

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

AUDIT REPORT

OF

TOWN OF FORT BRANCH

GIBSON COUNTY, INDIANA

January 1, 2008 to December 31, 2009



**FILED**  
06/10/2010



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Stacy L. Elpers	01-01-08 to 12-31-11
President of the Town Council	Warren Fleetwood Larry Holder	01-01-08 to 11-02-09 11-03-09 to 12-31-10
Superintendent of Water Utility	Fred Brokaw	01-01-08 to 12-31-10
Superintendent of Wastewater Utility	Greg Wright	01-01-08 to 12-31-10



**STATE OF INDIANA**  
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INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS  
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

TO: THE OFFICIALS OF THE TOWN OF FORT BRANCH, GIBSON COUNTY, INDIANA

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Fort Branch (Town), as of and for the years ended December 31, 2008 and 2009, which collectively comprise the Town's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note I, the Town prepares its financial statements on the prescribed basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash and investment balances of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town as of December 31, 2008 and 2009, and the respective cash receipts and cash disbursements during the years then ended on the basis of accounting described in Note I.

In accordance with Government Auditing Standards, we have also issued a report dated May 6, 2010, on our consideration of the Town's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS  
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
(Continued)

Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The Schedule of Funding Progress is a not required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The Town has not presented Management's Discussion and Analysis or Budgetary Comparison Schedules that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The Combining Schedules, as listed in the Table of Contents, Schedule of Capital Assets, and Schedule of Long-Term Debt are presented for additional analysis and are not required parts of the basic financial statements. The Combining Schedules, as listed in the Table of Contents, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The Schedule of Capital Assets and Schedule of Long-Term Debt have not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we express no opinion on them.

The Town's response to the Audit Results and Comments identified in our audit is described in the accompanying section of the report entitled Official Response. We did not audit the Town's response and, accordingly, we express no opinion on it.

STATE BOARD OF ACCOUNTS

May 6, 2010



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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

TO: THE OFFICIALS OF THE TOWN OF FORT BRANCH, GIBSON COUNTY, INDIANA

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Fort Branch (Town), as of and for the years ended December 31, 2008 and 2009, which collectively comprise the Town's basic financial statements and have issued our report thereon dated May 6, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS  
(Continued)

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be significant deficiencies or material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of the Town's management, Town Council, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

May 6, 2010

TOWN OF FORT BRANCH  
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS  
For The Year Ended December 31, 2008

Functions/Programs	Program Receipts				Net (Disbursement) Receipt and Changes in Net Assets		
	Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Totals
					Governmental Activities	Business-Type Activities	
Primary government:							
Governmental activities:							
General government	\$ 65,684	\$ 20,256	\$ -	\$ -	\$ (45,428)	\$ -	\$ (45,428)
Public safety	193,064	2,659	-	-	(190,405)	-	(190,405)
Highways and streets	159,280	2,953	62,199	10,091	(84,037)	-	(84,037)
Economic development	59,524	-	-	-	(59,524)	-	(59,524)
Culture and recreation	51,149	21,385	-	-	(29,764)	-	(29,764)
Total governmental activities	<u>528,701</u>	<u>47,253</u>	<u>62,199</u>	<u>10,091</u>	<u>(409,158)</u>	<u>-</u>	<u>(409,158)</u>
Business-type activities:							
Wastewater	1,329,501	788,096	-	500,000	-	(41,405)	(41,405)
Water	629,585	399,247	-	-	-	(230,338)	(230,338)
Total business-type activities	<u>1,959,086</u>	<u>1,187,343</u>	<u>-</u>	<u>500,000</u>	<u>-</u>	<u>(271,743)</u>	<u>(271,743)</u>
Total primary government	<u>\$ 2,487,787</u>	<u>\$ 1,234,596</u>	<u>\$ 62,199</u>	<u>\$ 510,091</u>	<u>(409,158)</u>	<u>(271,743)</u>	<u>(680,901)</u>
General receipts:							
Property taxes					213,478	-	213,478
Intergovernmental					112,596	-	112,596
Other local sources					7,873	-	7,873
Grants and contributions not restricted to specific programs					11,284	-	11,284
Investment earnings					3,176	39,193	42,369
Total general receipts					<u>348,407</u>	<u>39,193</u>	<u>387,600</u>
Change in net assets					(60,751)	(232,550)	(293,301)
Net assets - beginning					<u>605,369</u>	<u>2,233,865</u>	<u>2,839,234</u>
Net assets - ending					<u>\$ 544,618</u>	<u>\$ 2,001,315</u>	<u>\$ 2,545,933</u>
<u>Assets</u>							
Cash and investments					\$ 330,419	\$ 991,922	\$ 1,322,341
Restricted assets:							
Cash and investments					<u>214,199</u>	<u>1,009,393</u>	<u>1,223,592</u>
Total assets					<u>\$ 544,618</u>	<u>\$ 2,001,315</u>	<u>\$ 2,545,933</u>
<u>Net Assets</u>							
Restricted for:							
Highways and streets					\$ 11,345	\$ -	\$ 11,345
Debt service					-	382,839	382,839
Capital outlay					202,854	-	202,854
Other purposes					-	626,554	626,554
Unrestricted					<u>330,419</u>	<u>991,922</u>	<u>1,322,341</u>
Total net assets					<u>\$ 544,618</u>	<u>\$ 2,001,315</u>	<u>\$ 2,545,933</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF FORT BRANCH  
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,  
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
GOVERNMENTAL FUNDS  
For The Year Ended December 31, 2008

