

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

TOWN OF BARGERSVILLE
JOHNSON COUNTY, INDIANA

January 1, 2012 to December 31, 2013



FILED
11/17/2014

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Steven W. Longstreet	01-01-12 to 12-31-15
President of the Town Council	Rowana Umbarger Kenneth E. Zumstein	01-01-12 to 12-31-13 01-01-14 to 12-31-14



STATE OF INDIANA
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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE TOWN OF BARGERSVILLE, JOHNSON COUNTY, INDIANA

Report on the Financial Statement

We have audited the accompanying financial statement of the Town of Bargersville (Town), which comprises the financial position and results of operations for the period of January 1, 2012 to December 31, 2013, and the related notes to the financial statement.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the financial reporting provisions of the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6). Management is responsible for and has determined that the regulatory basis of accounting, as established by the Indiana State Board of Accounts, is an acceptable basis of presentation. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of a financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on this financial statement 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 statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Town's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As discussed in Note 1 of the financial statement, the Town prepares its financial statement on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position and results of operations of the Town for the period of January 1, 2012 to December 31, 2013.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the Town for the period of January 1, 2012 to December 31, 2013, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated September 10, 2014, 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* in considering the Town's internal control over financial reporting and compliance.


Accompanying Information

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the Town's financial statement. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the *U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statement taken as a whole.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Our audit was conducted for the purpose of forming opinions on the Town's financial statement. The Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis, Schedule of Payables and Receivables, Schedule of Leases and Debt, and Schedule of Capital Assets, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statement. They have not been subjected to the auditing procedures applied by us in the audit of the financial statement and, accordingly, we express no opinion on them.


Paul D. Joyce, CPA
State Examiner

September 10, 2014



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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL
STATEMENT PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

TO: THE OFFICIALS OF THE TOWN OF BARGERSVILLE, JOHNSON COUNTY, INDIANA

We have audited, 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, the financial statement of the Town of Bargersville (Town), which comprises the financial position and results of operations for the period of January 1, 2012 to December 31, 2013, and the related notes to the financial statement, and have issued our report thereon dated September 10, 2014, wherein we noted the Town followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered the Town's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

Our consideration of the internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A deficiency in internal control 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 and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items 2013-001 and 2013-002 to be material weaknesses.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL
STATEMENT PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*
(Continued)

Compliance and Other Matters


As part of obtaining reasonable assurance about whether the Town's financial statement is 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2013-001 and 2013-002.

Town of Bargersville's Response to Findings

The Town's response to the findings identified in our audit is described in the accompanying Corrective Action Plan. The Town's response was not subjected to the auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on it.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


Paul D. Joyce, CPA
State Examiner

September 10, 2014

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FINANCIAL STATEMENT AND ACCOMPANYING NOTES

The financial statement and accompanying notes were approved by management of the Town. The financial statement and notes are presented as intended by the Town.

TOWN OF BARGERSVILLE
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended December 31, 2012 and 2013

Fund	Cash and Investments 01-01-12	Receipts	Disbursements	Cash and Investments 12-31-12	Receipts	Disbursements	Cash and Investments 12-31-13
General	\$ 158,623	\$ 2,229,876	\$ 2,015,095	\$ 373,404	\$ 2,399,632	\$ 1,656,409	\$ 1,116,627
MVH	254,767	273,615	235,137	293,245	364,966	331,743	326,468
Local, Road & Street	171,460	34,577	91,074	114,963	46,509	6,884	154,588
Park Nonreverting Capital	661	-	-	661	-	-	661
Police Continuing Education	6,127	4,997	990	10,134	2,409	-	12,543
Park & Recreation	8,405	35,332	25,644	18,093	54,984	57,474	15,603
Rainy Day Fund	41,147	-	5,948	35,199	204,257	-	239,456
Cum. Cap. Development (CCD)	16	33,987	23,106	10,897	113,058	-	123,955
RDC	303,154	90,249	83,718	309,685	119,156	25,500	403,341
Cum. Cap. Improvement (CCI)	7,737	5,014	12,000	751	10,773	-	11,524
Bowen Engineering	160,407	-	160,407	-	-	-	-
Police Petty Cash Debit Card	-	3,110	-	3,110	8,642	7,505	4,247
Utility Petty Cash Debit Card	-	2,433	-	2,433	12,927	10,823	4,537
Town Petty Cash Debit Card	-	1,837	-	1,837	6,540	5,153	3,224
Main Source Twn Hall Bldg. Corp.	-	-	-	-	8	-	8
Utilities Payroll Holding Cash	16,211	-	16,211	-	-	-	-
Federal Grants #1	4,000	-	-	4,000	-	-	4,000
Gun Permits	13,249	3,460	-	16,709	4,716	-	21,425
Debt Service Payment Fund	15,249	75,080	54,035	36,294	29,395	63,165	2,524
Town Hall Debt Payment	17,496	105,202	72,596	50,102	69,083	84,660	34,525
Town Hall Maintenance	5,615	3,016	2,638	5,993	3,012	6,982	2,023
Stormwater Depreciation 2	4,048	13	-	4,061	-	-	4,061
Holding Account	-	2,012,961	1,996,536	16,425	41	-	16,466
Billing Receipts	-	59,196	-	59,196	5,984,930	6,035,010	9,116
Payroll Withholding	7,220	2,865,971	2,844,163	29,028	65	273,761	(244,668)
Water Operating Fund	842,885	9,179,483	7,186,772	2,835,596	8,168,115	7,635,248	3,368,463
Wastewater Operating	252,520	1,657,665	1,136,179	774,006	2,111,455	2,197,114	688,347
Storm Water Operating	64,602	258,301	119,984	202,919	262,329	223,623	241,625
Electric Operating (Sub)	241,740	771	-	242,511	-	242,511	-
Water Utility Meter Deposit	65,169	26,744	20,529	71,384	5,917	-	77,301
Electric MM Developers Deposits	3,058	850	-	3,908	7	-	3,915
WW Indemnity	131	-	-	131	-	-	131
Electric Depreciation	40,049	4,581	-	44,630	-	-	44,630
Sewer Availability Fee	260,520	830	-	261,350	-	-	261,350

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

TOWN OF BARGERSVILLE
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended December 31, 2012 and 2013
(Continued)

