

B38157

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

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



FILED
12/29/2010

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Janet M. Anglemyer	01-01-08 to 12-31-11
President of the Town Council	Chad Baker	01-01-08 to 12-31-08
	Heath Thorton	01-01-09 to 12-31-09
	Rick Graverson	01-01-10 to 12-31-10
Director of Operations	Richard Martin	01-01-08 to 12-31-10
Superintendent of Water Utility	Tim Kyser	01-01-08 to 05-21-10
	Richard Martin (Interim)	05-22-10 to 06-13-10
	Enrique Aguayo	06-14-10 to 12-31-10
Superintendent of Wastewater Utility	William Reed	01-01-08 to 12-31-10
Superintendent of Electric Utility	Timothy Montague	01-01-08 to 12-31-10



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF BREMEN, MARSHALL COUNTY, INDIANA

We have examined the financial information presented herein of the Town of Bremen (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 24, 2010

TOWN OF BREMEN
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	\$ 895,766	\$ 1,889,562	\$ 1,897,932	\$ 887,396
Motor Vehicle Highway	479,129	386,752	557,044	308,837
Local Road and Street	102,644	21,371	-	124,015
Park and Recreation	302,588	287,220	266,678	323,130
Law Enforcement Continuing Education	2,805	5,155	5,240	2,720
Riverboat	56,518	28,141	-	84,659
Rainy Day	505,882	176,625	106,494	576,013
Cumulative Capital Improvement	66,419	14,589	-	81,008
Cumulative Capital Development	288,338	72,762	-	361,100
Emergency Ambulance	85,599	157,334	170,000	72,933
I.U. Automotive Safety Grant	49	-	-	49
Storm Water Management	154,179	7,196	46,679	114,696
Criminal Justice/Operation Pullover	14	2,735	2,736	13
Cemetery Operating	185,391	144,352	149,385	180,358
Name Plate	-	409	273	136
Bremen Redevelopment Authority	1,553,882	566,518	115,680	2,004,720
Revolving Improvement	50,811	-	-	50,811
Senior Center	15,276	31,643	46,577	342
Garbage/Trash Pick Up	67,600	213,835	209,921	71,514
Debt Service	1,250	200,270	185,102	16,418
Economic Development	703	1,908	1,805	806
Local Law Enforcement Grant	106	14	-	120
Meter Change Out	-	58,934	-	58,934
Proprietary Funds:				
Water Utility - Operating	108,485	756,447	713,017	151,915
Water Utility - Bond and Interest	116,974	120,484	232,145	5,313
Water Utility - Customer Deposit	48,299	5,350	4,019	49,630
Water Utility - Improvement	72,085	152,821	32,794	192,112
Wastewater Utility - Operating	106,095	673,882	670,559	109,418
Wastewater Utility - Bond and Interest	68,184	62,154	59,755	70,583
Wastewater Utility - Improvement	380,536	83,706	205,706	258,536
Electric Utility - Operating	911,522	8,517,004	8,952,747	475,779
Electric Utility - Depreciation	1,922,388	60,779	322,913	1,660,254
Electric Utility - Customer Deposit	96,390	8,715	9,063	96,042
Electric Utility - Cash Reserve	270,236	46,628	37,188	279,676
Fiduciary Funds:				
Police Officers' Pension	44,983	63,345	66,675	41,653
Pension Relief	30,047	-	-	30,047
Donation	167,536	34,092	22,523	179,105
Cemetery Perpetual Care	239,962	8,084	-	248,046
Payroll	31,717	710,677	714,327	28,067
Senior Center Security Deposit	2,550	500	750	2,300
Totals	<u>\$ 9,432,938</u>	<u>\$ 15,571,993</u>	<u>\$ 15,805,727</u>	<u>\$ 9,199,204</u>

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

TOWN OF BREMEN
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	\$ 887,396	\$ 1,993,315	\$ 1,862,715	\$ 1,017,996
Motor Vehicle Highway	308,837	441,465	473,576	276,726
Local Road and Street	124,015	20,070	-	144,085
Park and Recreation	323,130	346,764	371,285	298,609
Law Enforcement Continuing Education	2,720	4,029	4,422	2,327
Riverboat	84,659	28,074	-	112,733
Rainy Day	576,013	-	-	576,013
Cumulative Capital Improvement	81,008	13,756	-	94,764
Cumulative Capital Development	361,100	76,038	1,304	435,834
Emergency Ambulance	72,933	280,719	285,226	68,426
I.U. Automotive Safety Grant	49	-	-	49
Storm Water Management	114,696	130,472	23,929	221,239
Criminal Justice/Operation Pullover	13	2,702	2,678	37
Cemetery Operating	180,358	81,169	138,290	123,237
Name Plate	136	383	-	519
Bremen Redevelopment Authority	2,004,720	808,756	62,705	2,750,771
Revolving Improvement	50,811	-	-	50,811
Senior Center	342	34,042	31,950	2,434
Garbage/Trash Pick Up	71,514	226,910	227,023	71,401
Debt Service	16,418	183,133	143,149	56,402
Economic Development	806	1,627	1,500	933
Local Law Enforcement Grant	120	2	-	122
Meter Change Out	58,934	-	58,934	-
Levy Excess	-	48,178	-	48,178
Proprietary Funds:				
Water Utility - Operating	151,915	700,608	682,076	170,447
Water Utility - Bond and Interest	5,313	21	5,334	-
Water Utility - Customer Deposit	49,630	5,340	3,840	51,130
Water Utility - Improvement	192,112	59,288	26,360	225,040
Water Utility - Meter Change Out	-	44,607	-	44,607
Wastewater Utility - Operating	109,418	596,812	629,348	76,882
Wastewater Utility - Bond and Interest	70,583	57,981	58,005	70,559
Wastewater Utility - Bond Reserve	-	1,531	-	1,531
Wastewater Utility - Meter Change Out	-	44,607	-	44,607
Wastewater Utility - Improvement	258,536	5,559	21,998	242,097
Electric Utility - Operating	475,779	9,392,287	9,174,649	693,417
Electric Utility - Depreciation	1,660,254	43,584	4,194	1,699,644
Electric Utility - Customer Deposit	96,042	9,330	8,635	96,737
Electric Utility - Cash Reserve	279,676	84,774	78,928	285,522
Fiduciary Funds:				
Police Officers' Pension	41,653	80,049	68,628	53,074
Pension Relief	30,047	-	-	30,047
Donation	179,105	41,447	32,615	187,937
Cemetery Perpetual Care	248,046	4,779	-	252,825
Payroll	28,067	716,341	713,723	30,685
Senior Center Security Deposit	2,300	2,100	1,000	3,400
Totals	<u>\$ 9,199,204</u>	<u>\$ 16,612,649</u>	<u>\$ 15,198,019</u>	<u>\$ 10,613,834</u>