	General	Motor Vehicle Highway	Edit	Other Governmental Funds	Totals
<b>Receipts:</b>					
Taxes	\$ 192,862	\$ -	\$ -	\$ 20,616	\$ 213,478
Intergovernmental	34,917	78,133	45,651	26,185	184,886
Charges for services	4	2,953	-	23,785	26,742
Fines and forfeits	-	-	-	259	259
Other	23,004	197	10,000	2,183	35,384
<b>Total receipts</b>	<b>250,787</b>	<b>81,283</b>	<b>55,651</b>	<b>73,028</b>	<b>460,749</b>
<b>Disbursements:</b>					
General government	62,928	-	-	-	62,928
Public safety	190,268	-	-	379	190,647
Highways and streets	-	80,499	-	24	80,523
Culture and recreation	-	-	-	48,847	48,847
<b>Capital outlay:</b>					
General government	2,756	-	-	-	2,756
Public safety	2,417	-	-	-	2,417
Highways and streets	-	53,757	-	25,000	78,757
Economic development	-	-	46,547	12,977	59,524
Culture and recreation	-	-	-	2,302	2,302
<b>Total disbursements</b>	<b>258,369</b>	<b>134,256</b>	<b>46,547</b>	<b>89,529</b>	<b>528,701</b>
Excess (deficiency) of receipts over disbursements	(7,582)	(52,973)	9,104	(16,501)	(67,952)
<b>Other financing sources (uses):</b>					
Other receipts	4,626	496	2,079	-	7,201
<b>Total other financing sources (uses)</b>	<b>4,626</b>	<b>496</b>	<b>2,079</b>	<b>-</b>	<b>7,201</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(2,956)	(52,477)	11,183	(16,501)	(60,751)
Cash and investment fund balance - beginning	85,363	225,100	191,671	103,235	605,369
Cash and investment fund balance - ending	<u>\$ 82,407</u>	<u>\$ 172,623</u>	<u>\$ 202,854</u>	<u>\$ 86,734</u>	<u>\$ 544,618</u>
<b><u>Cash and Investment Assets - Ending</u></b>					
Cash and investments	\$ 82,407	\$ 172,623	\$ -	\$ 75,389	\$ 330,419
<b>Restricted assets:</b>					
Cash and investments	-	-	202,854	11,345	214,199
<b>Total cash and investment assets - ending</b>	<b><u>\$ 82,407</u></b>	<b><u>\$ 172,623</u></b>	<b><u>\$ 202,854</u></b>	<b><u>\$ 86,734</u></b>	<b><u>\$ 544,618</u></b>
<b><u>Cash and Investment Fund Balance - Ending</u></b>					
<b>Restricted for:</b>					
Highways and streets	\$ -	\$ -	\$ -	\$ 11,345	\$ 11,345
Capital Outlay	-	-	202,854	-	202,854
Unrestricted	82,407	172,623	-	75,389	330,419
<b>Total cash and investment fund balance - ending</b>	<b><u>\$ 82,407</u></b>	<b><u>\$ 172,623</u></b>	<b><u>\$ 202,854</u></b>	<b><u>\$ 86,734</u></b>	<b><u>\$ 544,618</u></b>

The notes to the financial statements are an integral part of this statement.

TOWN OF FORT BRANCH  
STATEMENT OF ASSETS AND FUND BALANCES AND  
RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
PROPRIETARY FUNDS  
As Of And For The Year Ended December 31, 2008

	<u>Wastewater</u>	<u>Water</u>	<u>Totals</u>
Operating receipts:			
Metered/measured	\$ 769,018	\$ 376,650	\$ 1,145,668
Penalties	14,807	2,755	17,562
Miscellaneous	4,271	19,842	24,113
	<u>788,096</u>	<u>399,247</u>	<u>1,187,343</u>
Total operating receipts			
Operating disbursements:			
Transmission and distribution	279,245	434,286	713,531
Treatment and disposal	156,556	-	156,556
Refunds	-	9,266	9,266
Equipment and capital improvements	654,601	-	654,601
	<u>1,090,402</u>	<u>443,552</u>	<u>1,533,954</u>
Total operating disbursements			
Deficiency of operating receipts over operating disbursements	<u>(302,306)</u>	<u>(44,305)</u>	<u>(346,611)</u>
Nonoperating receipts (disbursements):			
Investment income	12,320	26,873	39,193
Debt service of principal	(214,189)	(110,000)	(324,189)
Interest disbursements	(24,910)	(76,033)	(100,943)
	<u>(226,779)</u>	<u>(159,160)</u>	<u>(385,939)</u>
Total nonoperating receipts (disbursements)			
Deficiency of receipts over disbursements and nonoperating receipts (disbursements)	<u>(529,085)</u>	<u>(203,465)</u>	<u>(732,550)</u>
Capital contributions	500,000	-	500,000
Transfers in	335,653	339,604	675,257
Transfers out	<u>(335,653)</u>	<u>(339,604)</u>	<u>(675,257)</u>
Deficiency of receipts, contributions and transfers in over disbursements and transfers out	<u>(29,085)</u>	<u>(203,465)</u>	<u>(232,550)</u>
Cash and investment fund balance - beginning	<u>933,684</u>	<u>1,300,181</u>	<u>2,233,865</u>
Cash and investment fund balance - ending	<u>\$ 904,599</u>	<u>\$ 1,096,716</u>	<u>\$ 2,001,315</u>
<u>Cash and Investment Assets - December 31</u>			
Cash and investments	\$ 147,782	\$ 844,140	\$ 991,922
Restricted assets:			
Cash and investments	<u>756,817</u>	<u>252,576</u>	<u>1,009,393</u>
Total cash and investment assets - December 31	<u>\$ 904,599</u>	<u>\$ 1,096,716</u>	<u>\$ 2,001,315</u>
<u>Cash and Investment Fund Balance - December 31</u>			
Restricted for:			
Debt service	\$ 264,999	\$ 117,840	\$ 382,839
Other purposes	491,818	134,736	626,554
Unrestricted	<u>147,782</u>	<u>844,140</u>	<u>991,922</u>
Total cash and investment fund balance - December 31	<u>\$ 904,599</u>	<u>\$ 1,096,716</u>	<u>\$ 2,001,315</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF FORT BRANCH  
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES  
IN CASH AND INVESTMENT BALANCES  
FIDUCIARY FUNDS  
For The Year Ended December 31, 2008

	<u>Agency Funds</u>
Cash and investment fund balance - ending	<u>\$ 6,654</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF FORT BRANCH  
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS  
For The Year Ended December 31, 2009

