

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

EXAMINATION REPORT

OF

TOWN OF BRISTOL

ELKHART COUNTY, INDIANA

January 1, 2006 to December 31, 2007



FILED

04/24/2008

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Mary J. Ryman	01-01-04 to 12-31-11
President of the Town Council	Thomas A. Stutsman	01-01-06 to 12-31-08
Town Manager	Bill Wuthrich	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 BRISTOL, ELKHART COUNTY, INDIANA

We have examined the financial information presented herein of the Town of Bristol (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 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. It has not been subjected to the examination procedures applied to the basic financial information and, accordingly, we express no opinion on the schedule.

STATE BOARD OF ACCOUNTS

March 6, 2008

TOWN OF BRISTOL
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
Governmental Funds:				
General	\$ 202,736	\$ 993,650	\$ 928,950	\$ 267,436
Motor Vehicle Highway	207,123	183,494	209,554	181,063
Local Road and Street	8,444	16,533	-	24,977
Park and Recreation	50,395	70,128	87,923	32,600
Law Enforcement Continuing Education	10,824	3,262	2,547	11,539
Rainy Day	9,501	-	-	9,501
Cumulative Capital Improvement	92,586	7,335	-	99,921
Cumulative Capital Development	257,818	76,352	34,242	299,928
Cumulative Building and Firefighting Equipment	37,007	46,468	28,149	55,326
CEDIT	635,296	112,459	-	747,755
Major Moves	220,174	-	-	220,174
Park Playground Equipment	-	10,000	10,000	-
Police Non-Reverting	6,427	25,480	4,987	26,920
Bristol Police Reserves	7,941	30,008	27,359	10,590
Local Coordinating County	-	14,136	16,518	(2,382)
Park Nonreverting	66,195	9,000	24,921	50,274
Raber Golf Course	379,877	49,712	135,493	294,096
Raber Golf Course Capital Improvement	43,681	5,584	-	49,265
Criminal Justice Select Service	(85)	1,700	2,110	(495)
Cemetery	23,001	65,026	62,817	25,210
Levy Excess	60,649	-	60,649	-
Proprietary Funds:				
Water Utility - Operating	157,387	243,320	228,728	171,979
Water Utility - Bond and Interest	2,902	76,536	76,535	2,903
Water Utility - Depreciation	318,468	33,916	-	352,384
Water Utility - Customer Deposit	6,630	2,860	1,020	8,470
Wastewater Utility - Operating	805,206	533,657	407,733	931,130
Wastewater Utility - Bond and Interest	22,774	187,776	187,777	22,773
Wastewater Utility - Debt Reserve	225,175	33,710	-	258,885
Wastewater Utility - Improvement	21,714	3,250	-	24,964
Fiduciary Fund:				
Payroll	910	629,020	628,243	1,687
Totals	\$ 3,880,756	\$ 3,464,372	\$ 3,166,255	\$ 4,178,873

