

B37442

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, 2008 to December 31, 2009



FILED
08/23/2010

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Officials	2
Independent Accountant's Report.....	3
Financial Information:	
Schedules of Receipts, Disbursements, and Cash and Investment Balances	4-5
Notes to Financial Information	6
Supplementary Information:	
Schedule of Long-Term Debt	7
Examination Results and Comments:	
Capital Asset Records	8
Public Works Project	8-9
Penalties on Utility Bills	9
Federal and State Agencies – Compliance Requirements	9-10
Service and Time Records	10
Exit Conference.....	11

OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Mary J. Ryman	01-01-08 to 12-31-11
President of the Town Council	Thomas A. Stutsman	01-01-08 to 12-31-10
Town Manager	Bill Wuthrich	01-01-08 to 12-31-10



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, 2008 to December 31, 2009. 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, 2008 and 2009, 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

July 27, 2010

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, 2008 And 2009

	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
Governmental Funds:				
General	\$ 244,926	\$ 712,789	\$ 1,017,074	\$ (59,359)
Motor Vehicle Highway	211,890	126,952	222,585	116,257
Local Road and Street	41,552	15,582	30,966	26,168
Park and Recreation	25,396	54,851	65,498	14,749
Law Enforcement Continuing Education	13,418	3,238	5,919	10,737
Rainy Day	58,161	33,932	-	92,093
Cumulative Capital Improvement	110,674	7,374	-	118,048
Cumulative Capital Development	394,280	59,591	-	453,871
Cumulative Building and Firefighting Equipment	82,956	49,247	5,707	126,496
CEDIT	883,476	119,996	-	1,003,472
Major Moves	232,940	6,210	-	239,150
Police Non-Reverting	18,417	10,135	4,148	24,404
Police OW Impaired - Drug Alcohol	(605)	10,074	4,931	4,538
Bristol Police Reserves	12,737	21,978	27,588	7,127
Local Coordinating County	(119)	-	-	(119)
Park Nonreverting	62,223	10,659	-	72,882
Raber Golf Course	24,305	36,700	-	61,005
Raber Golf Course Capital Improvement	30,290	4,800	-	35,090
Criminal Justice Select Service	(212)	500	1,044	(756)
Cemetery	39,045	49,887	55,031	33,901
MS-4	43,222	1,103	-	44,325
Proprietary Funds:				
Water Utility - Operating	170,439	230,414	238,900	161,953
Water Utility - Bond and Interest	2,905	78,319	78,315	2,909
Water Utility - Depreciation	373,049	9,895	-	382,944
Water Utility - Customer Deposit	9,580	2,360	760	11,180
Wastewater Utility - Operating	995,889	432,862	427,172	1,001,579
Wastewater Utility - Bond and Interest	7,034	173,917	189,727	(8,776)
Wastewater Utility - Debt	274,067	7,288	-	281,355
Wastewater Utility - Improvement	26,428	26,451	-	52,879
Fiduciary Fund:				
Payroll	1,680	711,642	710,589	2,733
Totals	<u>\$ 4,390,043</u>	<u>\$ 3,008,746</u>	<u>\$ 3,085,954</u>	<u>\$ 4,312,835</u>

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

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, 2008 And 2009
(Continued)

	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
Governmental Funds:				
General	\$ (59,359)	\$ 1,254,295	\$ 1,055,346	\$ 139,590
Motor Vehicle Highway	116,257	196,950	161,852	151,355
Local Road and Street	26,168	14,694	15,000	25,862
Park and Recreation	14,749	126,241	107,743	33,247
Law Enforcement Continuing Education	10,737	2,731	4,961	8,507
Rainy Day	92,093	130,632	-	222,725
Cumulative Capital Improvement	118,048	8,046	-	126,094
Cumulative Capital Development	453,871	105,587	18,697	540,761
Cumulative Building and Firefighting Equipment	126,496	72,311	75,285	123,522
CEDIT	1,003,472	131,437	20,000	1,114,909
Major Moves	239,150	5,620	-	244,770
Police Non-Reverting	24,404	10,272	8,418	26,258
Police OW Impaired - Drug Alcohol	4,538	4,164	10,956	(2,254)
Bristol Police Reserves	7,127	23,119	13,119	17,127
Local Coordinating County	(119)	119	-	-
Park Nonreverting	72,882	11,172	-	84,054
Raber Golf Course	61,005	37,082	20,000	78,087
Raber Golf Course Capital Improvement	35,090	4,728	15,000	24,818
Criminal Justice Select Service	(756)	1,806	1,011	39
Cemetery	33,901	68,732	57,628	45,005
MS-4	44,325	47,273	-	91,598
Proprietary Funds:				
Water Utility - Operating	161,953	202,833	240,347	124,439
Water Utility - Bond and Interest	2,909	76,455	76,455	2,909
Water Utility - Depreciation	382,944	11,558	-	394,502
Water Utility - Customer Deposit	11,180	5,785	2,050	14,915
Wastewater Utility - Operating	1,001,579	428,677	413,248	1,017,008
Wastewater Utility - Bond and Interest	(8,776)	206,196	190,310	7,110
Wastewater Utility - Debt	281,355	8,492	-	289,847
Wastewater Utility - Improvement	52,879	1,173	-	54,052
Fiduciary Fund:				
Payroll	2,733	736,216	735,773	3,176
Totals	<u>\$ 4,312,835</u>	<u>\$ 3,934,396</u>	<u>\$ 3,243,199</u>	<u>\$ 5,004,032</u>