Functions/Programs	Program Receipts				Net (Disbursement) Receipt and Changes in Net Assets		
	Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Totals
<b>Primary government:</b>							
<b>Governmental activities:</b>							
General government	\$ 73,545	\$ 52,299	\$ -	\$ -	\$ (21,246)	\$ -	\$ (21,246)
Public safety	199,475	7,478	-	-	(191,997)	-	(191,997)
Highways and streets	140,852	-	60,896	9,522	(70,434)	-	(70,434)
Sanitation	-	158	-	-	158	-	158
Economic development	26,290	-	-	-	(26,290)	-	(26,290)
Culture and recreation	51,102	19,267	-	-	(31,835)	-	(31,835)
<b>Total governmental activities</b>	<b>491,264</b>	<b>79,202</b>	<b>60,896</b>	<b>9,522</b>	<b>(341,644)</b>	<b>-</b>	<b>(341,644)</b>
<b>Business-type activities:</b>							
Wastewater	785,840	778,263	-	-	-	(7,577)	(7,577)
Water	712,764	522,230	-	-	-	(190,534)	(190,534)
<b>Total business-type activities</b>	<b>1,498,604</b>	<b>1,300,493</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(198,111)</b>	<b>(198,111)</b>
<b>Total primary government</b>	<b>\$ 1,989,868</b>	<b>\$ 1,379,695</b>	<b>\$ 60,896</b>	<b>\$ 9,522</b>	<b>(341,644)</b>	<b>(198,111)</b>	<b>(539,755)</b>
<b>General receipts:</b>							
Property taxes					233,177	-	233,177
Intergovernmental					106,418	-	106,418
Other local sources					5,643	-	5,643
Grants and contributions not restricted to specific programs					4,550	-	4,550
Investment earnings					2,011	14,445	16,456
<b>Total general receipts</b>					<b>351,799</b>	<b>14,445</b>	<b>366,244</b>
<b>Change in net assets</b>					<b>10,155</b>	<b>(183,666)</b>	<b>(173,511)</b>
<b>Net assets - beginning</b>					<b>544,618</b>	<b>2,001,315</b>	<b>2,545,933</b>
<b>Net assets - ending</b>					<b>\$ 554,773</b>	<b>\$ 1,817,649</b>	<b>\$ 2,372,422</b>
<b>Assets</b>							
Cash and investments					\$ 317,637	\$ 1,565,507	\$ 1,883,144
Restricted assets:							
Cash and investments					237,136	252,142	489,278
<b>Total assets</b>					<b>\$ 554,773</b>	<b>\$ 1,817,649</b>	<b>\$ 2,372,422</b>
<b>Net Assets</b>							
Restricted for:							
Highways and streets					\$ 867	\$ -	\$ 867
Debt service					-	104,993	104,993
Capital outlay					236,269	-	236,269
Other purposes					-	147,149	147,149
Unrestricted					317,637	1,565,507	1,883,144
<b>Total net assets</b>					<b>\$ 554,773</b>	<b>\$ 1,817,649</b>	<b>\$ 2,372,422</b>

The notes to the financial statements are an integral part of this statement.

TOWN OF FORT BRANCH  
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,  
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
GOVERNMENTAL FUNDS  
For The Year Ended December 31, 2009

	General	Edit	Other Governmental Funds	Totals
<b>Receipts:</b>				
Taxes	\$ 220,152	\$ -	\$ 14,526	\$ 234,678
Intergovernmental	35,659	45,588	95,589	176,836
Charges for services	29,114	117	21,717	50,948
Fines and forfeits	4,948	-	80	5,028
Other	28,282	-	1,568	29,850
	<u>318,155</u>	<u>45,705</u>	<u>133,480</u>	<u>497,340</u>
<b>Total receipts</b>				
	<u>318,155</u>	<u>45,705</u>	<u>133,480</u>	<u>497,340</u>
<b>Disbursements:</b>				
General government	64,418	-	1,500	65,918
Public safety	188,115	-	834	188,949
Highways and streets	-	-	80,259	80,259
Culture and recreation	-	-	49,762	49,762
<b>Capital outlay:</b>				
General government	7,627	-	-	7,627
Public safety	10,526	-	-	10,526
Highways and streets	-	-	60,593	60,593
Economic development	-	12,290	14,000	26,290
Culture and recreation	-	-	1,340	1,340
	<u>270,686</u>	<u>12,290</u>	<u>208,288</u>	<u>491,264</u>
<b>Total disbursements</b>				
	<u>270,686</u>	<u>12,290</u>	<u>208,288</u>	<u>491,264</u>
<b>Excess (deficiency) of receipts over disbursements</b>				
	<u>47,469</u>	<u>33,415</u>	<u>(74,808)</u>	<u>6,076</u>
<b>Other financing sources (uses):</b>				
Transfers in	-	-	934	934
Transfers out	-	-	(934)	(934)
Other receipts	579	-	3,500	4,079
	<u>579</u>	<u>-</u>	<u>3,500</u>	<u>4,079</u>
<b>Total other financing sources (uses)</b>				
	<u>579</u>	<u>-</u>	<u>3,500</u>	<u>4,079</u>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>				
	48,048	33,415	(71,308)	10,155
<b>Cash and investment fund balance - beginning</b>				
	<u>82,407</u>	<u>202,854</u>	<u>259,357</u>	<u>544,618</u>
<b>Cash and investment fund balance - ending</b>				
	<u>\$ 130,455</u>	<u>\$ 236,269</u>	<u>\$ 188,049</u>	<u>\$ 554,773</u>
<b><u>Cash and Investment Assets - Ending</u></b>				
Cash and investments	\$ 130,455	\$ -	\$ 187,182	\$ 317,637
<b>Restricted assets:</b>				
Cash and investments	-	236,269	867	237,136
	<u>\$ 130,455</u>	<u>\$ 236,269</u>	<u>\$ 188,049</u>	<u>\$ 554,773</u>
<b>Total cash and investment assets - ending</b>				
	<u>\$ 130,455</u>	<u>\$ 236,269</u>	<u>\$ 188,049</u>	<u>\$ 554,773</u>
<b><u>Cash and Investment Fund Balance - Ending</u></b>				
<b>Restricted for:</b>				
Highways and streets	\$ -	\$ -	\$ 867	\$ 867
Capital outlay	-	236,269	-	236,269
Unrestricted	130,455	-	187,182	317,637
	<u>\$ 130,455</u>	<u>\$ 236,269</u>	<u>\$ 188,049</u>	<u>\$ 554,773</u>
<b>Total cash and investment fund balance - ending</b>				
	<u>\$ 130,455</u>	<u>\$ 236,269</u>	<u>\$ 188,049</u>	<u>\$ 554,773</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF FORT BRANCH  
STATEMENT OF ASSETS AND FUND BALANCES AND  
RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
PROPRIETARY FUNDS  
As Of And For The Year Ended December 31, 2009