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Governmental Funds:				
General	\$ 267,436	\$ 975,272	\$ 997,782	\$ 244,926
Motor Vehicle Highway	181,063	191,034	160,207	211,890
Local Road and Street	24,977	16,575	-	41,552
Park and Recreation	32,600	85,620	92,824	25,396
Law Enforcement Continuing Education	11,539	2,516	637	13,418
Rainy Day	9,501	48,660	-	58,161
Cumulative Capital Improvement	99,921	10,753	-	110,674
Cumulative Capital Development	299,928	94,352	-	394,280
Cumulative Building and Firefighting Equipment	55,326	53,079	25,449	82,956
CEDIT	747,755	135,721	-	883,476
Major Moves	220,174	12,766	-	232,940
Police Nonreverting	26,920	12,315	20,818	18,417
Police OW Impaired - Drug Alcohol	-	7,685	8,290	(605)
Bristol Police Reserves	10,590	30,046	27,899	12,737
Local Coordinating County	(2,382)	2,382	119	(119)
Park Nonreverting	50,274	11,949	-	62,223
Raber Golf Course	294,096	36,000	305,791	24,305
Raber Golf Course Capital Improvement	49,265	4,000	22,975	30,290
Criminal Justice Select Service	(495)	3,210	2,927	(212)
Cemetery	25,210	75,462	61,627	39,045
MS-4	-	44,737	1,515	43,222
Proprietary Funds:				
Water Utility - Operating	171,979	242,665	244,205	170,439
Water Utility - Bond and Interest	2,903	74,927	74,925	2,905
Water Utility - Depreciation	352,384	20,665	-	373,049
Water Utility - Customer Deposit	8,470	2,090	980	9,580
Wastewater Utility - Operating	931,130	525,169	460,410	995,889
Wastewater Utility - Bond and Interest	22,773	173,129	188,868	7,034
Wastewater Utility - Depreciation	258,885	15,182	-	274,067
Wastewater Utility - Improvement	24,964	1,464	-	26,428
Fiduciary Fund:				
Payroll	1,687	653,547	653,554	1,680
Totals	\$ 4,178,873	\$ 3,562,972	\$ 3,351,802	\$ 4,390,043

The accompanying notes are an integral part of the schedules.

TOWN OF BRISTOL
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 BRISTOL
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 BRISTOL
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 For The Year Ended December 31, 2007

The Town has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Business-type Activities:		
Water Utility		
1998 Waterworks	\$ 760,000	\$ 78,315
Wastewater Utility		
Revenue bonds:		
1998 Sewage Works	1,885,000	189,727
Total business-type activities debt	\$ 2,645,000	\$ 268,042

TOWN OF BRISTOL
EXAMINATION RESULTS AND COMMENTS

SERVICE AND TIME RECORDS

Employees have been accruing compensation time earned past the 90 day period allowed per the employee manual. Some employees have used compensation time before they have actually earned it and have carried negative comp time balances during the year. No employee service record is being maintained for the Town Manager showing leave time earned and used. Records of attendance are not reported to the Clerk-Treasurer, and therefore she is not able to maintain the official leave balances for each employee.

According to the Town of Bristol's Policies and Procedures Employee Handbook, Article 2, Section 2.07, General Employee Work Schedule, III (A)(4)(a), "The Town Manager and Marshal shall be responsible for certifying the attendance of all employees in their department and shall keep complete attendance records. Records of attendance shall be reported to the Town Clerk. The Town Clerk will maintain the official leave balance of each employee."

According to the Town of Bristol's Policies and Procedures Employee Handbook, Article 4, Wage and Salary Administration, Section 4.01, Establishment of Wages and Salaries, II (D), Compensatory Time Off, "To minimize payment of Excess Hours and Overtime, department heads, whenever possible, are expected to grant employees compensatory time off for time worked in excess of that normally scheduled. 1. Compensation Time: When an employee has worked overtime, he or she shall be compensated with compensatory time off. Compensatory time shall be at the rate of one and one-half (1 1/2) of the time off for every hour of overtime according to the Fair Labor Standards Act. To avoid the substantial accumulation of compensatory time or the inappropriate taking of the same, inconsistent with the needs of the Town of Bristol, all compensatory time must be approved by the employee's immediate department head and must be taken within a 90 day period. It will be the department head's responsibility to keep up to date and accurate records of all compensatory time."

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)

COMPENSATION AND BENEFITS

The Town's employees are not always paid according to the salary ordinance. In those instances, employees are paid less than the salary ordinance, with the exception of one employee who was paid more than the salary ordinance. Employees were also given pay raises without amending the salary ordinance. The 2007 salary ordinance did not include the pay rate for the position of office clerk, but a person was paid in this position. The salary ordinance also does not state that part-time Utility clerical employees receive a different pay per hour than other part-time Utility employees.

A Town employee provided contractual services to the Town and the payments for the services were not included in the employee's W-2.

