

B37682

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, 2009 to December 31, 2009



FILED
10/22/2010

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Officials	2
Independent Accountant's Report.....	3
Financial Information:	
Schedule of Receipts, Disbursements, and Cash and Investment Balances	4
Notes to Financial Information	5-6
Supplementary Information:	
Schedule of Long-Term Debt	7
Examination Results and Comments:	
Appropriations.....	8
Unpaid Loans From Gas Utility.....	8
Capital Asset Records	9
Exit Conference.....	10

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	01-01-09 to 12-31-09
Chairman of the Utility Service Board	Sue A. Siefert	01-01-09 to 12-31-10
Comptroller of Gas and Water Utilities	Douglas Browne	01-01-09 to 12-31-10



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 THE CITY OF BATESVILLE, RIPLEY COUNTY, INDIANA

We have examined the financial information presented herein of the City of Batesville (City), for the period of January 1, 2009 to December 31, 2009. 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 Town for the year ended December 31, 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

August 3, 2010

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, 2009

	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
Governmental Funds:				
General	\$ 494,408	\$ 3,390,527	\$ 3,261,334	\$ 623,601
Motor Vehicle Highway	309,244	583,425	668,242	224,427
Local Road and Street	128,534	26,532	47,080	107,986
Law Enforcement Continuing Education	11,471	6,348	2,547	15,272
Park and Recreation	26,071	220,946	178,293	68,724
Butterfly Garden	1,099	-	-	1,099
Microenterprise Loan	31,251	18,808	37,000	13,059
Sesquicentennial Park Fund	63	-	-	63
Economic Development Income Tax	2,533,668	389,984	431,473	2,492,179
Brum Donation	162,139	1,335	1,713	161,761
Clerk's Records Perpetuation	14,275	984	-	15,259
Memorial Pool	21,376	146,587	98,095	69,868
Economic Development	228,400	-	-	228,400
Memorial Building	-	13,125	5,289	7,836
Pretrial Diversion Program	40,601	-	-	40,601
Police Donation Fund	24	-	-	24
Safe Passage	1	-	-	1
Façade Improvement	18,027	25,000	29,237	13,790
Riverboat Fund	284,041	67,324	-	351,365
Belterra Fund	36,112	81,963	64,665	53,410
EMS	443,545	182,531	68,712	557,364
Operation Pullover	-	1,765	1,765	-
Rainy Day Fund	284,633	111,440	-	396,073
Playground Equipment Fund	1,850	-	1,180	670
School Resource Officer	-	22,485	13,741	8,744
Storm Water Utility	135,537	76,477	102,481	109,533
Batesville Tree	11,214	-	360	10,854
Mayor's Youth Council	3,462	8,592	4,019	8,035
Baseball/Softball Complex	204,471	163,587	45,741	322,317
IVY TECH	55,800	-	18,616	37,184
Cumulative Capital Improvement	140,243	18,499	7,996	150,746
Cumulative Building and Firefighting Equipment	782,210	104,687	45,639	841,258
Cumulative Thoroughfare	160,354	-	-	160,354
Cumulative Capital Development	465,634	329,143	329,333	465,444
Fiduciary Funds:				
Police Pension	96,171	66,862	62,908	100,125
Utility Pension	14,689	12,685	10,671	16,703
Payroll	19,406	4,756,070	4,603,911	171,565
User Fees	17,949	1,255	1,107	18,097
City Court	2,765	65,810	65,217	3,358
Public Trust	3,115	7,703	10,561	257
Sewer Inspection	-	28,730	28,730	-
Proprietary Funds:				
Water Operating	11,868	1,370,552	1,375,108	7,312
Water Depreciation	266,860	653,242	626,258	293,844
Water Customer Deposits	25,700	15,600	14,000	27,300
Wastewater Operating	944,033	1,803,559	1,886,473	861,119
Wastewater Bond and Interest	-	775,800	775,285	515
Wastewater Debt Reserve	776,935	-	-	776,935
Wastewater Improvement	1,040,870	33,776	-	1,074,646
Gas Operating	12,590	3,546,822	3,535,210	24,202
Gas Reserve	1,877,269	831,455	648,168	2,060,556
Gas Customer Deposit	25,900	14,400	14,500	25,800
Utility Clearing Account	196,740	6,595,567	6,581,334	210,973
Totals	\$ 12,362,618	\$ 26,571,982	\$ 25,703,992	\$ 13,230,608

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. All property taxes collected by the County Treasurer and available for distribution were distributed to the City 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.

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 Town authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

PERF administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

Public Employees' Retirement Fund
Harrison Building, Room 800
143 West Market Street
Indianapolis, IN 46204
Ph. (317) 233-4162

Funding Policy and Annual Pension Cost

The contribution requirements of the plan members for PERF are established by the Board of Trustees of PERF.

CITY OF BATESVILLE
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 December 31, 2009

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	\$ 245,000	\$ 89,700
EDIT Bond	<u>2,095,000</u>	<u>181,864</u>
Total governmental activities debt	<u>\$ 2,340,000</u>	<u>\$ 271,564</u>
Business-type activities:		
Wastewater Utility:		
Loans payable:		
State Revolving Fund Loan	<u>\$ 6,825,000</u>	<u>\$ 776,175</u>

CITY OF BATESVILLE
EXAMINATION RESULTS AND COMMENTS

APPROPRIATIONS (Applies to Clerk-Treasurer)

Records presented for audit indicated the following expenditures in excess of budgeted appropriations:

Fund	Year	Excess Amount Expended
General	2009	\$ 8,181
Cumulative Capital Development	2009	204,333

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

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, 2009, was \$2,204,820 as shown in the following schedule:

Year Loan Made	Number of Years Outstanding	Amount
2000	9	\$ 364,355
2001	8	420,000
2003	6	1,165,365
2004	5	255,100
		\$ 2,204,820

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 B35195.

CITY OF BATESVILLE
EXAMINATION RESULTS AND COMMENTS
(Continued)

CAPITAL ASSET RECORDS (Applies to All Utilities)

The Utilities do not maintain sufficient detailed records of capital assets for 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 Utilities capital assets are not available, and records classifying and summarizing the Utilities 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 B35195.

CITY OF BATESVILLE
EXIT CONFERENCE

The contents of this report were discussed on August 3, 2010, with Richard C. Fledderman, Mayor; Ronald C. Weigel, Clerk-Treasurer; and Douglas Browne, Comptroller of Gas and Water Utilities.