

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

EXAMINATION REPORT  
OF  
TOWN OF BRUCEVILLE  
KNOX COUNTY, INDIANA  
January 1, 2005 to December 31, 2006



**FILED**  
08/31/2007



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OFFICIALS

Office

Official

Term

Clerk-Treasurer

Margaret E. McRae  
Susan L. Cook

04-02-04 to 08-15-05  
08-16-05 to 12-31-07

President of the Town Council

Everett Dillon

01-01-05 to 12-31-07



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF BRUCEVILLE, KNOX COUNTY, INDIANA

We have examined the financial information presented herein of the Town of Bruceville (Town), for the period of January 1, 2005 to December 31, 2006. 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, 2005 and 2006, 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

July 19, 2007

TOWN OF BRUCEVILLE  
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, 2005 And 2006

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds:				
General	\$ 56,131	\$ 120,867	\$ 59,951	\$ 117,047
Motor Vehicle Highway	14,261	14,232	15,829	12,664
Local Road and Street	6,301	7,858	7,606	6,553
Park and Recreation	3,846	13,971	2,251	15,566
Recreation League	5,127	16,240	14,428	6,939
Riverboat	2,957	2,958	-	5,915
Promotion - Rainy Day	2,307	70	2,377	-
Promotion	-	205	-	205
Donation	210	6,195	6,278	127
Donation - Tractor	-	3,000	3,000	-
Rainy Day	-	2,296	34	2,262
Cumulative Capital Improvement	5,735	1,450	2,029	5,156
County Economic Development Income Tax	-	8,240	-	8,240
Proprietary Funds:				
Water Utility - Operating	54,559	143,603	125,556	72,606
Water Utility - Depreciation	82,558	12,000	10,972	83,586
Water Utility - Customer Deposit	14,196	1,115	424	14,887
Water Utility - Construction	2,616	-	-	2,616
Fiduciary Fund:				
Payroll	9,718	46,665	54,350	2,033
Totals	<u>\$ 260,522</u>	<u>\$ 400,965</u>	<u>\$ 305,085</u>	<u>\$ 356,402</u>

	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
Governmental Funds:				
General	\$ 117,047	\$ 76,376	\$ 69,396	\$ 124,027
Motor Vehicle Highway	12,664	19,567	13,425	18,806
Local Road and Street	6,553	2,317	1,717	7,153
Park and Recreation	15,566	11,440	2,168	24,838
Recreation League	6,939	3,000	8,119	1,820
Riverboat	5,915	2,951	-	8,866
Promotion	205	-	194	11
Donation	127	-	-	127
Rainy Day	2,262	-	36	2,226
Cumulative Capital Improvement	5,156	1,675	1,000	5,831
County Economic Development Income Tax	8,240	5,290	3,337	10,193
Proprietary Funds:				
Water Utility - Operating	72,606	134,355	136,151	70,810
Water Utility - Depreciation	83,586	12,000	12,186	83,400
Water Utility - Customer Deposit	14,887	720	1,049	14,558
Water Utility - Construction	2,616	-	-	2,616
Fiduciary Fund:				
Payroll	2,033	48,381	48,914	1,500
Totals	<u>\$ 356,402</u>	<u>\$ 318,072</u>	<u>\$ 297,692</u>	<u>\$ 376,782</u>

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

TOWN OF BRUCEVILLE  
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, culture and recreation, water, and general administrative services.

Note 2. Fund Accounting

The Town uses funds to report on its cash and investments and the results of its operations on a cash basis. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities.

Note 3. Budgets

The operating budget is initially prepared and approved at the local level. In addition, funds for which property taxes are levied or highway use taxes are received are subject to final approval by the Indiana Department of Local Government Finance.

Note 4. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the Town in June and December. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100% of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which become delinquent if not paid by May 10 and November 10, respectively.

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.