Fund	Cash and Investments 01-01-12	Receipts	Disbursements	Cash and Investments 12-31-12	Receipts	Disbursements	Cash and Investments 12-31-13
Water Increase Fund	1,253,153	-	20,434	1,232,719	2,360	-	1,235,079
Water Utility Bond & Interest	1,127,901	2,157,590	1,669,391	1,616,100	1,561,861	1,300,750	1,877,211
Water Utility Depreciation	3,219	1,009,897	1,009,887	3,229	785,877	138,431	650,675
Water Utility Construction	1,270,016	458,669	-	1,728,685	9,778	489,751	1,248,712
Wtr -BNY Refunding Rev Bonds Debt Svc	-	-	-	-	468,700	468,700	-
Wtr-BNY Refunding Rev Bonds 2001 Debt Svc	-	-	-	-	123,530	123,530	-
Electric Developer	45,966	146	-	46,112	-	-	46,112
Electric Operating Fund	630,904	5,906,671	5,820,934	716,641	6,499,395	5,687,842	1,528,194
Electric Meter Deposit	91,827	2,619	-	94,446	116,622	94,447	116,621
Water-BNY SRF Construction Draws	-	7,092,604	7,092,604	-	78,894	78,894	-
Wtr-BNY SRF 2011B Debt Svc	-	8,232,918	8,232,918	-	639,058	639,058	-
Water connection Fees	2,180	-	-	2,180	-	-	2,180
Water Depreciation 2	718,363	28,043	-	746,406	-	-	746,406
Water Operating (sub)	22,708	72	-	22,780	-	22,780	-
Water Tank Maintenance	114,459	365	-	114,824	-	-	114,824
Water System Development Charge	152,356	192,679	-	345,035	87,757	-	432,792
Wastewater Depreciation	286,572	913	-	287,485	1,009,511	-	1,296,996
Wastewater Construction	113	-	1	112	-	-	112
Sewer Bond & Interest	-	-	-	-	357,737	357,737	-
WW Maint. Bond Reserve	1,955	194,821	194,821	1,955	1,232	-	3,187
WW Availability Fees (Unrestricted)	278,014	844	-	278,858	-	-	278,858
WW Availability Fees (Restricted)	42,656	-	-	42,656	-	-	42,656
WW Force Main Fee (Restricted)	302,902	21,500	-	324,402	-	-	324,402
Stormwater Bond & Interest	65,898	36,220	107,135	(5,017)	5,017	-	-
WW Contractor Availability Fees	-	1,293	-	1,293	-	-	1,293
WW Tremont Cash	14,500	332	6,900	7,932	-	-	7,932
WW Assessment Deposits	34,625	78,375	-	113,000	-	-	113,000
Wastewater Depreciation 2	91,068	-	86,644	4,424	-	-	4,424
Stormwater Other Special Funds	14,017	-	-	14,017	-	-	14,017
Storm Water Debt Service Reserve	72,985	3,624	-	76,609	-	-	76,609
Storm Water Depreciation	12,442	-	-	12,442	-	-	12,442
Totals	\$ 9,617,065	\$ 44,389,346	\$ 40,344,431	\$ 13,661,980	\$ 31,730,255	\$ 28,265,485	\$ 17,126,750

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

TOWN OF BARGERSVILLE
NOTES TO FINANCIAL STATEMENT

Note 1. 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 some or all of the following services: public safety (police), highways and streets, culture and recreation, public improvements, planning and zoning, general administrative services, water, wastewater, electric, storm water.

The accompanying financial statement presents the financial information for the Town.

B. Basis of Accounting

The financial statement is reported on a regulatory basis of accounting prescribed by the Indiana State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The basis of accounting involves the reporting of only cash and investments and the changes therein resulting from cash inflows (receipts) and cash outflows (disbursements) reported in the period in which they occurred.

The regulatory 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.

C. Cash and Investments

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

D. Receipts

Receipts are presented in the aggregate on the face of the financial statement. The aggregate receipts may include the following sources:

Taxes which can include one or more of the following: property taxes, certified shares (local option tax), property tax replacement credit (local option tax), county option income tax, wheel tax, innkeepers tax, food and beverage tax, county economic development income tax, boat and trailer excise tax, county adjusted gross income tax, and other taxes that are set by the Town.

Licenses and permits which include amounts received from businesses, occupations, or nonbusinesses that must be licensed before doing business within the government's jurisdiction or permits levied according to the benefits presumably conferred by the permit. Examples of licenses and permits include: peddler licenses, dog tax licenses, auctioneer license, building and planning permits, demolition permits, electrical permits, sign permits, and gun permits.

Intergovernmental receipts which include receipts from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of this type of receipts include, but are not limited to: federal grants, state grants, cigarette tax distributions received from the state, motor vehicle highway distribution received from the state,

TOWN OF BARGERSVILLE
NOTES TO FINANCIAL STATEMENT
(Contribution)

local road and street distribution received from the state, financial institution tax received from the state, auto excise surtax received from the state, commercial vehicle excise tax received from the state, major moves distributions received from the state, and riverboat receipts received from the county.

Charges for services which can include, but are not limited to the following: planning commission charges, building department charges, copies of public records, copy machine charges, accident report copies, gun permit applications, 911 telephone services, recycling fees, dog pound fees, emergency medical service fees, park rental fees, swimming pool receipts, cable tv receipts, ordinance violations, fines and fees, bond forfeitures, court costs, and court receipts.

Fines and forfeits which include receipts derived from fines and penalties imposed for the commission of statutory offenses, violation of lawful administrative rules and regulations (fines), and for the neglect of official duty and monies derived from confiscating deposits held as performance guarantees (forfeitures).

Utility fees which are comprised mostly of charges for current services.

Penalties which include fees received for late payments.

Other receipts which include amounts received from various sources which can include, but are not limited to the following: net proceeds from borrowings; interfund loan activity; transfers authorized by statute, ordinance, resolution, or court order; internal service receipts; and fiduciary receipts.

E. Disbursements

Disbursements are presented in the aggregate on the face of the financial statement. The aggregate disbursements may include the following uses:

Personal services include outflows for salaries, wages, and related employee benefits provided for all persons employed. In those units where sick leave, vacation leave, overtime compensation, and other such benefits are appropriated separately, such payments would also be included.

Supplies which include articles and commodities that are entirely consumed and materially altered when used and/or show rapid depreciation after use for a short period of time. Examples of supplies include office supplies, operating supplies, and repair and maintenance supplies.

Other services and charges which include, but are not limited to: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

Debt service principal and interest which include fixed obligations resulting from financial transactions previously entered into by the Town. It includes all expenditures for the reduction of the principal and interest of the Town's general obligation indebtedness.

Capital outlay which include all outflows for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

TOWN OF BARGERSVILLE
NOTES TO FINANCIAL STATEMENT
(Contribution

Utility operating expenses which include all outflows for operating the utilities.

Other disbursements which include, but are not limited to the following: interfund loan payments, loans made to other funds, internal service disbursements, and transfers out that are authorized by statute, ordinance, resolution, or court order.

F. Interfund Transfers

The Town may, from time to time, transfer money from one fund to another. These transfers, if any, are included as a part of the receipts and disbursements of the affected funds and as a part of total receipts and disbursements. The transfers are used for cash flow purposes as provided by various statutory provisions.

G. Fund Accounting

Separate funds are established, maintained, and reported by the Town. Each fund is used to account for money received from and used for specific sources and uses as determined by various regulations. Restrictions on some funds are set by statute while other funds are internally restricted by the Town. The money accounted for in a specific fund may only be available for use for certain, legally restricted purposes. Additionally, some funds are used to account for assets held by the Town in a trustee capacity as an agent of individuals, private organizations, other funds, or other governmental units and therefore the funds cannot be used for any expenditures of the unit itself.

Note 2. Budgets

The operating budget is initially prepared and approved at the local level. The fiscal officer of the Town submits a proposed operating budget to the governing board for the following calendar year. The budget is advertised as required by law. Prior to adopting the budget, the governing board conducts public hearings and obtains taxpayer comments. Prior to November 1, the governing board approves the budget for the next year. The budget for funds for which property taxes are levied or highway use taxes are received is subject to final approval by the Indiana Department of Local Government Finance.

Note 3. Property Taxes

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the Town in June and December; however, situations can arise which would delay the distributions. 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 percent 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 normally become delinquent if not paid by May 10 and November 10, respectively.

TOWN OF BARGERSVILLE
NOTES TO FINANCIAL STATEMENT
(Contribution)

Note 4. Deposits and Investments

Deposits, made in accordance with state statute (IC 5-13), with financial institutions in the State of Indiana at year end should be 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 statutes authorize 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.