	<u>Wastewater</u>	<u>Water</u>	<u>Totals</u>
Operating receipts:			
Metered/measured	\$ 756,039	\$ 453,048	\$ 1,209,087
Penalties	14,635	3,391	18,026
Miscellaneous	<u>7,589</u>	<u>65,791</u>	<u>73,380</u>
 Total operating receipts	 <u>778,263</u>	 <u>522,230</u>	 <u>1,300,493</u>
Operating disbursements:			
Salaries and wages	115,301	124,088	239,389
Employee pensions and benefits	31,027	32,269	63,296
Purchased power	93,569	23,607	117,176
Chemicals	4,455	3,400	7,855
Material and supplies	30,975	30,985	61,960
Contractual services	83,035	203,999	287,034
Transportation	2,096	2,094	4,190
Insurance claims and expense	53,959	56,560	110,519
Refunds	-	12,107	12,107
Equipment and capital improvements	114,690	-	114,690
Miscellaneous	<u>-</u>	<u>39,148</u>	<u>39,148</u>
 Total operating disbursements	 <u>529,107</u>	 <u>528,257</u>	 <u>1,057,364</u>
 Excess (deficiency) of operating receipts over operating disbursements	 <u>249,156</u>	 <u>(6,027)</u>	 <u>243,129</u>
Nonoperating receipts (disbursements):			
Investment income	6,360	8,085	14,445
Debt service of principal	(106,000)	(115,000)	(221,000)
Interest disbursements	<u>(150,733)</u>	<u>(69,507)</u>	<u>(220,240)</u>
 Total nonoperating receipts (disbursements)	 <u>(250,373)</u>	 <u>(176,422)</u>	 <u>(426,795)</u>
 Deficiency of receipts over disbursements and nonoperating receipts (disbursements)	 <u>(1,217)</u>	 <u>(182,449)</u>	 <u>(183,666)</u>
Transfers in	352,051	219,132	571,183
Transfers out	<u>(352,051)</u>	<u>(219,132)</u>	<u>(571,183)</u>
 Deficiency of receipts, contributions and transfers in over disbursements and transfers out	 <u>(1,217)</u>	 <u>(182,449)</u>	 <u>(183,666)</u>
 Cash and investment fund balance - beginning	 <u>904,598</u>	 <u>1,096,717</u>	 <u>2,001,315</u>
 Cash and investment fund balance - ending	 <u>\$ 903,381</u>	 <u>\$ 914,268</u>	 <u>\$ 1,817,649</u>
 <u>Cash and Investment Assets - December 31</u>			
Cash and investments	\$ 903,381	\$ 662,126	\$ 1,565,507
Restricted assets:			
Cash and investments	<u>-</u>	<u>252,142</u>	<u>252,142</u>
 Total cash and investment assets - December 31	 <u>\$ 903,381</u>	 <u>\$ 914,268</u>	 <u>\$ 1,817,649</u>
 <u>Cash and Investment Fund Balance - December 31</u>			
Restricted for:			
Debt service	\$ -	\$ 104,993	\$ 104,993
Other purposes	-	147,149	147,149
Unrestricted	<u>903,381</u>	<u>662,126</u>	<u>1,565,507</u>
 Total cash and investment fund balance - December 31	 <u>\$ 903,381</u>	 <u>\$ 914,268</u>	 <u>\$ 1,817,649</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF FORT BRANCH  
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH  
AND CHANGES IN CASH AND INVESTMENT BALANCES  
FIDUCIARY FUNDS  
For The Year Ended December 31, 2009

	<u>Agency Funds</u>
Cash and investment fund balance - ending	<u>\$ 16,494</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF FORT BRANCH  
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

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), highways and streets, culture and recreation, public improvements, general administrative services, water, wastewater, and urban redevelopment.

The Town's financial reporting entity is composed of the following:

Primary Government: Town of Fort Branch

In determining the financial reporting entity, the Town complies with the provisions of GASB Statement No. 14, *The Financial Reporting Entity*.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The Statement of Activities and Net Assets – Cash and Investment Basis displays information about the reporting government as a whole. It includes all funds of the reporting entity except for fiduciary funds. The statement distinguishes between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, fund equity, receipts, and disbursements. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The Town reports the following major governmental funds:

The general fund is the primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The motor vehicle highway fund (MVH) accounts for state and local monies collected for highway and street construction and improvements.

The credit fund (capital projects) accounts for the Town's use of economic development income tax revenues.

The Town reports the following major enterprise funds:

The wastewater utility fund accounts for the operation of the wastewater treatment plant, pumping stations, and collection systems.

TOWN OF FORT BRANCH  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

The water utility fund accounts for the operation of the water distribution system.

Additionally, the Town reports the following fund type:

Agency funds account for assets held by the Town as an agent for federal and state revenue agencies and serve as control of accounts for cash transactions during the time they are a liability to the Town.

C. Measurement Focus and Basis of Accounting

The government-wide, governmental fund, proprietary fund, and fiduciary fund financial statements are reported using the basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when received and disbursements are recorded when paid.

The cash and investment basis of accounting differs from accounting principles generally accepted in the United States of America in that receipts are recognized when received in cash rather than when earned and disbursements are recognized when paid rather than when a liability is incurred. Investment transactions are not presented on the financial statements.