Note 6. Subsequent Event

The Town of Bruceville is under an Agreed Order with the Indiana Department of Environmental Management to install a wastewater treatment plant for the Town. The Town has been awarded \$4,088,000 from the USDA Rural Development Fund. Of this amount, \$2,591,000 will be a grant and \$1,497,000 will be a low interest loan. As of July 19, 2007, no money has been received.

Currently the Town is applying for a Community Development Block Grant for \$500,000 for the same project. The total cost of the project is projected to be \$4,588,000.

# TOWN OF BRUCEVILLE

P.O. BOX 247

BRUCEVILLE, INDIANA 47516

## Supplementary Information Schedule of Capital Assets

For The Year Ended December, 2006

### Ending Balance

#### Town of Bruceville

##### Capital Assets, Not Being Depreciated

Land	\$ 40501.00
Buildings	17110.00
Improvements other than buildings	12769.00
Machinery and equipment	38051.00

##### Total town capital

assets not being depreciated	\$ 108431.00
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#### Bruceville Water Utility

##### Capital Assets, Not Being Depreciated

Improvements other than buildings	690192.08
Machinery and equipment	62670.00

##### Total water utility capital

assets not being depreciated	\$ 752862.08
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Susan L. Cook, Clerk-Treasurer

June 26, 2007

# TOWN OF BRUCEVILLE


P.O. BOX 247

BRUCEVILLE, INDIANA 47516

## Supplementary Information Schedule of Long-Term Debt

For The Year Ended December, 2006

	Ending Balance	Due Within One Year
Town of Bruceville		
Notes & Loans Payable	\$ 5316.58	\$ 5316.58
Bruceville Water Utility		
Notes & loans Payable	19371.54	10419.24

  
Susan L. Cook, Clerk-Treasurer

June 26, 2007

TOWN OF BRUCEVILLE  
EXAMINATION RESULTS AND COMMENTS

CUSTOMER DEPOSIT REGISTER

The detailed customer deposit register does not reconcile with the customer deposit amount recorded on the general ledger.

At all times, the manual and computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

A similar comment appeared in a prior report.

HYDRANT RENTAL RECEIVABLE (PAYABLE)

The Town of Bruceville owes the Water Utility hydrant rental of \$9,075 for the year 2003, pursuant to Rate Ordinance 1-03 passed by the Council on April 1, 2003.

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

COMPENSATION AND BENEFITS

Part time help received payments for 2005 and 2006 which were not included in the payroll system or on the salary ordinance or resolution.

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, resolution or salary schedule adopted by the governing body unless otherwise authorized by statute. Compensation should be made in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TOWN OF BRUCEVILLE  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

ERRORS ON CLAIMS

The following deficiencies were noted on claims during the examination period:

All claims did not have board approval prior to payment.

Indiana Code 5-11-10-1.6 states in part:

"(b) As used in this section, 'claim' means a bill or an invoice submitted to a governmental entity for goods or services."

"(c) The fiscal officer of a governmental entity may not draw a warrant or check for payment of a claim unless:

- (1) there is a fully itemized invoice or bill for the claim;
- (2) the invoice or bill is approved by the officer or person receiving the goods and services;
- (3) the invoice or bill is filed with the governmental entity's fiscal officer;
- (4) the fiscal officer audits and certifies before payment that the invoice or bill is true and correct; and
- (5) payment of the claim is allowed by the governmental entity's legislative body or the board or official having jurisdiction over allowance of payment of the claim."

Indiana Code 36-4-8-14 and Indiana Code 36-5-4-12 permit a city or town council to adopt an ordinance allowing the city or town fiscal officer to pay certain types of claims prior to board allowance. No ordinance addressing this was located.

TOWN OF BRUCEVILLE  
EXIT CONFERENCE

The contents of this report were discussed on July 19, 2007, with Susan L. Cook, Clerk-Treasurer; and Everett Dillon, President of the Town Council. The officials concurred with our findings.