Note 5. Risk Management

The Town may be 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, retirees, and dependents; and natural disasters.

These risks can be mitigated through the purchase of insurance, establishment of a self-insurance fund, and/or participation in a risk pool. The purchase of insurance transfers the risk to an independent third party. The establishment of a self-insurance fund allows the Town to set aside money for claim settlements. The self-insurance fund would be included in the financial statement. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks.

Note 6. Pension Plans

A. 1977 Police Officers' and Firefighters' Pension and Disability Fund

Plan Description

The 1977 Police Officers' and Firefighters' Pension and Disability Fund is a cost-sharing multiple-employer defined benefit pension plan administered by the Indiana Public Retirement System (INPRS) for all police officers and firefighters hired after April 30, 1977.

State statute (IC 36-8-8) regulates the operations of the system, including benefits, vesting, and requirements for contributions by employers and by employees. Covered employees may retire at age 52 with 20 years of service. An employee with 20 years of service may leave service, but will not receive benefits until reaching age 52. The plan also provides for death and disability benefits.

INPRS 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:

Indiana Public Retirement System
1 North Capitol Street, Suite 001
Indianapolis, IN 46204
Ph. (888) 526-1687

TOWN OF BARGERSVILLE
NOTES TO FINANCIAL STATEMENT
(Contribution)

Funding Policy

The contribution requirements of plan members and the Town are established by the Board of Trustees of INPRS.

B. Additional Pension Plan

The Town also contributes to an additional pension plan unique to the Town. Information regarding this plan may be obtained from the Town.

Note 7. Cash Balance Deficits

The financial statement contains two funds with deficit cash balances. The Payroll Withholding fund had a negative cash balance at December 31, 2013, due to an October 2013 payroll not posted correctly. The Stormwater Bond and Interest had a negative cash balance at December 31, 2012, due to posting errors.

SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the Town's Annual Report information can be found on the Gateway website: <https://gateway.ifionline.org/>.

Differences may be noted between the financial information presented in the financial statement contained in this report and the financial information presented in the Annual Report of the Town which is referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the audit. This is a common occurrence in any financial statement audit. The financial information presented in this report is audited information, and the accuracy of such information can be determined by reading the opinion given in the Independent Auditor's Report.

The supplementary information presented was approved by management of the Town. It is presented as intended by the Town.

TOWN OF BARGERSVILLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2012

	General	MVH	Local, Road & Street	Park Nonreverting Capital	Police Continuing Education	Park & Recreation	Rainy Day Fund	Cum. Cap. Development (CCD)	RDC	Cum. Cap. Improvement (CCI)
Cash and investments - beginning	\$ 158,623	\$ 254,767	\$ 171,460	\$ 661	\$ 6,127	\$ 8,405	\$ 41,147	\$ 16	\$ 303,154	\$ 7,737
Receipts:										
Taxes	1,155,969	183,446	-	-	-	35,332	-	30,654	90,249	-
Licenses and permits	68,202	-	-	-	-	-	-	-	-	-
Intergovernmental	795,472	90,087	34,577	-	-	-	-	3,333	-	5,014
Charges for services	-	-	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	557	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-	-	-
Other receipts	210,233	82	-	-	4,440	-	-	-	-	-
Total receipts	<u>2,229,876</u>	<u>273,615</u>	<u>34,577</u>	<u>-</u>	<u>4,997</u>	<u>35,332</u>	<u>-</u>	<u>33,987</u>	<u>90,249</u>	<u>5,014</u>
Disbursements:										
Personal services	805,944	91,885	-	-	-	-	-	-	-	-
Supplies	137,155	20,688	-	-	-	-	-	-	-	-
Other services and charges	943,712	118,366	5,501	-	990	14,694	-	-	83,718	-
Debt service - principal and interest	-	-	-	-	-	-	-	-	-	-
Capital outlay	119,587	-	85,573	-	-	10,950	5,948	23,106	-	12,000
Utility operating expenses	-	-	-	-	-	-	-	-	-	-
Other disbursements	8,697	4,198	-	-	-	-	-	-	-	-
Total disbursements	<u>2,015,095</u>	<u>235,137</u>	<u>91,074</u>	<u>-</u>	<u>990</u>	<u>25,644</u>	<u>5,948</u>	<u>23,106</u>	<u>83,718</u>	<u>12,000</u>
Excess (deficiency) of receipts over disbursements	<u>214,781</u>	<u>38,478</u>	<u>(56,497)</u>	<u>-</u>	<u>4,007</u>	<u>9,688</u>	<u>(5,948)</u>	<u>10,881</u>	<u>6,531</u>	<u>(6,986)</u>
Cash and investments - ending	<u>\$ 373,404</u>	<u>\$ 293,245</u>	<u>\$ 114,963</u>	<u>\$ 661</u>	<u>\$ 10,134</u>	<u>\$ 18,093</u>	<u>\$ 35,199</u>	<u>\$ 10,897</u>	<u>\$ 309,685</u>	<u>\$ 751</u>

TOWN OF BARGERSVILLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2012
 (Continued)

	Bowen Engineering	Police Petty Cash Debit Card	Utility Petty Cash Debit Card	Town Petty Cash Debit Card	Main Source Twn Hall Bldg. Corp.	Utilities Payroll Holding Cash	Federal Grants #1	Gun Permits	Debt Service Payment Fund	Town Hall Debt Payment
Cash and investments - beginning	\$ 160,407	\$ -	\$ -	\$ -	\$ -	\$ 16,211	\$ 4,000	\$ 13,249	\$ 15,249	\$ 17,496
Receipts:										
Taxes	-	-	-	-	-	-	-	-	67,717	37
Licenses and permits	-	-	-	-	-	-	-	3,460	-	-
Intergovernmental	-	-	-	-	-	-	-	-	7,363	3,540
Charges for services	-	-	-	-	-	-	-	-	-	69,000
Fines and forfeits	-	-	-	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-	-	-
Other receipts	-	3,110	2,433	1,837	-	-	-	-	-	32,625
Total receipts	-	3,110	2,433	1,837	-	-	-	3,460	75,080	105,202
Disbursements:										
Personal services	-	-	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-	-	54,035	72,596
Capital outlay	-	-	-	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-	-	-	-
Other disbursements	160,407	-	-	-	-	16,211	-	-	-	-
Total disbursements	160,407	-	-	-	-	16,211	-	-	54,035	72,596
Excess (deficiency) of receipts over disbursements	(160,407)	3,110	2,433	1,837	-	(16,211)	-	3,460	21,045	32,606
Cash and investments - ending	\$ -	\$ 3,110	\$ 2,433	\$ 1,837	\$ -	\$ -	\$ 4,000	\$ 16,709	\$ 36,294	\$ 50,102

TOWN OF BARGERSVILLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2012
 (Continued)