If the Town utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the fund financial statements for proprietary fund types would use the accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the enterprise fund statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their enterprise funds, subject to this same limitation. The Town has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the Town and its enterprise funds. Elimination of these charges would distort the direct costs and program receipts reported for the various functions concerned.

Enterprise funds distinguish operating receipts and disbursements from nonoperating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal ongoing operations. The principal operating receipts of the enterprise funds are charges to customers for sales and services. Operating disbursements for enterprise funds include the cost of sales and services and administrative costs. All receipts and disbursements not meeting this definition are reported as nonoperating receipts and disbursements. Internal service funds are used to account for activities provided to other departments or agencies primarily with the government. The Town does not have any internal service funds.

When both restricted and unrestricted resources are available for use, the Town's policy is to use restricted resources first, then unrestricted resources as they are needed.

TOWN OF FORT BRANCH  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

D. Assets and Cash and Investment Balances

1. Restricted Assets

All restricted assets, as presented in the accompanying financial statements, are restricted due to enabling legislation.

2. Cash and Investments

Investments are stated at cost. Any changes in fair value of the investments are reported as interest receipts in the year of the sale of the investment.

3. Property Taxes

Normally, property taxes levied are collected by the County Treasurer and are distributed to the Town in June and in 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. 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 may 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.

4. Capital Assets

Capital assets arising from cash transactions acquired for use in governmental or proprietary fund operations are accounted for as capital outlay disbursements of the fund upon acquisition.

5. Long-Term Debt

Long-term debt arising from cash basis transactions of governmental and proprietary funds is not reported as a liability in the basic financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as disbursements.

6. Equity Classification

Government-Wide Statements

Equity is classified as net assets and displayed in two components:

- a. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or (2) law through constitutional provisions or enabling legislation.
- b. Unrestricted net assets – All other net assets that do not meet the definition of "restricted."

TOWN OF FORT BRANCH  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Fund Financial Statements

Governmental fund equity is classified as fund balance. Proprietary fund equity is classified the same as in the government-wide statements.

E. Receipts and Disbursements

1. Program Receipts

Amounts reported as program receipts include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general receipts rather than as program receipts. Likewise, general receipts include all taxes.

2. Operating Receipts and Disbursements

Operating receipts and disbursements for proprietary funds result from providing services and producing and delivering goods and/or services. They also include all receipts and disbursements not related to capital and related financing, noncapital financing, or investing activities.

F. Internal and Interfund Activities

In the process of aggregating the financial information for the government-wide Statement of Activities and Net Assets – Cash and Investment Basis, some amounts reported as interfund activity in the fund financial statements have been eliminated or reclassified.

Fund Financial Statements

1. Interfund services – Sales or purchases of goods and services between funds are reported as receipts and disbursements.
2. Interfund reimbursements – Repayments from funds responsible for certain disbursements to the funds that initially paid for them are not reported as reimbursements but as adjustments to disbursements in the respective funds.
3. Interfund transfers – Flow of assets from one fund to another where repayment is not expected is reported as transfers in and out.
4. Interfund loans – Flow of assets from one fund to another where repayment is expected is reported as interfund loans.

Government-Wide Financial Statements

Interfund activity, if any, is eliminated or reclassified in the government-wide financial statements as follows:

Internal activities – Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis except for the net amount of transfers between governmental and

TOWN OF FORT BRANCH  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

business-type activities, which are reported as Transfers – Internal Activities. The effects of interfund loans and services between funds, if any, are not eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis.

II. Stewardship, Compliance and Accountability

Budgetary Information

Annual budgets are adopted on the cash basis, which is not consistent with accounting principles generally accepted in the United States of America. All annual appropriations lapse at calendar year end.

Prior to the first required publication, the fiscal officer of the Town submits to the governing board a proposed operating budget for the year commencing the following January 1. Prior to adoption, the budget is advertised and public hearings are conducted by the governing board to obtain taxpayer comments. Prior to November 1, the governing board, through the passage of a resolution/ordinance, approves the budget for the next year. Copies of the budget resolution/ordinance and the advertisement for funds for which property taxes are levied or highway use taxes are received are sent to the Indiana Department of Local Government Finance. The budget becomes legally enacted after the fiscal officer of the Town receives approval of the Indiana Department of Local Government Finance.

The Town's management cannot transfer budgeted appropriations between object classifications of a budget without approval of the governing board. The Indiana Department of Local Government Finance must approve any revisions to the appropriations for any fund or any department of the General Fund. The legal level of budgetary control is by object and department within the fund for the General Fund and by object within the fund for all other budgeted funds.

III. Detailed Notes on All Funds

A. Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. IC 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision. The Town does not have a deposit policy for custodial credit risk. At December 31, 2009, the Town had deposit balances in the amount of \$2,339,141.

The bank balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

B. Interfund Transfers

Interfund transfers for the year ended December 31, 2009, is as follows:

TOWN OF FORT BRANCH  
 NOTES TO FINANCIAL STATEMENTS  
 (Continued)

Transfer From	Transfer To	2009
Other governmental funds	Other governmental funds	\$ <u>934</u>

The Town typically uses transfers for cash flow purposes as provided by various statutory provisions.

IV. Other Information

A. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; medical benefits to employees, and dependents; and natural disasters.

The risks of torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; medical benefits to employees, and dependents; and natural disasters are covered by commercial insurance from independent third parties.

Settled claims from risks covered by commercial insurance have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance by major category of risk.

During 1998, the Town joined with other governmental entities in the Indiana Public Employers' Plan, a public entity risk pool currently operating as a common risk management and insurance program for 750 member governmental entities. This risk pool was formed in 1989. The purpose of the risk pool is to provide a medium for the funding and administration of job related illnesses and injuries to employees. The Town pays an annual premium to the risk pool for its job related illnesses and injuries to employees coverage. The risk pool is considered a self-sustaining risk pool that will provide coverage for its members for up to \$1,000,000 per insured event.