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

TOWN OF BREMEN
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 (police and fire), highways and streets, health and social services, culture and recreation, public improvements, planning and zoning, general administrative services, water, wastewater, electric, and urban redevelopment and housing.

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 BREMEN
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

On April 26, 2010, the Town Council passed Ordinance 2-2010 authorizing the issuance of Sewage Works Revenue Bonds up to \$2,715,000 for a Wastewater Treatment Plant and Collection System Improvements Project. These bonds were financed in part through the State Wastewater and Drinking Water Revolving Fund (SRF) Loan Program.

On June 14, 2010, the Town Council passed Ordinance 3-2010 increasing Wastewater Utility rates by an average of 42% to aid in covering the debt service for the above improvement project.

TOWN OF BREMEN
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.

Primary Government

Governmental activities:

Capital assets, not being depreciated:

Land	\$ 641,238
Infrastructure	1,543,943
Buildings	2,563,961
Improvements other than buildings	1,249,059
Machinery and equipment	3,125,715
Construction in progress	<u>233,341</u>

Total governmental activities, capital assets not being depreciated	<u><u>\$ 9,357,257</u></u>
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Business-type activities:

Water Utility:

Capital assets, not being depreciated:

Land	\$ 39,747
Buildings	1,001,791
Improvements other than buildings	1,143,619
Machinery and equipment	<u>546,486</u>

Total Water Utility capital assets	<u>2,731,643</u>
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Wastewater Utility:

Capital assets, not being depreciated:

Land	11,314
Buildings	3,844,722
Improvements other than buildings	1,064,281
Machinery and equipment	885,007
Construction in progress	<u>33,792</u>

Total Wastewater Utility capital assets	<u>5,839,116</u>
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Electric Utility:

Capital assets, not being depreciated:

Land	36,724
Buildings	413,122
Improvements other than buildings	1,807,195
Machinery and equipment	3,017,649
Construction in process	<u>43,740</u>

Total Electric Utility capital assets	<u>5,318,430</u>
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Total business-type activities, capital assets not being depreciated	<u><u>\$ 13,889,189</u></u>
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TOWN OF BREMEN
 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
Governmental activities:		
Notes and loans payable	\$ 136,015	\$ 15,409
Bonds payable:		
General obligation bonds:		
Storm water district refunding bonds of 2007	<u>960,000</u>	<u>110,056</u>
Total governmental activities debt	<u>\$ 1,096,015</u>	<u>\$ 125,465</u>
Business-type activities:		
Wastewater Utility:		
Revenue bonds:		
Sewage works revenue bonds of 1999	<u>\$ 385,000</u>	<u>\$ 55,603</u>

TOWN OF BREMEN
EXAMINATION RESULT AND COMMENT

CONTRACT/PROJECT ADDITIONS

On July 14, 2008, the Town awarded a \$64,565 contract for the 2008 Street Resurfacing Project. After the award of the contract additional streets were added to the original list of streets to be rehabbed and repaved and the final amount paid to the contractor was \$88,507, an increase in the original contract of 37.1%.

On July 13, 2009, the Town awarded a \$88,912 contract for the 2009 Street Resurfacing Project. After the award of the contract additional streets were added to the original list of streets to be rehabbed and repaved and the final amount paid to the contractor was \$126,740, an increase in the original contract of 42.5%.

Per IC 36-1-12-18(d):

"The total of all change orders issued that increase the scope of the project may not exceed twenty percent (20%) of the amount of the original contract. A change order issued as a result of circumstances that could not have been reasonably foreseen does not increase the scope of the project."

TOWN OF BREMEN
EXIT CONFERENCE

The contents of this report were discussed on August 24, 2010, with Janet M. Anglemyer, Clerk-Treasurer, and Rick Graverson, President of the Town Council. The officials concurred with our finding.