	Town Hall Maintenance	Stormwater Depreciation 2	Holding Account	Billing Receipts	Payroll Withholding	Water Operating Fund	Wastewater Operating	Storm Water Operating	Electric Operating (Sub)	Water Utility Meter Deposit
Cash and investments - beginning	\$ 5,615	\$ 4,048	\$ -	\$ -	\$ 7,220	\$ 842,885	\$ 252,520	\$ 64,602	\$ 241,740	\$ 65,169
Receipts:										
Taxes	-	-	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	9,034,123	1,597,032	256,396	-	-
Other receipts	3,016	13	2,012,961	59,196	2,865,971	145,360	60,633	1,905	771	26,744
Total receipts	3,016	13	2,012,961	59,196	2,865,971	9,179,483	1,657,665	258,301	771	26,744
Disbursements:										
Personal services	-	-	-	-	2,085,312	1,875,180	358,423	-	-	-
Supplies	2,333	-	-	-	-	672,464	136,713	7,048	-	-
Other services and charges	-	-	1,371,873	-	552	-	-	-	-	20,529
Debt service - principal and interest	-	-	375,162	-	-	5,616	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	1,497,694	520,085	73,092	-	-
Other disbursements	305	-	249,501	-	758,299	3,135,818	120,958	39,844	-	-
Total disbursements	2,638	-	1,996,536	-	2,844,163	7,186,772	1,136,179	119,984	-	20,529
Excess (deficiency) of receipts over disbursements	378	13	16,425	59,196	21,808	1,992,711	521,486	138,317	771	6,215
Cash and investments - ending	\$ 5,993	\$ 4,061	\$ 16,425	\$ 59,196	\$ 29,028	\$ 2,835,596	\$ 774,006	\$ 202,919	\$ 242,511	\$ 71,384

TOWN OF BARGERSVILLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2012
 (Continued)

	Electric MM Developers Deposits	WW Indemnity	Electric Depreciation	Sewer Availability Fee	Water Increase Fund	Water Utility Bond & Interest	Water Utility Depreciation	Water Utility Construction	Wtr -BNY Refunding Rev Bonds Debt Svc
Cash and investments - beginning	\$ 3,058	\$ 131	\$ 40,049	\$ 260,520	\$ 1,253,153	\$ 1,127,901	\$ 3,219	\$ 1,270,016	\$ -
Receipts:									
Taxes	-	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-	-
Other receipts	850	-	4,581	830	-	2,157,590	1,009,897	458,669	-
Total receipts	850	-	4,581	830	-	2,157,590	1,009,897	458,669	-
Disbursements:									
Personal services	-	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	20,434	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	1,669,391	-	-	-
Capital outlay	-	-	-	-	-	-	1,009,887	-	-
Utility operating expenses	-	-	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-	-	-
Total disbursements	-	-	-	-	20,434	1,669,391	1,009,887	-	-
Excess (deficiency) of receipts over disbursements	850	-	4,581	830	(20,434)	488,199	10	458,669	-
Cash and investments - ending	\$ 3,908	\$ 131	\$ 44,630	\$ 261,350	\$ 1,232,719	\$ 1,616,100	\$ 3,229	\$ 1,728,685	\$ -

TOWN OF BARGERSVILLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2012
 (Continued)

	Wtr-BNY Refunding Rev Bonds 2001 Debt Svc	Electric Developer	Electric Operating Fund	Electric Meter Deposit	Water-BNY SRF Construction Draws	Wtr-BNY SRF 2011B Debt Svc	Water connection Fees	Water Depreciation 2	Water Operating (sub)
Cash and investments - beginning	\$ -	\$ 45,966	\$ 630,904	\$ 91,827	\$ -	\$ -	\$ 2,180	\$ 718,363	\$ 22,708
Receipts:									
Taxes	-	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-	-
Utility fees	-	-	5,804,591	-	-	-	-	-	-
Other receipts	-	146	102,080	2,619	7,092,604	8,232,918	-	28,043	72
Total receipts	-	146	5,906,671	2,619	7,092,604	8,232,918	-	28,043	72
Disbursements:									
Personal services	-	-	718,006	-	-	-	-	-	-
Supplies	-	-	120,462	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	16,834	-	-	-	-	-	-
Capital outlay	-	-	33,545	-	7,092,604	8,232,918	-	-	-
Utility operating expenses	-	-	4,932,087	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-	-	-
Total disbursements	-	-	5,820,934	-	7,092,604	8,232,918	-	-	-
Excess (deficiency) of receipts over disbursements	-	146	85,737	2,619	-	-	-	28,043	72
Cash and investments - ending	\$ -	\$ 46,112	\$ 716,641	\$ 94,446	\$ -	\$ -	\$ 2,180	\$ 746,406	\$ 22,780

TOWN OF BARGERSVILLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2012
 (Continued)

	Water Tank Maintenance	Water System Development Charge	Wastewater Depreciation	Wastewater Construction	Sewer Bond & Interest	WW Maint. Bond Reserve	WW Availability Fees (Unrestricted)	WW Availability Fees (Restricted)	WW Force Main Fee (Restricted)
Cash and investments - beginning	\$ 114,459	\$ 152,356	\$ 286,572	\$ 113	\$ -	\$ 1,955	\$ 278,014	\$ 42,656	\$ 302,902
Receipts:									
Taxes	-	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-	-
Charges for services	-	191,903	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-	-
Other receipts	365	776	913	-	-	194,821	844	-	21,500
Total receipts	365	192,679	913	-	-	194,821	844	-	21,500
Disbursements:									
Personal services	-	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	-	-
Other services and charges	-	-	-	1	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	194,821	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-	-	-
Total disbursements	-	-	-	1	-	194,821	-	-	-
Excess (deficiency) of receipts over disbursements	365	192,679	913	(1)	-	-	844	-	21,500
Cash and investments - ending	\$ 114,824	\$ 345,035	\$ 287,485	\$ 112	\$ -	\$ 1,955	\$ 278,858	\$ 42,656	\$ 324,402

TOWN OF BARGERSVILLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2012
 (Continued)

	Stormwater Bond & Interest	WW Contractor Availability Fees	WW Tremont Cash	WW Assessment Deposits	Wastewater Depreciation 2	Stormwater Other Special Funds	Storm Water Debt Service Reserve	Storm Water Depreciation	Totals
Cash and investments - beginning	\$ 65,898	\$ -	\$ 14,500	\$ 34,625	\$ 91,068	\$ 14,017	\$ 72,985	\$ 12,442	\$ 9,617,065
Receipts:									
Taxes	-	-	-	-	-	-	-	-	1,563,404
Licenses and permits	-	-	-	-	-	-	-	-	71,662
Intergovernmental	-	-	-	-	-	-	-	-	939,386
Charges for services	-	-	-	-	-	-	-	-	260,903
Fines and forfeits	-	-	-	-	-	-	-	-	557
Utility fees	-	-	-	-	-	-	-	-	16,692,142
Other receipts	36,220	1,293	332	78,375	-	-	3,624	-	24,861,292
Total receipts	36,220	1,293	332	78,375	-	-	3,624	-	44,389,346
Disbursements:									
Personal services	-	-	-	-	-	-	-	-	5,934,750
Supplies	-	-	-	-	-	-	-	-	1,096,863
Other services and charges	-	-	-	-	-	-	-	-	2,580,370
Debt service - principal and interest	107,135	-	-	-	-	-	-	-	2,495,590
Capital outlay	-	-	-	-	19,681	-	-	-	16,645,799
Utility operating expenses	-	-	-	-	-	-	-	-	7,022,958
Other disbursements	-	-	6,900	-	66,963	-	-	-	4,568,101
Total disbursements	107,135	-	6,900	-	86,644	-	-	-	40,344,431
Excess (deficiency) of receipts over disbursements	(70,915)	1,293	(6,568)	78,375	(86,644)	-	3,624	-	4,044,915
Cash and investments - ending	\$ (5,017)	\$ 1,293	\$ 7,932	\$ 113,000	\$ 4,424	\$ 14,017	\$ 76,609	\$ 12,442	\$ 13,661,980