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, and resolution or salary schedule adopted by the governing body unless otherwise authorized by statute. Compensation should be made in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TOWN OF BRISTOL
EXAMINATION RESULTS AND COMMENTS
(Continued)

PUBLIC WORKS PROJECT

On November 16, 2006, the Town of Bristol accepted a bid from Forest River Housing, Inc., for the construction of Raber Golf Course Clubhouse. The original bid documents indicate the bid amount was \$405,863. The Town Council approved a bid amount of \$411,033, which includes \$4,275 for solid surface counters and \$895 for 2x6 ext. wall studs that were not part of the original bid. A second addition to the original contract in the amount of \$17,196.93 was not documented, and both the second addition to the original contract and change order one in the amount of \$7,147.33 were not approved by the Town Council.

The bid from Forest River Housing, Inc., was submitted on Bid Form 96; however, financial statements and a performance bond were not available for examination.

Indiana Code 36-1-12-4(a) states in part: "This section applies whenever the cost of a public work project will be: (1) at least seventy-five thousand dollars (\$75,000) in: (A) a consolidated city or second class city; (B) a county containing a consolidated city or second class city; or (C) a regional water or sewage district established under IC 13-26; (2) at least fifty thousand dollars (\$50,000) . . . in a political subdivision or an agency not described in subdivision (1) . . ."

Indiana Code 36-1-12-4(b) states in part: "The board must comply with the following procedure: (1) The board shall prepare general plans and specifications describing the kind of public work required, but shall avoid specifications which might unduly limit competition. . . . (2) The board shall file the plans and specifications in a place reasonably accessible to the public, which shall be specified in the notice required by subdivision (3). (3) Upon the filing of the plans and specifications, the board shall publish notice in accordance with IC 5-3-1 calling for sealed proposals for the public work needed. . . ." (6) If the cost of a project is one hundred thousand dollars (\$100,000) or more, the board shall require the bidder to submit a financial statement, a statement of experience, a proposed plan or plans for performing the public work, and the equipment that the bidder has available for the performance of the public work. The statement shall be submitted on forms prescribed by the state board of accounts. (10) In determining whether a bidder is responsive, the board may consider the following factors: (A) Whether the bidder has submitted a bid or quote that conforms in all material respects to the specifications. (B) Whether the bidder has submitted a bid that complies specifically with the invitation to bid and the instructions to bidders. (C) Whether the bidder has complied with all applicable statutes, ordinances, resolutions, or rules pertaining to the award of a public contract."

Indiana Code 36-1-12-18(a) states: "If, in the course of the construction, reconstruction, or repair of a public work project, it becomes necessary to change or alter the original specifications, a change order may be issued to add, delete, or change an item or items in the original contract. The change order becomes an addendum to the contract and must be approved and signed by the board and the contractor."

Indiana Code 36-1-12-18(b) states: "If a licensed architect or engineer is assigned to the public work project, the change order must be prepared by that person."

TOWN OF BRISTOL
EXAMINATION RESULTS AND COMMENTS
(Continued)

PARK BOARD MINUTES

Not all minutes of meetings of the Park Board were available for audit.

Indiana Code 5-14-1.5-4 states in part: "(b) As the meeting progresses, the following memoranda shall be kept: (1) The date, time, and place of the meeting; (2) The members of the governing body recorded as either present or absent; (3) The general substance of all matters proposed, discussed, or decided; (4) A record of all votes taken, by individual members if there is a roll call and (5) An additional information required under IC 5-1.5-2-2.5 or IC 20-12-63-7."

CAPITAL ASSET RECORDS

The Town does not have a complete list of capital assets owned by the Town. The capital asset list did not include the following; land, buildings, infrastructure, water towers, sewer lines, water lines and other improvements other than buildings.

Every governmental unit should have a complete inventory of all capital assets owned which reflects 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)

TOWN OF BRISTOL
EXIT CONFERENCE

The contents of this report were discussed on March 6, 2008, with Mary Ryman, Clerk-Treasurer; Barbara L. Lang, Council Member; and Thomas A. Stutsman, President of the Town Council.