Name Plate	-	640	640	-
Bremen Redevelopment Authority	1,525,661	309,699	281,478	1,553,882
Revolving Improvement	50,811	-	-	50,811
Senior Center	19,206	37,758	41,688	15,276
Garbage/Trash Pick-up	57,510	214,485	204,395	67,600
Debt Service	734	176,902	176,386	1,250
Economic Development	697	2,006	2,000	703
Local Law Enforcement Grant	2,319	18	2,231	106
Proprietary Funds:				
Water Utility - Operating	101,158	733,126	725,799	108,485
Water Utility - Bond and Interest	117,654	116,270	116,950	116,974
Water Utility - Customer Deposit	46,538	6,110	4,349	48,299
Water Utility - Improvement	87,974	4,058	19,947	72,085
Wastewater Utility - Operating	101,840	724,431	720,176	106,095
Wastewater Utility - Bond and Interest	64,648	59,746	56,210	68,184
Wastewater Utility - Construction	247	-	247	-
Wastewater Utility - Improvement	313,369	128,057	60,890	380,536
Electric Utility - Operating	881,277	8,331,261	8,301,016	911,522
Electric Utility - Depreciation	2,045,935	99,212	222,759	1,922,388
Electric Utility - Customer Deposit	94,231	12,150	9,991	96,390
Electric Utility - Cash Reserve	242,653	72,309	44,726	270,236
Electric Utility - Rate Stabilization	396,600	21,554	418,154	-
Fiduciary Funds:				
Police Officers' Pension	52,685	56,641	64,343	44,983
Pension Relief	30,047	-	-	30,047
Donation	168,546	77,649	78,659	167,536
Cemetery Perpetual Care	233,522	6,440	-	239,962
Payroll	34,510	766,973	769,766	31,717
Senior Center Security Deposit	2,300	1,550	1,300	2,550
Totals	<u>\$ 9,655,918</u>	<u>\$ 15,314,327</u>	<u>\$ 15,537,307</u>	<u>\$ 9,432,938</u>

The accompanying notes are an integral part of the schedule.

TOWN OF BREMEN  
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

The Town was established under the laws of the State of Indiana. The Town operates under a Town Council form of government and 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, electric, and urban redevelopment and housing.

The financial information presents the Town (primary government) and its significant component units. The component unit discussed below is included in the Town's reporting entity because of the significance of its operational of financial relationships with the Town. Blended component units, although legally separate entities, are in substance part of the Town's operations and exist solely to provide services to the Town; data from this unit is combined with data of the primary government.

Blended Component Unit

The Bremen Redevelopment Authority (Authority) is a significant blended component unit of the Town. The primary government appoints a voting majority of the Authority's board and a financial benefit/burden relationship exists between the Town and the Authority. Although it is legally separate from the Town, the Authority is reported as if it were a part of the Town, because it provides services entirely or almost entirely to the Town.

Related Organization

The Town's officials are also responsible for appointing the members of the boards of other organizations, but the Town's accountability for these organizations does not extend beyond making the appointments. The Town appoints the board members of the Bremen Village Housing Authority.

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

TOWN OF BREMEN  
NOTES TO FINANCIAL INFORMATION  
(Continued)

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.

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.

Note 6. Utilities Rate Structure

Water Utility

The current rate structure was approved by the Town Council on June 25, 2007.

Wastewater Utility

The current rate structure was approved by the Town Council on May 24, 2004.

Electric Utility

The current rate structure was approved by the Town Council on July 11, 2005.

Note 7. Pension Plan

A. Agent Multiple-Employer and Single Employer Defined Benefit Pension Plans

1. 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

TOWN OF BREMEN  
NOTES TO FINANCIAL INFORMATION  
(Continued)

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.

2. 1925 Police Officers' Pension Plan

Plan Description

The primary government contributes to the 1925 Police Officers' Pension Plan, which is a single-employer defined benefit pension plan. The plan is administered by the local pension board as authorized by state statute (IC 36-8-6). The plan provides retirement, disability, and death benefits to plan members and beneficiaries. The plan was established by the plan administrator, as provided by state statute. The plan administrator does not issue a publicly available financial report that includes financial statements and required supplementary information of the plan.