TOWN OF BARGERSVILLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013

	General	MVH	Local, Road & Street	Park Nonreverting Capital	Police Continuing Education	Park & Recreation	Rainy Day Fund	Cum. Cap. Development (CCD)	RDC	Cum. Cap. Improvement (CCI)
Cash and investments - beginning	\$ 373,404	\$ 293,245	\$ 114,963	\$ 661	\$ 10,134	\$ 18,093	\$ 35,199	\$ 10,897	\$ 309,685	\$ 751
Receipts:										
Taxes	1,213,666	141,466	-	-	-	40,863	-	103,714	118,733	-
Licenses and permits	69,563	-	-	-	-	-	-	-	-	-
Intergovernmental	1,022,383	215,800	39,269	-	-	3,681	-	9,344	-	10,773
Charges for services	-	-	-	-	1,722	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-	-	-	-
Other receipts	94,020	7,700	7,240	-	687	10,440	204,257	-	423	-
Total receipts	2,399,632	364,966	46,509	-	2,409	54,984	204,257	113,058	119,156	10,773
Disbursements:										
Personal services	863,268	142,060	-	-	-	13,828	-	-	-	-
Supplies	106,955	60,792	-	-	-	4,236	-	-	-	-
Other services and charges	422,406	93,922	6,884	-	-	14,529	-	-	17	-
Debt service - principal and interest	52,653	17,312	-	-	-	-	-	-	-	-
Capital outlay	77,499	17,657	-	-	-	24,881	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-	-	-	-
Other disbursements	133,628	-	-	-	-	-	-	-	25,483	-
Total disbursements	1,656,409	331,743	6,884	-	-	57,474	-	-	25,500	-
Excess (deficiency) of receipts over disbursements	743,223	33,223	39,625	-	2,409	(2,490)	204,257	113,058	93,656	10,773
Cash and investments - ending	\$ 1,116,627	\$ 326,468	\$ 154,588	\$ 661	\$ 12,543	\$ 15,603	\$ 239,456	\$ 123,955	\$ 403,341	\$ 11,524

TOWN OF BARGERSVILLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013
 (Continued)

	Bowen Engineering	Police Petty Cash Debit Card	Utility Petty Cash Debit Card	Town Petty Cash Debit Card	Main Source Twn Hall Bldg. Corp.	Utilities Payroll Holding Cash	Federal Grants #1	Gun Permits	Debt Service Payment Fund	Town Hall Debt Payment
Cash and investments - beginning	\$ -	\$ 3,110	\$ 2,433	\$ 1,837	\$ -	\$ -	\$ 4,000	\$ 16,709	\$ 36,294	\$ 50,102
Receipts:										
Taxes	-	-	-	-	-	-	-	-	26,966	-
Licenses and permits	-	-	-	-	-	-	-	4,716	-	-
Intergovernmental	-	-	-	-	-	-	-	-	2,429	-
Charges for services	-	-	-	-	-	-	-	-	-	69,000
Utility fees	-	-	-	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-	-	-	-
Other receipts	-	8,642	12,927	6,540	8	-	-	-	-	83
Total receipts	-	8,642	12,927	6,540	8	-	-	4,716	29,395	69,083
Disbursements:										
Personal services	-	-	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-	-	63,165	-
Capital outlay	-	-	-	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-	-	-	-
Other disbursements	-	7,505	10,823	5,153	-	-	-	-	-	84,660
Total disbursements	-	7,505	10,823	5,153	-	-	-	-	63,165	84,660
Excess (deficiency) of receipts over disbursements	-	1,137	2,104	1,387	8	-	-	4,716	(33,770)	(15,577)
Cash and investments - ending	\$ -	\$ 4,247	\$ 4,537	\$ 3,224	\$ 8	\$ -	\$ 4,000	\$ 21,425	\$ 2,524	\$ 34,525

TOWN OF BARGERSVILLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013
 (Continued)

	Town Hall Maintenance	Stormwater Depreciation 2	Holding Account	Billing Receipts	Payroll Withholding	Water Operating Fund	Wastewater Operating	Storm Water Operating	Electric Operating (Sub)	Water Utility Meter Deposit
Cash and investments - beginning	\$ 5,993	\$ 4,061	\$ 16,425	\$ 59,196	\$ 29,028	\$ 2,835,596	\$ 774,006	\$ 202,919	\$ 242,511	\$ 71,384
Receipts:										
Taxes	-	-	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	7,951,778	2,051,764	255,842	-	5,777
Penalties	-	-	-	-	-	80,627	34,083	4,423	-	-
Other receipts	3,012	-	41	5,984,930	65	135,710	25,608	2,064	-	140
Total receipts	3,012	-	41	5,984,930	65	8,168,115	2,111,455	262,329	-	5,917
Disbursements:										
Personal services	-	-	-	-	272,941	1,169,910	211,400	-	-	-
Supplies	-	-	-	-	-	-	-	-	-	-
Other services and charges	6,982	-	-	-	-	177,611	32,188	-	-	-
Debt service - principal and interest	-	-	-	-	-	589,849	5,891	107,990	-	-
Capital outlay	-	-	-	-	-	-	8,646	-	-	-
Utility operating expenses	-	-	-	-	-	3,251,058	570,515	110,158	-	-
Other disbursements	-	-	-	6,035,010	820	2,446,820	1,368,474	5,475	242,511	-
Total disbursements	6,982	-	-	6,035,010	273,761	7,635,248	2,197,114	223,623	242,511	-
Excess (deficiency) of receipts over disbursements	(3,970)	-	41	(50,080)	(273,696)	532,867	(85,659)	38,706	(242,511)	5,917
Cash and investments - ending	\$ 2,023	\$ 4,061	\$ 16,466	\$ 9,116	\$ (244,668)	\$ 3,368,463	\$ 688,347	\$ 241,625	\$ -	\$ 77,301

TOWN OF BARGERSVILLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013
 (Continued)

	Electric MM Developers Deposits	WW Indemnity	Electric Depreciation	Sewer Availability Fee	Water Increase Fund	Water Utility Bond & Interest	Water Utility Depreciation	Water Utility Construction	Wtr -BNY Refunding Rev Bonds Debt Srvc
Cash and investments - beginning	\$ 3,908	\$ 131	\$ 44,630	\$ 261,350	\$ 1,232,719	\$ 1,616,100	\$ 3,229	\$ 1,728,685	\$ -
Receipts:									
Taxes	-	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-	-	-
Other receipts	7	-	-	-	2,360	1,561,861	785,877	9,778	468,700
Total receipts	7	-	-	-	2,360	1,561,861	785,877	9,778	468,700
Disbursements:									
Personal services	-	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	1,300,738	-	-	468,700
Capital outlay	-	-	-	-	-	-	138,431	489,388	-
Utility operating expenses	-	-	-	-	-	-	-	363	-
Other disbursements	-	-	-	-	-	12	-	-	-
Total disbursements	-	-	-	-	-	1,300,750	138,431	489,751	468,700
Excess (deficiency) of receipts over disbursements	7	-	-	-	2,360	261,111	647,446	(479,973)	-
Cash and investments - ending	\$ 3,915	\$ 131	\$ 44,630	\$ 261,350	\$ 1,235,079	\$ 1,877,211	\$ 650,675	\$ 1,248,712	\$ -

TOWN OF BARGERSVILLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013
 (Continued)