B. Subsequent Events

The Town of Fort Branch has been awarded a grant, Safe Routes to School, from INDOT up to a maximum of \$250,000 for improvements to sidewalks and curbs. No funding has been received or disbursed to date.

C. Rate Structure – Enterprise Funds

Water Utility

On August 13, 1983, the Town Council adopted Ordinance 1983-5 to withdraw from the jurisdiction of the Indiana Utility Regulatory Commission. The current rate structure was approved by the Council on November 12, 2008.

Wastewater Utility

The current rate structure was approved by the Town Council on October 17, 2007.

TOWN OF FORT BRANCH  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

D. Receipts Pledged

Water Utility Receipts Pledged

The Town has pledged future receipts, net of specified operating expenditures, to repay revenue bonds issued in 2001. Proceeds from the bonds provided financing for refunding waterworks refunded bonds. The bonds are payable solely from net receipts and are payable through 2017.

Wastewater Utility Receipts Pledged

The Town has pledged future receipts, net of specified operating expenditures, to repay a state revolving loan issued in 2003. Proceeds from the bonds provided financing for wastewater improvements. The bonds are payable solely from net receipts and are payable through 2024.

The Town has pledged future receipts, net of specified operating expenditures, to repay a state revolving loan issued in 2007. Proceeds from the bonds provided financing for wastewater improvements and extensions and debt extinguishment of a prior issue. The bonds are payable solely from net receipts and are payable through 2028.

E. Pension Plan

Agent Multiple-Employer and Single-Employer Defined Benefit 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 the 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 member's 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. The 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

The contribution requirements of plan members for PERF are established by the Board of Trustees of PERF. The total contributions made to PERF by the Town during the period were \$29,559.

TOWN OF FORT BRANCH  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF FUNDING PROGRESS

Public Employees' Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Excess of Assets Over (Unfunded) AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Excess (Unfunded) AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-07	\$ 380,527	\$ 360,436	\$ 20,091	106%	\$ 204,696	10%
07-01-08	426,052	392,534	33,518	109%	208,869	16%
07-01-09	430,970	445,302	(14,332)	97%	242,828	(6%)

TOWN OF FORT BRANCH  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND  
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2008

	Local Road And Street	Donations - Senior Center	Law Enforcement Continuing Ed	Parks And Recreation	Park Donations	Rainy Day	Cumulative Capital Improvement	Totals
<b>Receipts:</b>								
Taxes	\$ -	\$ -	\$ -	\$ 20,616	\$ -	\$ -	\$ -	\$ 20,616
Intergovernmental	10,091	-	-	2,883	-	5,666	7,545	26,185
Charges for services	-	-	2,400	21,385	-	-	-	23,785
Fines and forfeits	-	-	259	-	-	-	-	259
Other	889	-	10	350	934	-	-	2,183
<b>Total receipts</b>	<b>10,980</b>	<b>-</b>	<b>2,669</b>	<b>45,234</b>	<b>934</b>	<b>5,666</b>	<b>7,545</b>	<b>73,028</b>
<b>Disbursements:</b>								
Public safety	-	-	379	-	-	-	-	379
Highways and streets	24	-	-	-	-	-	-	24
Culture and recreation	-	-	-	48,847	-	-	-	48,847
<b>Capital outlay:</b>								
Highways and streets	25,000	-	-	-	-	-	-	25,000
Economic development	-	-	-	-	-	-	12,977	12,977
Culture and recreation	-	-	-	2,302	-	-	-	2,302
<b>Total disbursements</b>	<b>25,024</b>	<b>-</b>	<b>379</b>	<b>51,149</b>	<b>-</b>	<b>-</b>	<b>12,977</b>	<b>89,529</b>
Excess (deficiency) of receipts over disbursements	(14,044)	-	2,290	(5,915)	934	5,666	(5,432)	(16,501)
Cash and investment fund balance - beginning	25,389	400	4,380	46,207	254	7,517	19,088	103,235
Cash and investment fund balance - ending	<u>\$ 11,345</u>	<u>\$ 400</u>	<u>\$ 6,670</u>	<u>\$ 40,292</u>	<u>\$ 1,188</u>	<u>\$ 13,183</u>	<u>\$ 13,656</u>	<u>\$ 86,734</u>
<b><u>Cash and Investment Assets - Ending</u></b>								
Cash and investments	\$ -	\$ 400	\$ 6,670	\$ 40,292	\$ 1,188	\$ 13,183	\$ 13,656	\$ 75,389
<b>Restricted assets:</b>								
Cash and investments	11,345	-	-	-	-	-	-	11,345
<b>Total cash and investment assets - ending</b>	<b><u>\$ 11,345</u></b>	<b><u>\$ 400</u></b>	<b><u>\$ 6,670</u></b>	<b><u>\$ 40,292</u></b>	<b><u>\$ 1,188</u></b>	<b><u>\$ 13,183</u></b>	<b><u>\$ 13,656</u></b>	<b><u>\$ 86,734</u></b>
<b><u>Cash and Investment Fund Balance - Ending</u></b>								
<b>Restricted for:</b>								
Highways and streets	\$ 11,345	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,345
Unrestricted	-	400	6,670	40,292	1,188	13,183	13,656	75,389
<b>Total cash and investment fund balance - ending</b>	<b><u>\$ 11,345</u></b>	<b><u>\$ 400</u></b>	<b><u>\$ 6,670</u></b>	<b><u>\$ 40,292</u></b>	<b><u>\$ 1,188</u></b>	<b><u>\$ 13,183</u></b>	<b><u>\$ 13,656</u></b>	<b><u>\$ 86,734</u></b>

TOWN OF FORT BRANCH  
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
 AGENCY FUNDS  
 For The Year Ended December 31, 2008

	<u>Payroll</u>	<u>Levy Excess</u>	<u>Totals</u>
Additions:			
Agency fund additions	\$ 437,362	\$ -	\$ 437,362
Deductions:			
Agency fund deductions	<u>437,806</u>	<u>4,654</u>	<u>442,460</u>
Deficiency of total additions over total deductions	(444)	(4,654)	(5,098)
Cash and investment fund balance - beginning	<u>7,098</u>	<u>4,654</u>	<u>11,752</u>
Cash and investment fund balance - ending	<u>\$ 6,654</u>	<u>\$ -</u>	<u>\$ 6,654</u>

