

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

EXAMINATION REPORT
OF
CITY OF BATESVILLE
RIPLEY COUNTY, INDIANA
January 1, 2008 to December 31, 2008



FILED
11/24/2009

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Ronald C. Weigel	01-01-08 to 12-31-11
Mayor	Richard C. Fledderman	01-01-08 to 12-31-11
President of the Board of Public Works	Richard C. Fledderman	01-01-08 to 12-31-11
President of the Common Council	Herman Strewing	01-01-08 to 12-31-09
Chairman of the Utility Service Board	Sue A. Siefert	01-01-08 to 12-31-09
Comptroller of Gas and Water Utilities	Douglas Browne	01-01-08 to 12-31-09
Superintendent of Gas and Water Utilities	Elmer M. Vonderheide Vacant	01-01-08 to 07-13-09 07-14-09 to 12-31-09
Superintendent of Wastewater Utility	Randall Gibbs Vacant	01-01-08 to 05-15-09 05-16-09 to 12-31-09



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF CITY OF BATESVILLE, RIPLEY COUNTY, INDIANA

We have examined the financial information presented herein of City of Batesville (City), for the period of January 1, 2008 to December 31, 2008. The City'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 City for the year ended December 31, 2008, 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 it.

STATE BOARD OF ACCOUNTS

October 13, 2009

CITY OF BATESVILLE
SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL, FIDUCIARY, AND PROPRIETARY FUND TYPES
As Of And For The Year Ended December 31, 2008

	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
Governmental Funds:				
General	\$ 645,804	\$ 2,431,504	\$ 2,582,900	\$ 494,408
Motor Vehicle Highway	272,062	897,030	859,848	309,244
Local Road and Street	101,312	27,222	-	128,534
Law Enforcement Continuing Education	11,065	4,696	4,290	11,471
Park and Recreation	23,911	206,130	203,970	26,071
Butterfly Garden	1,099	-	-	1,099
Microenterprise Loan	31,066	185	-	31,251
Sesquicentennial Park Fund	389	-	326	63
Economic Development Income Tax	2,147,950	1,251,710	865,992	2,533,668
Brum Donation	160,586	3,920	2,367	162,139
Clerk's Records Perpetuation	12,955	1,320	-	14,275
Memorial Pool	11,069	118,317	108,010	21,376
Economic Development	178,130	123,675	73,405	228,400
Community Development	7,773	-	7,773	-
Pretrial Diversion Program	40,601	-	-	40,601
Police Donation Fund	24	-	-	24
Safe Passage	1	-	-	1
Façade Improvement	50,153	-	32,126	18,027
Riverboat Fund	227,069	97,197	40,225	284,041
Belterra Fund	-	110,606	74,494	36,112
EMS	329,418	191,187	77,060	443,545
Citizens Aquatic Center	-	894	894	-
Summer Concert Series	379	-	379	-
Rainy Day Fund	230,748	53,885	-	284,633
Playground Equipment Fund	1,850	-	-	1,850
Stormwater Utility	149,923	75,302	89,688	135,537
Batesville Tree	12,602	-	1,388	11,214
Mayor's Youth Council	4,365	8,234	9,137	3,462
Baseball/Softball Complex	55,000	167,577	18,106	204,471
IVY TECH	-	58,000	2,200	55,800
Cumulative Capital Improvement	125,023	19,620	4,400	140,243
Cumulative Building and Firefighting Equipment	563,586	323,092	104,468	782,210
Cumulative Thoroughfare	160,354	-	-	160,354
Cumulative Capital Development	801,545	398,498	734,409	465,634
Fiduciary Funds:				
Police Pension	86,027	71,399	61,255	96,171
Utility Pension	15,798	9,562	10,671	14,689
Payroll	21,284	4,371,914	4,373,792	19,406
User Fees	15,109	5,622	2,782	17,949
City Court	3,688	78,672	79,595	2,765
Public Trust	115	34,080	31,080	3,115
Sewer Inspection	-	41,079	41,079	-
Proprietary Funds:				
Water Operating	51,140	3,493,788	3,533,060	11,868
Water Depreciation	510,015	1,035,354	1,278,509	266,860
Water Customer Deposits	24,700	13,400	12,400	25,700
Water Retainage	11,237	40,553	51,790	-
Wastewater Operating	597,003	1,913,677	1,566,647	944,033
Wastewater Bond and Interest	378,562	395,053	773,615	-
Wastewater Debt Reserve	776,935	-	-	776,935
Wastewater Improvement	971,961	70,409	1,500	1,040,870
Gas Operating	27,721	10,750,253	10,765,384	12,590
Gas Reserve	2,254,293	1,129,752	1,506,776	1,877,269
Gas Customer Deposit	25,120	13,664	12,884	25,900
Utility Clearing Account	246,522	7,557,009	7,606,791	196,740
Totals	<u>\$ 12,375,042</u>	<u>\$ 37,595,041</u>	<u>\$ 37,607,465</u>	<u>\$ 12,362,618</u>