	Wtr-BNY Refunding Rev Bonds 2001 Debt Svc	Electric Developer	Electric Operating Fund	Electric Meter Deposit	Water-BNY SRF Construction Draws	Wtr-BNY SRF 2011B Debt Svc	Water connection Fees	Water Depreciation 2	Water Operating (sub)
Cash and investments - beginning	\$ -	\$ 46,112	\$ 716,641	\$ 94,446	\$ -	\$ -	\$ 2,180	\$ 746,406	\$ 22,780
Receipts:									
Taxes	-	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-	-
Utility fees	-	-	6,047,633	-	-	-	-	-	-
Penalties	-	-	41,646	-	-	-	-	-	-
Other receipts	123,530	-	410,116	116,622	78,894	639,058	-	-	-
Total receipts	123,530	-	6,499,395	116,622	78,894	639,058	-	-	-
Disbursements:									
Personal services	-	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-	-	-
Debt service - principal and interest	123,530	-	37,028	-	-	-	-	-	-
Capital outlay	-	-	21,501	-	78,894	639,058	-	-	-
Utility operating expenses	-	-	5,593,753	-	-	-	-	-	-
Other disbursements	-	-	35,560	94,447	-	-	-	-	22,780
Total disbursements	123,530	-	5,687,842	94,447	78,894	639,058	-	-	22,780
Excess (deficiency) of receipts over disbursements	-	-	811,553	22,175	-	-	-	-	(22,780)
Cash and investments - ending	\$ -	\$ 46,112	\$ 1,528,194	\$ 116,621	\$ -	\$ -	\$ 2,180	\$ 746,406	\$ -

TOWN OF BARGERSVILLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013
 (Continued)

	Water Tank Maintenance	Water System Development Charge	Wastewater Depreciation	Wastewater Construction	Sewer Bond & Interest	WW Maint. Bond Reserve	WW Availability Fees (Unrestricted)	WW Availability Fees (Restricted)	WW Force Main Fee (Restricted)
Cash and investments - beginning	\$ 114,824	\$ 345,035	\$ 287,485	\$ 112	\$ -	\$ 1,955	\$ 278,858	\$ 42,656	\$ 324,402
Receipts:									
Taxes	-	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-	-
Utility fees	-	87,097	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-	-	-
Other receipts	-	660	1,009,511	-	357,737	1,232	-	-	-
Total receipts	-	87,757	1,009,511	-	357,737	1,232	-	-	-
Disbursements:									
Personal services	-	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	357,737	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-	-	-
Total disbursements	-	-	-	-	357,737	-	-	-	-
Excess (deficiency) of receipts over disbursements	-	87,757	1,009,511	-	-	1,232	-	-	-
Cash and investments - ending	\$ 114,824	\$ 432,792	\$ 1,296,996	\$ 112	\$ -	\$ 3,187	\$ 278,858	\$ 42,656	\$ 324,402

TOWN OF BARGERSVILLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013
 (Continued)

	Stormwater Bond & Interest	WW Contractor Availability Fees	WW Tremont Cash	WW Assessment Deposits	Wastewater Depreciation 2	Stormwater Other Special Funds	Storm Water Debt Service Reserve	Storm Water Depreciation	Totals
Cash and investments - beginning	\$ (5,017)	\$ 1,293	\$ 7,932	\$ 113,000	\$ 4,424	\$ 14,017	\$ 76,609	\$ 12,442	\$ 13,661,980
Receipts:									
Taxes	-	-	-	-	-	-	-	-	1,645,408
Licenses and permits	-	-	-	-	-	-	-	-	74,279
Intergovernmental	-	-	-	-	-	-	-	-	1,303,679
Charges for services	-	-	-	-	-	-	-	-	70,722
Utility fees	-	-	-	-	-	-	-	-	16,399,891
Penalties	-	-	-	-	-	-	-	-	160,779
Other receipts	5,017	-	-	-	-	-	-	-	12,075,497
Total receipts	5,017	-	-	-	-	-	-	-	31,730,255
Disbursements:									
Personal services	-	-	-	-	-	-	-	-	2,673,407
Supplies	-	-	-	-	-	-	-	-	171,983
Other services and charges	-	-	-	-	-	-	-	-	754,539
Debt service - principal and interest	-	-	-	-	-	-	-	-	3,124,593
Capital outlay	-	-	-	-	-	-	-	-	1,495,955
Utility operating expenses	-	-	-	-	-	-	-	-	9,525,847
Other disbursements	-	-	-	-	-	-	-	-	10,519,161
Total disbursements	-	-	-	-	-	-	-	-	28,265,485
Excess (deficiency) of receipts over disbursements	5,017	-	-	-	-	-	-	-	3,464,770
Cash and investments - ending	\$ -	\$ 1,293	\$ 7,932	\$ 113,000	\$ 4,424	\$ 14,017	\$ 76,609	\$ 12,442	\$ 17,126,750

TOWN OF BARGERSVILLE
 SCHEDULE OF PAYABLES AND RECEIVABLES
 December 31, 2013

<u>Government or Enterprise</u>	Accounts Payable	Accounts Receivable
Governmental activities	\$ 22,211	\$ -
Bargersville Municipal Electric Utility	465,259	599,601
Bargersville Municipal Water Utility	201,007	563,346
Bargersville Municipal Sewage Works	21,460	156,821
Bargersville Municipal Storm Water Utility	<u>4,041</u>	<u>25,435</u>
Totals	<u>\$ 713,978</u>	<u>\$ 1,345,203</u>

TOWN OF BARGERSVILLE
SCHEDULE OF LEASES AND DEBT
December 31, 2013

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Bargersville Community Vol Vire Dept	Facility/building lease for Street Dept	\$ 26,400	1/1/2014	12/31/2014
G & B Enterprises LLC	Facility/building lease for Police Dept	<u>15,600</u>	1/1/2014	12/31/2014
Total of annual lease payments		<u>\$ 42,000</u>		
Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year	
Governmental activities:				
General obligation bonds	Road Improvements	\$ 30,000	\$ 30,638	
Notes and loans payable	Police Charger Loan Payable # 12051809	11,621	7,879	
Notes and loans payable	Police Charger Loan Payable #12051632	9,592	6,503	
Notes and loans payable	Police Charger Loan Payable #13061596	21,974	10,414	
Notes and loans payable	Police Charger Loan Payable #13066975	32,065	12,804	
Notes and loans payable	Police Pursuit Truck Loan Payable #13068240	27,483	10,974	
Notes and loans payable	Police Pursuit Truck Loan Payable #13068245	33,485	13,371	
Notes and loans payable	Police Charger Loan # 13069146	30,615	11,854	
Notes and loans payable	Skid Steer Loan # 13063905	19,871	8,760	
Notes and loans payable	2011 Dodge Ram truck for Street dept Loan # 13061740	<u>32,050</u>	<u>15,189</u>	
Total governmental activities		<u>248,756</u>	<u>128,386</u>	
Bargersville Municipal Water Utility:				
Revenue bonds	Water Works Refunding Revenue Bond 2001	185,000	123,580	
Revenue bonds	Water Works Refunding Revenue Bond 2003	380,000	393,300	
Revenue bonds	Water Works Revenue Bond of 2005	6,505,000	334,568	
Revenue bonds	Water Works Revenue Bond Series 2011A (WT Polant # 2)	10,275,000	484,893	
Revenue bonds	Water Works Revenue Bond Series 2011B	8,120,000	555,348	
Notes and loans payable	Main Source Water (1994 L800 VAC TK) 13061956	8,260	8,306	
Notes and loans payable	Main Source Water refinance of Patcher) 13061951	<u>5,297</u>	<u>5,356</u>	
Total Bargersville Municipal Water Utility		<u>25,478,557</u>	<u>1,905,351</u>	
Bargersville Municipal Sewage Works:				
Revenue bonds	Sewage Works Revenue Bonds Series 2007 (Tremont)	499,000	39,277	
Revenue bonds	Waste Water Bond 2012 (refinance unpaid Principal Balance)	3,566,005	324,442	
Notes and loans payable	Main Source Water refinance of Patcher) 13061951	<u>5,297</u>	<u>5,356</u>	
Total Bargersville Municipal Sewage Works		<u>4,070,302</u>	<u>369,075</u>	
Bargersville Municipal Electric Utility:				
Notes and loans payable	Refinance of Vactor Loan #13061956	8,260	8,306	
Notes and loans payable	Refinance of Bucket Truck with Main Source Bank	<u>47,138</u>	<u>21,532</u>	
Total Bargersville Municipal Electric Utility		<u>55,398</u>	<u>29,838</u>	
Bargersville Municipal Storm Water Utility:				
Revenue bonds	Storm Water Revenue Bond Series A	1,113,000	65,725	
Revenue bonds	Storm Water Revenue Bond Series B	<u>696,000</u>	<u>41,095</u>	
Total Bargersville Municipal Storm Water Utility		<u>1,809,000</u>	<u>106,820</u>	
Totals		<u>\$ 31,662,013</u>	<u>\$ 2,539,470</u>	