TOWN OF FORT BRANCH  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND  
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2009

	Motor Vehicle Highway	Local Road And Street	Donations - Senior Center Center	Law Enforcement Continuing Ed	Parks And Recreation	Park Donations	Rainy Day	Cumulative Capital Improvement	Totals
<b>Receipts:</b>									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 14,526	\$ -	\$ -	\$ -	\$ 14,526
Intergovernmental	74,409	9,522	-	-	1,773	-	2,771	7,114	95,589
Charges for services	-	-	-	2,450	19,267	-	-	-	21,717
Fines and forfeits	-	-	-	80	-	-	-	-	80
Other	18	-	-	-	-	1,550	-	-	1,568
<b>Total receipts</b>	<b>74,427</b>	<b>9,522</b>	<b>-</b>	<b>2,530</b>	<b>35,566</b>	<b>1,550</b>	<b>2,771</b>	<b>7,114</b>	<b>133,480</b>
<b>Disbursements:</b>									
General government	-	-	-	-	-	1,500	-	-	1,500
Public safety	-	-	-	834	-	-	-	-	834
Highways and streets	80,259	-	-	-	-	-	-	-	80,259
Culture and recreation	-	-	-	-	49,762	-	-	-	49,762
Capital outlay:									
Highways and streets	40,593	20,000	-	-	-	-	-	-	60,593
Economic development	-	-	-	-	-	-	-	14,000	14,000
Culture and recreation	-	-	-	-	1,340	-	-	-	1,340
<b>Total disbursements</b>	<b>120,852</b>	<b>20,000</b>	<b>-</b>	<b>834</b>	<b>51,102</b>	<b>1,500</b>	<b>-</b>	<b>14,000</b>	<b>208,288</b>
Excess (deficiency) of receipts over disbursements	(46,425)	(10,478)	-	1,696	(15,536)	50	2,771	(6,886)	(74,808)
<b>Other financing sources (uses):</b>									
Transfers in	-	-	-	-	934	-	-	-	934
Transfers out	-	-	-	-	-	(934)	-	-	(934)
Other receipts	3,500	-	-	-	-	-	-	-	3,500
<b>Total other financing sources (uses)</b>	<b>3,500</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>934</b>	<b>(934)</b>	<b>-</b>	<b>-</b>	<b>3,500</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(42,925)	(10,478)	-	1,696	(14,602)	(884)	2,771	(6,886)	(71,308)
Cash and investment fund balance - beginning	172,623	11,345	400	6,670	40,292	1,188	13,183	13,656	259,357
Cash and investment fund balance - ending	\$ 129,698	\$ 867	\$ 400	\$ 8,366	\$ 25,690	\$ 304	\$ 15,954	\$ 6,770	\$ 188,049
<b><u>Cash and Investment Assets - Ending</u></b>									
Cash and investments	\$ 129,698	\$ -	\$ 400	\$ 8,366	\$ 25,690	\$ 304	\$ 15,954	\$ 6,770	\$ 187,182
Restricted assets:									
Cash and investments	-	867	-	-	-	-	-	-	867
<b>Total cash and investment assets - ending</b>	<b>\$ 129,698</b>	<b>\$ 867</b>	<b>\$ 400</b>	<b>\$ 8,366</b>	<b>\$ 25,690</b>	<b>\$ 304</b>	<b>\$ 15,954</b>	<b>\$ 6,770</b>	<b>\$ 188,049</b>
<b><u>Cash and Investment Fund Balance - Ending</u></b>									
Restricted for:									
Highways and streets	\$ -	\$ 867	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 867
Unrestricted	129,698	-	400	8,366	25,690	304	15,954	6,770	187,182
<b>Total cash and investment fund balance - ending</b>	<b>\$ 129,698</b>	<b>\$ 867</b>	<b>\$ 400</b>	<b>\$ 8,366</b>	<b>\$ 25,690</b>	<b>\$ 304</b>	<b>\$ 15,954</b>	<b>\$ 6,770</b>	<b>\$ 188,049</b>

TOWN OF FORT BRANCH  
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
 AGENCY FUNDS  
 For The Year Ended December 31, 2009

	Payroll	Levy Excess	Totals
Additions:			
Agency fund additions	\$ 432,723	\$ 9,893	\$ 442,616
Deductions:			
Agency fund deductions	432,776	-	432,776
Excess (deficiency) of total additions over total deductions	(53)	9,893	9,840
Cash and investment fund balance - beginning	6,654	-	6,654
Cash and investment fund balance - ending	\$ 6,601	\$ 9,893	\$ 16,494

TOWN OF FORT BRANCH  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF CAPITAL ASSETS  
For The Year Ended December 31, 2009

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 are included if acquired (purchased, constructed, or donated) after July 1, 1980, or if they received major renovations, restorations, or improvements after that date. The government was able to estimate the historical cost for the initial reporting of these assets through backtrending (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>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 20,000
Buildings	529,030
Improvements other than buildings	56,819
Machinery and equipment	299,385
Construction in progress	<u>14,800</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 920,034</u>
<u>Primary Government</u>	<u>Ending Balance</u>
Business-type activities:	
Water Utility:	
Capital assets, not being depreciated:	
Land	\$ 13,130
Buildings	2,322,159
Improvements other than buildings	935,429
Machinery and equipment	<u>49,621</u>
Total Water Utility capital assets	<u>3,320,339</u>
Wastewater Utility:	
Capital assets, not being depreciated:	
Land	111,121
Buildings	2,914,978
Improvements other than buildings	6,834,922
Machinery and equipment	<u>83,666</u>
Total Wastewater Utility capital assets	<u>9,944,687</u>
Total business-type activities capital assets	<u>\$ 13,265,026</u>

TOWN OF FORT BRANCH  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF LONG-TERM DEBT  
 December 31, 2009

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Business-type activities:		
Water Utility:		
Revenue bonds:		
Water Utility Improvements	\$ 1,050,000	\$ 187,685
Wastewater Utility:		
State Revolving Loans:		
Wastewater Utility Improvements	5,500,000	50,400
New Wastewater Facility	4,420,000	313,200
Total Wastewater Utility	9,920,000	363,600
Total business-type activities debt	\$ 10,970,000	\$ 551,285

TOWN OF FORT BRANCH  
AUDIT RESULTS AND COMMENTS

CUSTOMER DEPOSIT REGISTER

The detailed customer deposit register does not reconcile with the customer deposit amount recorded on the general ledger.