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

CITY OF BATESVILLE
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

The City was established under the laws of the State of Indiana. The City provides the following services: public safety, highways and streets, health and social services, culture and recreation, sanitation, gas, water, wastewater, urban redevelopment, and general administrative services.

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.

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.

CITY OF BATESVILLE
NOTES TO FINANCIAL INFORMATION
(Continued)

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.

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 District 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.

CITY OF BATESVILLE
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 December 31, 2008

The City has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:		
Bonds payable:		
General obligation bonds:		
Memorial Building	\$ 320,000	\$ 87,325
EDIT Bond	<u>2,135,000</u>	<u>178,427</u>
Total governmental activities debt	<u>\$ 2,455,000</u>	<u>\$ 265,752</u>
Business-type activities:		
Wastewater Utility:		
Loans payable:		
State Revolving Fund Loan	<u>\$ 7,315,000</u>	<u>\$ 775,285</u>

CITY OF BATESVILLE
EXAMINATION RESULTS AND COMMENTS

UNPAID LOANS FROM GAS UTILITY (Applies to Water Utility)

The Gas Utility has made loans to the Water Utility over the past several years. The balance of the unpaid loans at December 31, 2008, was \$2,061,720 as shown in the following schedule:

<u>Year Loan Made</u>	<u>Number of Years Outstanding</u>	<u>Amount</u>
2000	8	\$ 476,355
2001	7	420,000
2003	5	<u>1,165,365</u>
Total		<u>\$ 2,061,720</u>

IC 8-1.5-3-11(f) states: "A cash reserve fund, if authorized by ordinance, may be used to make loans to another utility owned by the same municipality, for periods not to exceed five (5) years, at any interest rate. The repayment of the loan and interest shall be returned to the cash reserve fund."

A similar comment was made in prior Report B32909.

NO RECORD OF HOURS WORKED (Applies to Mayor)

Richard C. Fledderman was compensated as Mayor and as Economic Development Director during the year 2008.

IC 5-11-9-4 states in part: ". . . records be maintained showing which hours were worked each day by officers and employees . . . employed . . . in more than one (1) position by the same public agency . . ."

This requirement can be met by indicating the number of hours worked on each Employee's Service Record, General Form No. 99A and/or General Form No. 99B. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Richard C. Fledderman stated that a record of hours worked was being maintained beginning in September of 2009.

CITY OF BATESVILLE
EXAMINATION RESULTS AND COMMENTS
(Continued)

CAPITAL ASSET RECORDS (Applies to All Utilities)

The Utility does not maintain sufficient detailed records of capital assets for its Utility Plant in Service accounts. Upon purchase, the costs of the capital assets are added to an aggregate Utility Plant in Service account, and to subsidiary accounts for land, buildings, etc., in the General Ledger. However, records providing historical costs for some of the Utility's capital assets are not available, and records classifying and summarizing the Utility's capital assets are incomplete. Deletions or disposals of capital assets are not recorded.

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)

A similar comment was reported in prior Report B32909.

INACCURATE ANNUAL REPORT (Applies to the Clerk-Treasurer)

The Annual City and Town Financial Report (Form CTAR1) for the year 2008 did not agree with the City's ledger. The following are examples of discrepancies between the annual financial report and the ledger:

1. The annual financial report does not have all of the Utility Funds listed.
2. Several end of the year balances on the annual financial report do not agree with the ledger.
3. Several receipts and disbursements on the annual financial report do not agree with ledger.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

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)

CITY OF BATESVILLE
EXIT CONFERENCE

The contents of this report were discussed on October 13, 2009, with Ronald C. Weigel, Clerk-Treasurer; Richard C. Fledderman, Mayor; Sue A. Siefert, Chairman of the Utility Service Board; Douglas Browne, Comptroller of Gas and Water Utilities; and Henry A. Pictor, Utility Service Board member. The officials concurred with our findings.