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TOWN OF BARGERSVILLE
SCHEDULE OF CAPITAL ASSETS
December 31, 2013

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.

	Ending Balance
Governmental activities:	
Land	\$ 166,103
Buildings	852,247
Improvements other than buildings	70,367
Machinery, equipment, and vehicles	626,253
Construction in progress	40,881
Total governmental activities	1,755,851
Bargersville Municipal Water Utility:	
Land	572,637
Buildings	1,095,269
Improvements other than buildings	28,330,738
Machinery, equipment, and vehicles	17,691,485
Construction in progress	23,574,879
Total Bargersville Municipal Water Utility	71,265,008
Bargersville Municipal Sewage Works:	
Land	22,759
Buildings	16,295
Improvements other than buildings	21,978,121
Machinery, equipment, and vehicles	9,281,347
Construction in progress	442,510
Total Bargersville Municipal Sewage Works	31,741,032
Bargersville Municipal Electric Utility:	
Land	327,146
Buildings	3,894,557
Improvements other than buildings	2,555,493
Machinery, equipment, and vehicles	162,899
Construction in progress	271,544
Total Bargersville Municipal Electric Utility	7,211,639
Bargersville Municipal Storm Water Utility:	
Improvements other than buildings	8,149,939
Machinery, equipment, and vehicles	783,095
Construction in progress	19,316
Total Bargersville Municipal Storm Water Utility	8,952,350
Total capital assets	\$ 120,925,880

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE MAJOR FEDERAL
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE

TO: THE OFFICIALS OF THE TOWN OF BARGERSVILLE, JOHNSON COUNTY, INDIANA

Report on Compliance for the Major Federal Program

We have audited the Town of Bargersville's (Town) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on its major federal program for the period of January 1, 2012 to December 31, 2013. The Town's major federal program is identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Town's major federal program based on our audit of the types of compliance requirements referred to above. 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 on compliance for the major federal program. However, our audit does not provide a legal determination of the Town's compliance.

Opinion on the Major Federal Program

In our opinion, the Town complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the period of January 1, 2012 to December 31, 2013.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE MAJOR FEDERAL
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
(Continued)

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2013-003. Our opinion on the major federal program is not modified with respect to these matters.

The Town's response to the noncompliance findings identified in our audit is described in the accompanying Corrective Action Plan. The Town's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance


Management of the Town is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2013-003 to be material weaknesses.

The Town's response to the internal control over compliance findings identified in our audit is described in the accompanying Corrective Action Plan. The Town's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.


Paul D. Joyce, CPA
State Examiner

September 10, 2014

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTE

The Schedule of Expenditures of Federal Awards and accompanying note presented were approved by management of the Town. The schedule and note are presented as intended by the Town.

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TOWN OF BARGERSVILLE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Years Ended December 31, 2012 and 2013

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 12-31-12	Total Federal Awards Expended 12-31-13
<u>Department of Transportation</u>					
Highway Safety Cluster					
State and Community Highway Safety Big City/Big County Enforcement	Johnson County	20.600	PT-12-11-04-33	\$ 1,275	\$ -
Alcohol Impaired Driving Countermeasures Incentive Grants I DUI Task Force Indiana Enforcement Grant	Johnson County	20.601	K8-2012-03-03-15	<u>2,850</u>	<u>-</u>
Total - Highway Safety Cluster				<u>4,125</u>	<u>-</u>
<u>Environmental Protection Agency</u>					
Capitalization Grants for Drinking Water State Revolving Funds					
2011 Series A	Indiana Finance Authority	66.468	DW 11044101	3,546,302	39,447
2011 Series B		66.468	DW 12014102	<u>4,116,459</u>	<u>319,529</u>
Total - Environmental Protection Agency				<u>7,662,761</u>	<u>358,976</u>
Total federal awards expended				<u>\$ 7,666,886</u>	<u>\$ 358,976</u>

The accompanying note is an integral part of the Schedule of Expenditures of Federal Awards.

TOWN OF BARGERSVILLE
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 and is presented in accordance with the cash and investment basis of accounting used in the preparation of the financial statement. 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 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 BARGERSVILLE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statement:

Type of auditor's report issued:	Adverse as to GAAP; Unmodified as to Regulatory Basis
Internal control over financial reporting:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Noncompliance material to financial statement noted?	yes

Federal Awards:

Internal control over major program:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Type of auditor's report issued on compliance for major program:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?	yes

Identification of Major Program:

CFDA Number	Name of Federal Program or Cluster
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

FINDING 2013-001 - INTERNAL CONTROLS AND COMPLIANCE OVER FINANCIAL TRANSACTIONS AND REPORTING

We noted deficiencies in the internal control system of the Town related to financial transactions and reporting. Effective internal control over financial reporting involves the identification and analysis of the risks of material misstatement to the Town's audited financial statement and then determining how those identified risks should be managed. The Town has not identified risks to the preparation of a reliable financial statement and as a result has failed to design effective controls over the preparation of the financial statement to prevent or detect material misstatements.

The Town has not established effective controls to allow for the proper reporting of the Town's financial transactions and cash and investment balances. Reconciled trust and bank account balances were not verified by someone other than the preparer of the reconciliation which allowed material misstatements in the

TOWN OF BARGERSVILLE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

original financial statement. The Town is required to report all financial information in the Annual Financial Report. This information is used to compile the financial statement. The financial statement presented for audit included the following errors and omissions which we believe constitute material weaknesses:

1. The financial statement omitted funds related to the Town's State Revolving Loan Fund construction project. Two funds were omitted for 2012 that accounted for \$15,325,522 in total receipts and disbursements. Four funds were omitted for 2013 that accounted for \$1,310,182 in total receipts and disbursements.
2. Unrecorded transactions, recording errors, and various other errors resulted in the reported cash and investment balances at December 31, 2012 and 2013, to be understated by \$350,173 and \$353,916, respectively.
3. All 2013 operating receipts of the Water, Wastewater, and Storm Water Utilities were reported in the Water Operating fund.

Audit adjustments were proposed, accepted by the Town, and made to the financial statement presented in this report.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets, and all forms of information processing are necessary for proper internal control.