At all times, the manual and computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

ACCOUNTABLE ITEMS

We noted a loss of approximately 39% in 2008 and 25% in 2009 in the amount of water pumped by the Utility as compared to water consumption billed for the corresponding years. Wastewater billings are prepared based on the water consumption so that utility is also losing revenue.

Tickets, goods for sale, billings, and other collections are considered accountable items for which a corresponding deposit must be made in the bank accounts of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

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SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



**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](http://www.in.gov/sboa)

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

TO: THE OFFICIALS OF THE TOWN OF FORT BRANCH, GIBSON COUNTY, INDIANA

Compliance

We have audited the compliance of the Town of Fort Branch (Town) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the years ended December 31, 2008 and 2009. The Town's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Town's management. Our responsibility is to express an opinion on the Town's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Town's compliance with those requirements.

In our opinion, the Town complied in all material respects with the requirements referred to above that are applicable to each of its major federal programs for the years ended December 31, 2008 and 2009.

Internal Control Over Compliance

The management of the Town is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Town's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over compliance.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133  
(Continued)

A control deficiency in a Town's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be significant deficiencies or material weaknesses, as defined above.

This report is intended solely for the information and use of the Town's management, Town Council, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

May 6, 2010

TOWN OF FORT BRANCH  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 For The Years Ended December 31, 2008 and 2009

Federal Grantor Agency/Pass-Through Entity Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 12-31-08	Total Federal Awards Expended 12-31-09
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>				
Pass-Through Indiana Office of Community and Rural Affairs Community Development Block Grants/State's Program Community Focus Fund	14.228	CF-07-103	\$ 500,000	\$ -
<u>U.S. ENVIRONMENTAL PROTECTION AGENCY</u>				
Pass-Through Indiana Finance Authority Capitalization Grants for Drinking Water State Revolving Fund	66.468	WW0559262	1,682,788	-
Total federal awards expended			<u>\$ 2,182,788</u>	<u>\$ -</u>

The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards.

TOWN OF FORT BRANCH  
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Town of Fort Branch (Town) and is presented in accordance with the cash and investment basis of accounting used in the preparation of the financial statements. Accordingly, the amount of federal awards expended is based on when the disbursement related to the award occurs except when the federal award is received on a reimbursement basis. In these instances the federal awards are considered expended when the reimbursement is received.

Circular A-133 requires an annual audit of nonfederal entities expending a total amount of federal awards equal to or in excess of \$500,000 in any fiscal year unless by constitution or statute a less frequent audit is required. In accordance with the Indiana Code (IC 5-11-1 et seq.), audits of Towns with populations under 5,000 shall be conducted biennially. Such audits shall include both years within the biennial period.

TOWN OF FORT BRANCH  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified?	no
Significant deficiencies identified that are not considered to be material weaknesses?	none reported

Noncompliance material to financial statements noted? no

Federal Awards:

Internal control over major programs:

Material weaknesses identified?	no
Significant deficiencies identified that are not considered to be material weaknesses?	none reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? no

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
14.228	Community Development Block Grants/States Program
66.468	Capitalization Grants for Drinking Water State Revolving Funds

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? no

Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

TOWN OF FORT BRANCH  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

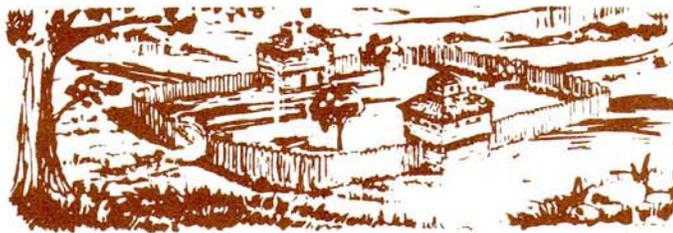
TOWN OF FORT BRANCH  
EXIT CONFERENCE

The contents of this report were discussed on May 6, 2010, with Stacy L. Elpers, Clerk-Treasurer; and Larry Holder, President of the Town Council. The official response has been made a part of this report and may be found on page 39.

Town of

# FORT BRANCH

Municipal Water Utility/Sanitation Department  
P.O. Box 40  
Fort Branch, Indiana 47648  
(812) 753-3824



## Official response to 2008 & 2009 ARC'S

### CUSTOMER DEPOSIT REGISTER

The detailed customer deposit did not reconcile to the fund report. I was reconciling on a monthly basis from budget to the meter deposit report in billing. I receipted interest into the customer deposit account and should have receipted into water operating. I will make the transfer and reconcile to the fund report.

### ACCOUNTABLE ITEMS

In response to the water loss of 39% in 2008 and 25% in 2009 for water pumped versus water billed, I have contacted the Town Council President to make him aware of this problem. He will discuss with the Water Superintendent to try and find the problem. Some of the loss is attributable to old pipes.

Handwritten signature of Stacy L. Elpers in blue ink.

Stacy L. Elpers  
Fort Branch Clerk Treasurer



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Fort Branch began as one of a series of forts established along the edge of the western frontier in 1811 to protect the pioneers against raids by roving Indian tribes. This fort, which consisted of two 2-story block houses surrounded by a stockade, was built on the west side of the Red Bank Trail - midway between Vincennes (capital of the Northwest Territory) on the north and the Ohio River on the south. Its location was selected because of a flowing stream or 'branch' of spring water that assured an adequate supply of water during a siege.