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

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, highways and streets, water and wastewater, 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
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 As of December 31, 2009

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:		
Revenue bonds:		
1998 Waterworks	\$ 680,000	\$ 79,575
Wastewater Utility:		
Revenue bonds:		
1998 Sewage Works	<u>1,690,000</u>	<u>190,610</u>
Total business-type activities debt	<u>\$ 2,370,000</u>	<u>\$ 270,185</u>

TOWN OF BRISTOL
EXAMINATION RESULTS AND COMMENTS

CAPITAL ASSET RECORDS

The Town of Bristol does not have a complete list of capital assets owned by the Town. The capital asset list provided either does not include or has incomplete information for the following: land, buildings, infrastructure, water towers, sewer lines, water lines, improvements other than buildings, and machinery and equipment. A similar comment appeared in Report B31790.

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 form. 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)

PUBLIC WORKS PROJECT

On December 20, 2007, The Town of Bristol accepted a bid from Niblock Excavating, Inc., for the 2008 Street Improvements to Elkhart Street. The first and only invoice from Niblock Excavating, Inc., dated July 18, 2008, shows additional charges for a guardrail that was approved by the Town Manager. A change order for the \$3,800 additional charge was not issued, approved or signed by the Town Council and the contractor.

The bid from Niblock Excavating, Inc., was submitted on Bid Form 96; however, the bid bond did not include the amount of the bond.

A similar comment appeared in Report B31790.

IC 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; or (2) at least fifty thousand dollars (\$50,000) in a political subdivision or an agency not described in subdivision (1)."

IC 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."

TOWN OF BRISTOL
EXAMINATION RESULTS AND COMMENTS
(Continued)

IC 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."

IC 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."

PENALTIES ON UTILITY BILLS

In some instances, Town officials and employees were late paying their personal water and Wastewater utility bills. Penalties for late payments were not always charged to Town officials and employees.

Each governmental unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

FEDERAL AND STATE AGENCIES - COMPLIANCE REQUIREMENTS

Due to errors made by the company that processes the payroll for the Town of Bristol, the 2009 W-2 forms for ten employees were incorrect.

The W-2 forms included deferred compensation from the first quarter as gross taxable wages, which affected ten employees. Eight of the employees had \$750 erroneously added to their taxable wages, one employee had \$250 erroneously added to his taxable wages, and one employee had \$499.98 erroneously added to her taxable wages. Also, the payroll processing company added an additional amount of \$125 for deferred compensation to four police officers' taxable wages, which erroneously increased their taxable wages on their W-2 forms. The deferred compensation box on their W-2 forms was overstated by \$125.

One police officer was overcompensated \$83.33 due to an error made by the payroll processing company.

The Town has requested the payroll processing company to issue amended W-2 forms to its employees.

Political subdivisions are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings and filing requirements concerning reports and other procedural matters of federal and state agencies, including opinions of the Attorney General of the State of Indiana, and court decisions. Governmental units should file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TOWN OF BRISTOL
EXAMINATION RESULTS AND COMMENTS
(Continued)

Each governmental unit is responsible for compliance with all rules, regulations, guidelines, and directives of the Internal Revenue Service and the Indiana Department of Revenue. All questions concerning taxes should be directed to these agencies. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

SERVICE AND TIME RECORDS

Employee service records indicate that compensatory time earned by the employees has been accruing past the 90 day period allowed per the employee manual. In addition, some employees have used compensatory time before it is actually earned.

Employee service records are maintained by the Town Marshall and the Town Manager instead of the Clerk-Treasurer. The Clerk-Treasurer should maintain the official leave balances of each employee per the employee manual.

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."

Each governmental unit is responsible for complying with the ordinances, resolutions, and policies it adopts (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 July 27, 2010, with Mary J. Ryman, Clerk-Treasurer; Thomas A. Stutsman, President of the Town Council; and Barbara L. Long, Council member. The officials concurred with our findings.