

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

EXAMINATION REPORT
OF
TOWN OF BOURBON
MARSHALL COUNTY, INDIANA
January 1, 2008 to December 31, 2009



FILED
11/16/2010

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Kimberly A. Berger	01-01-08 to 12-31-11
President of the Town Council	Larry Wattenbarger	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 BOURBON, MARSHALL COUNTY, INDIANA

We have examined the financial information presented herein of the Town of Bourbon (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 Capital Assets and Schedule of Long-Term Debt, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the basic financial information. They have not been subjected to the examination procedures applied to the basic financial information and, accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

August 30, 2010

TOWN OF BOURBON
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	\$ 335,785	\$ 783,702	\$ 706,031	\$ 413,456
Motor Vehicle Highway	43,809	163,976	192,002	15,783
Local Road and Street	34,189	11,166	40,000	5,355
Park and Recreation	222	-	-	222
Law Enforcement Continuing Education	15,561	5,200	3,993	16,768
Rainy Day	96,626	20,601	-	117,227
Fire Equipment Replacement	120,379	12,948	-	133,327
Marshall County Community Foundation Grant	30,000	5,000	32,260	2,740
UTA Installment Promissory Note	49,900	832	-	50,732
Criminal Justice Institute Grant	135	-	-	135
DARE	133	100	-	233
Deferral Program	931	-	-	931
Donations	1,577	-	-	1,577
Donation #2	36,891	220	-	37,111
Economic Development Operating	229	-	-	229
Emergency Medical Services	152,093	3,965	50,805	105,253
Community Development Block Grant	40,751	752	6,708	34,795
IDOC Storm Water Rate Study	600	-	-	600
Levy Excess	1	-	-	1
Operation Pullover	100	2,275	2,235	140
Park Donation	3,027	-	-	3,027
Trash Collections	25,754	77,891	67,137	36,508
Debt Service	14,538	15,689	15,592	14,635
Cumulative Capital Improvement	15,643	5,499	-	21,142
Cumulative Capital Development	70,367	18,574	-	88,941
Tornado Emergency Sirens	-	20,298	-	20,298
Proprietary Funds:				
Water Utility - Operating	101,566	269,926	211,481	160,011
Water Utility - Customer Deposit	10,380	5,706	5,626	10,460
Water Utility - Improvement	179,797	-	-	179,797
Wastewater Utility - Operating	72,335	302,753	204,520	170,568
Wastewater Utility - Bond and Interest	88,000	124,435	124,435	88,000
Wastewater Utility - Construction	183,900	25,250	138,509	70,641
Wastewater Utility - Debt Service Reserve	37,691	11,774	-	49,465
Storm Water	118,952	105,578	136,209	88,321
Fiduciary Fund:				
Payroll	3,058	540,500	539,720	3,838
Totals	<u>\$ 1,884,920</u>	<u>\$ 2,534,610</u>	<u>\$ 2,477,263</u>	<u>\$ 1,942,267</u>

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

TOWN OF BOURBON
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	\$ 413,456	\$ 737,135	\$ 708,372	\$ 442,219
Motor Vehicle Highway	15,783	248,423	167,030	97,176
Local Road and Street	5,355	9,568	10,000	4,923
Park and Recreation	222	-	-	222
Law Enforcement Continuing Education	16,768	630	2,973	14,425
Rainy Day	117,227	-	-	117,227
Fire Equipment Replacement	133,327	11,497	-	144,824
Marshall County Community Foundation Grant	2,740	900	673	2,967
UTA Installment Promissory Note	50,732	455	-	51,187
Criminal Justice Institute Grant	135	-	-	135
DARE	233	10	-	243
Deferral Program	931	-	-	931
Donations	1,577	-	-	1,577
Donation #2	37,111	175	-	37,286
Economic Development Operating	229	-	-	229
Emergency Medical Services	105,253	2,290	20,181	87,362
Community Development Block Grant	34,795	225	-	35,020
CDBG - Wastewater Engineering	-	22,100	21,180	920
IDOC Storm Water Rate Study	600	-	-	600
Levy Excess	1	-	-	1
Operation Pullover	140	2,300	2,279	161
Park Donation	3,027	-	-	3,027
Trash Collections	36,508	96,340	99,547	33,301
Debt Service	14,635	1,711	15,296	1,050
Cumulative Capital Improvement	21,142	5,185	-	26,327
Cumulative Capital Development	88,941	18,164	-	107,105
Tornado Emergency Sirens	20,298	-	20,298	-
Proprietary Funds:				
Water Utility - Operating	160,011	294,191	298,143	156,059
Water Utility - Customer Deposit	10,460	6,000	6,260	10,200
Water Utility - Improvement	179,797	-	14,750	165,047
Wastewater Utility - Operating	170,568	315,255	214,473	271,350
Wastewater Utility - Bond and Interest	88,000	121,740	121,740	88,000
Wastewater Utility - Construction	70,641	-	47,126	23,515
Wastewater Utility - Debt Service Reserve	49,465	11,774	-	61,239
Storm Water	88,321	100,313	133,514	55,120
Fiduciary Fund:				
Payroll	3,838	536,880	538,529	2,189
Totals	<u>\$ 1,942,267</u>	<u>\$ 2,543,261</u>	<u>\$ 2,442,364</u>	<u>\$ 2,043,164</u>