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Indiana Code 5-11-1-4 states:

"The state examiner shall require from every municipality and every state or local governmental unit, entity, or instrumentality financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each fiscal year. The reports must be filed electronically, in a manner prescribed by in the manner prescribed under IC 5-14-3.8-7."

FINDING 2013-002 - INTERNAL CONTROL OVER PREPARATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The Town did not have a proper system of internal control in place to prevent, or detect and correct, errors on the Schedule of Expenditures of Federal Awards (SEFA). The Town should have proper controls in place over the preparation of the SEFA to ensure accurate reporting of federal awards. Without a proper system of internal control in place that operates effectively, material misstatements of the SEFA could remain undetected.

TOWN OF BARGERSVILLE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

During the audit of the financial statement, we noted that a SEFA was not presented. The Town subsequently prepared a SEFA which did not accurately report expenditures of federal awards. Audit adjustments were proposed, accepted by the Town, and made to the SEFA presented in this report.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objections, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets, and all forms of information processing are necessary for proper internal control.

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

OMB Circular A-133, Subpart C, section .300 states in part: "The auditee shall: . . . (d) Prepare appropriate financial statements, including the schedule of expenditures of Federal Awards in accordance with section .310."

OMB Circular A-133, Subpart C, section 310(b) states in part:

"Schedule of expenditures of Federal awards. The auditee shall also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements. While not required, the auditee may choose to provide information requested by Federal awarding agencies and pass-through entities to make the schedule easier to use. For example, when a Federal program has multiple award years, the auditee may list the amount of Federal awards expended for each award year separately. At a minimum, the schedule shall:

- (1) List individual Federal programs by Federal agency. For Federal programs included in a cluster of programs, list individual Federal programs within a cluster of programs. For R&D, total Federal awards expended shall be shown either by individual award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.
- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity shall be included.
- (3) Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available.
- (4) Include notes that describe the significant accounting policies used in preparing the schedule."

TOWN OF BARGERSVILLE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Section III - Federal Award Findings and Questioned Costs

FINDING 2013-003 - DAVIS-BACON ACT

Federal Agency: Environmental Protection Agency
Federal Program: Capitalization Grants for Drinking Water State Revolving Funds
CFDA Number: 66.468
Federal Award Number: DW 11044101, DW 12014102
Pass-Through Entity: Indiana Finance Authority

Management of the Town has not established an effective internal control system, which would include segregation of duties, related to the grant agreement and the Davis-Bacon Act compliance requirements that have a direct and material effect on the program. The failure to establish an effective internal control system places the Town at risk of noncompliance with the grant agreement and the compliance requirements. A lack of segregation of duties within an internal control system could also allow noncompliance with compliance requirements and allow the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the grant.

The Town relied on a paid consultant to monitor compliance with the Davis-Bacon Act requirements. The consultant reviewed certified payrolls and wage rates from contractors. The Town had no oversight or review process over the consultant's work product. Review of the construction contracts noted that none had the prevailing wage clause included in the contract as required by the Davis-Bacon Act.

An internal control system, including segregation of duties, should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement, or a type of compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis. In order to have an effective internal control system, it is important to have proper segregation of duties. This is accomplished by making sure proper oversight, reviews, and approvals take place and to have a separation of functions over certain activities related to the program. The fundamental premise of segregation of duties is that an individual or small group of individuals should not be in a position to initiate, approve, undertake, and review the same activity.

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

40 CFR 31.36(i) states in part:

"*Contract provisions.* A grantee's and subgrantee's contracts must contain provisions in paragraph (i) of this section. . . .

- (5) Compliance with the Davis-Bacon Act (40 U.S.C. 276a to 276a-7) as supplemented by Department of Labor regulations (29 CFR part 5). (Construction contracts in excess of \$2000 awarded by grantees and subgrantees when required by Federal grant program legislation)"

TOWN OF BARGERSVILLE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

29 CFR 5.5(a) states in part:

"The Agency head shall cause or require the contracting officer to insert in full in any contract in excess of \$2,000 which is entered into for the actual construction, alteration and/or repair, including painting and decorating, of a public building or public work, or building or work financed in whole or in part from Federal funds or in accordance with guarantees of a Federal agency or financed from funds obtained by pledge of any contract of a Federal agency to make a loan, grant or annual contribution (except where a different meaning is expressly indicated), and which is subject to the labor standards provisions of any of the acts listed in §5.1, the following clauses (or any modifications thereof to meet the particular needs of the agency, *Provided*, That such modifications are first approved by the Department of Labor):

- (1) *Minimum wages.* (i) All laborers and mechanics employed or working upon the site of the work (or under the United States Housing Act of 1937 or under the Housing Act of 1949 in the construction or development of the project), will be paid unconditionally and not less often than once a week, and without subsequent deduction or rebate on any account (except such payroll deductions as are permitted by regulations issued by the Secretary of Labor under the Copeland Act (29 CFR part 3)), the full amount of wages and bona fide fringe benefits (or cash equivalents thereof) due at time of payment computed at rates not less than those contained in the wage determination of the Secretary of Labor which is attached hereto and made a part hereof, regardless of any contractual relationship which may be alleged to exist between the contractor and such laborers and mechanics."

The failure to establish proper controls enabled noncompliance to be undetected. Noncompliance with the grant agreement or the compliance requirements that have a direct and material effect on the program could result in the loss of federal funds to the Town.

We recommended that the Town establish controls, including segregation of duties, related to the grant agreement and the Davis-Bacon Act compliance requirements that have a direct and material effect on the program. We also recommended that the Town comply with the Davis-Bacon Act requirements by including prevailing wage provisions in all applicable construction contracts.

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AUDITEE PREPARED DOCUMENT

The subsequent document was provided by management of the Town. The document is presented as intended by the Town.

Bargersville Town Council

Kenneth Zumstein
Gayle Allard
Jim Beck
Bruce Morris
Rowana Umbarger



Town Manager
Kevin McGinnis

Clerk-Treasurer
Steve Longstreet

Steven Longstreet Clerk Treasurer
Corrective Action plan

September 17, 2014

Contact persons: Steve Longstreet &/or Nancy Kehl
Contact information: 24 N. Main St.
Bargersville, IN 46106
Phone: 317- 422-3102 &/or 317-422-3130
Email: slongstreet@townofbargersville.org
& /or
Nkehl@townofBargersville.Org

Findings:

2013-01-Internal Controls and Compliance over Financial Transactions and Reporting

Balances are now shown on the Financial Statements. Un-reconciled items are being resolved in accordance with IN-SBOA Guidelines. Utility receipting has been recorded correctly in 2013 and will continue to be reported correctly. We will also ensure that all annual reporting is reviewed by management before submission.

2013 - 002 - Internal Controls over preparation of the schedule of expenditures of Federal Awards

The project is complete. For any future federal dollars we will acquire CEFA training CEFA and ensure continual reporting. We will also ensure that the annual reporting is reviewed by management before submission.

2013 - 003 – Davis Bacon Act

The town will require that paid consultants ensure that all Davis Bacon Act requirements are covered in the contract and the Clerk Treasurer Dept. will not pay any contracts until that review is complete

A handwritten signature in black ink, appearing to read "Steve Longstreet", with a long, sweeping underline.

Steve Longstreet
Bargersville Clerk Treasurer

OTHER REPORT

In addition to this report, a Supplemental Compliance Report has been issued for the Town. That report can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>.