Funding Policy and Annual Pension Cost

The contribution requirements of plan members for the 1925 Police Officers' Pension Plan are established by state statute. The primary government's annual pension cost and related information as provided by the actuary is presented in this note.

B. Cost-Sharing Multiple-Employer Defined Benefit Pension Plan

1977 Police Officers' and Firefighters' Pension and Disability Fund

Plan Description

The primary government contributes to the 1977 Police Officers' and Firefighters' Pension and Disability Fund, a cost-sharing multiple-employer defined benefit pension plan administered by the Indiana Public Employees' Retirement Plan (PERF) for all police officers and firefighters hired after April 30, 1977.

TOWN OF BREMEN  
NOTES TO FINANCIAL INFORMATION  
(Continued)

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 55 with 20 years of service. An employee with 20 years of service may leave service, but will not receive benefits until reaching age 55. The plan also provides for death and disability benefits.

PERF 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

Note 8. Subsequent Event

The Town is in the planning stage for a Wastewater Treatment Plant upgrade estimated to cost approximately \$2,500,000 to be financed by the issuance of Revenue Bonds.

TOWN OF BREMEN  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF CAPITAL ASSETS

For The Year Ended December 31, 2007

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 backtrading (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>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 641,897
Infrastructure	1,543,943
Buildings	2,602,461
Improvements other than buildings	1,215,338
Machinery and equipment	3,061,556
Construction in progress	<u>117,663</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 9,065,195</u>
Business-type activities:	
Water Utility:	
Capital assets, not being depreciated:	
Land	\$ 39,747
Buildings	1,001,791
Improvements other than buildings	1,143,619
Machinery and equipment	<u>530,831</u>
Total Water Utility capital assets	<u>2,715,988</u>
Wastewater Utility:	
Capital assets, not being depreciated:	
Land	11,314
Construction in progress	33,792
Buildings	3,844,722
Improvements other than buildings	1,064,281
Machinery and equipment	<u>867,348</u>
Total Wastewater Utility capital assets	<u>5,821,457</u>
Electric Utility:	
Capital assets, not being depreciated:	
Land	36,724
Buildings	413,122
Improvements other than buildings	1,807,195
Machinery and equipment	<u>2,882,751</u>
Total Electric Utility capital assets	<u>5,139,792</u>
Total business-type activities, capital assets not being depreciated	<u>\$ 13,677,237</u>

TOWN OF BREMEN  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF LONG-TERM DEBT  
 December 31, 2007

The Town of Bremen has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:		
Notes and loans payable	\$ 142,962	\$ 15,409
Bonds payable:		
General obligation bonds:		
Storm water district bonds of 2000	<u>1,015,000</u>	<u>114,395</u>
Total governmental activities debt	<u>\$ 1,157,962</u>	<u>\$ 129,804</u>
Business-type activities:		
Water Utility		
Waterworks revenue bonds of 1999	\$ 110,000	\$ 115,500
Wastewater Utility		
Wastewater revenue bonds of 1999	<u>455,000</u>	<u>59,155</u>
Total business-type activities debt	<u>\$ 565,000</u>	<u>\$ 174,655</u>

TOWN OF BREMEN  
EXAMINATION RESULT AND COMMENT

APPROPRIATIONS

The records presented for examination indicated the following expenditures in excess of budgeted appropriations:

<u>Fund</u>	<u>Years</u>	<u>Excess Amount Expended</u>
Debt Service	2006	\$ 1,320
Debt Service	2007	59,021

Indiana Code 6-1.1-18-4 states in part: ". . . the proper officers of a political subdivision shall appropriate funds in such a manner that the expenditures for a year do not exceed its budget for that year as finally determined under this article."

TOWN OF BREMEN  
EXIT CONFERENCE

The contents of this report were discussed on February 27, 2008, with James Leeper, Town Council Member; and Janet M. Anglemyer, Clerk-Treasurer. The officials concurred with our finding.