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

TOWN OF BOURBON
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

The Town was established under the laws of the State of Indiana. The Town provides the following services: public safety, health and social services, culture and recreation, water and wastewater treatment, 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 BOURBON
NOTES TO FINANCIAL INFORMATION
(Continued)

Note 6. Pension Plan

Public Employees' Retirement Fund

Plan Description

The Town contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF Board, most requirements of the system, and give the Town authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

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

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

Funding Policy and Annual Pension Cost

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

Note 7. Subsequent Event

In 2010, the Town of Bourbon entered into a loan for \$140,000 to finance the purchase of radio meters for the Water Utility. The loan is payable for seven years at a 5.75% interest rate.

TOWN OF BOURBON
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS
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 (those reported by governmental activities) are included regardless of their acquisition date or amount. 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	\$ 261,363
Infrastructure	589,057
Buildings	1,441,928
Improvements other than buildings	125,063
Machinery and equipment	<u>542,072</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 2,959,483</u>
Business-type activities:	
Water Utility:	
Capital assets, not being depreciated:	
Land	\$ 235,473
Infrastructure	1,974,272
Building	445,026
Improvements other than buildings	669,782
Machinery and equipment	<u>120,956</u>
Total Water Utility capital assets	<u>3,445,509</u>
Wastewater Utility:	
Capital assets, not being depreciated:	
Land	158,368
Infrastructure	2,170,755
Improvements other than buildings	1,139,801
Machinery and equipment	<u>570,330</u>
Total Wastewater Utility capital assets	<u>4,039,254</u>
Total business-type activities capital assets	<u>\$ 7,484,763</u>

TOWN OF BOURBON
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 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:		
Wastewater Utility:		
Capital lease:		
Vactor capital lease	\$ 125,290	\$ 34,703
Revenue bonds:		
2006 Sewage works revenue bonds	<u>1,115,000</u>	<u>119,045</u>
Total business-type activities debt	<u>\$ 1,240,290</u>	<u>\$ 153,748</u>

TOWN OF BOURBON
EXAMINATION RESULTS AND COMMENTS

COMPENSATION AND BENEFITS

One employee was paid \$12 per hour for leaf pick-up work in 2009 which was not included on the salary ordinance or resolution.

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, resolution or salary schedule adopted by the governing body unless otherwise authorized by statute. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TRANSACTION RECORDING FOR SENIOR CENTER

In 2004, the Town of Bourbon opened a senior center. As part of the center activities, several rooms were rented out for varying rates based on the size of the room and the person or entity renting the room. These rates were not set by the Town Council. The amount of the rental plus any deposit, if applicable, was not receipted into the Town's bank account or records but into a separate bank account from which some expenses of the center were paid. One of the recurring expenses was booking fees paid to the Senior Center Coordinator for varying amounts based on the size of the room. The fees ranged from \$15 to \$55 per booking. These fees were not approved by the Town Council. Receipts were not issued and claims were not approved for any of the transactions of this account.

In 2010, this account became public knowledge and the Clerk-Treasurer consulted with the State Board of Accounts to determine the correct handling for this account. Per instructions from the State, the Senior Center bank account was closed out and all funds in the account were receipted into the Town's General Fund. The Town Council passed an ordinance setting fees for the rental of the senior center and the booking fees to be paid to the Center Coordinator. Receipts are being issued for all collections and claims are being issued and approved for all expenditures.

All financial transactions pertaining to the governmental unit should be recorded in the records of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TOWN OF BOURBON
EXIT CONFERENCE

The contents of this report were discussed on August 30, 2010, with Kimberly A. Berger, Clerk-Treasurer, and Larry Wattenbarger, President of the Town Council.