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

EXAMINATION REPORT
OF
TOWN OF BAINBRIDGE
PUTNAM COUNTY, INDIANA
January 1, 2007 to December 31, 2008



FILED
05/17/2010

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Jason T. Hartman	01-01-04 to 12-31-11
President of the Town Council	Mike Smith Richard Cope	01-01-07 to 12-31-07 01-01-08 to 12-31-10
President of the Utility Service Board	Jeff Kiger	01-01-07 to 12-31-10
Superintendent of the Utilities	James Nelson	01-01-07 to 12-31-10



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF BAINBRIDGE, PUTNAM COUNTY, INDIANA

We have examined the financial information presented herein of the Town of Bainbridge (Town), for the period of January 1, 2007 to December 31, 2008. 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, 2007 and 2008, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The Schedule of Long-Term Debt, as listed in the Table of Contents, is presented for additional analysis and is not a required part of the basic financial information. It has not been subjected to the examination procedures applied to the basic financial information and, accordingly, we express no opinion on it.

STATE BOARD OF ACCOUNTS

February 22, 2010

TOWN OF BAINBRIDGE
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, 2007 And 2008

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Governmental Funds:				
General	\$ 119,382	\$ 181,839	\$ 146,421	\$ 154,800
Motor Vehicle Highway	136,995	38,160	11,543	163,612
Local Road and Street	1,378	3,870	17,224	(11,976)
Law Enforcement Equipment Donation	866	-	-	866
Law Enforcement Continuing Education	1,101	270	73	1,298
Riverboat	18,759	4,685	-	23,444
Rainy Day	7,353	-	-	7,353
Children's Activities	739	-	-	739
Criminal Justice Grant	702	-	-	702
Cumulative Capital Improvement	16,220	2,610	-	18,830
Cumulative Capital Development	44,455	1,297	-	45,752
EDIT	6,417	14,272	11,196	9,493
Proprietary Funds:				
Electric Utility - Operating	7,958	431,519	425,346	14,131
Electric Utility - Reserve	41,481	-	25,000	16,481
Electric Utility - Replacement	39,670	-	22,983	16,687
Electric Utility - Customer Deposit	6,100	3,400	3,400	6,100
Water Utility - Operating	119,896	132,903	172,493	80,306
Water Utility - Bond and Interest	18,809	30,000	8,695	40,114
Water Utility - Debt Service	8,181	26,000	-	34,181
Water Utility - Reserve	17,464	20,000	-	37,464
Water Utility - Replacement	40,521	-	3,356	37,165
Water Utility - Customer Deposit	1,720	690	710	1,700
Gas Utility - Operating	34,390	300,188	299,609	34,969
Gas Utility - Reserve	109,107	-	-	109,107
Gas Utility - Customer Deposit	7,400	3,050	3,300	7,150
Wastewater Utility - Operating	44,464	162,842	163,309	43,997
Wastewater Utility - Bond and Interest	(12,581)	80,000	36,742	30,677
Wastewater Utility - Debt Service	52,219	-	-	52,219
Wastewater Utility - Improvement	49,383	-	-	49,383
Wastewater Utility - Customer Deposit	2,330	1,010	980	2,360
Fiduciary Fund:				
Payroll	10,064	215,628	219,688	6,004
Totals	\$ 952,943	\$ 1,654,233	\$ 1,572,068	\$ 1,035,108

	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
Governmental Funds:				
General	\$ 154,800	\$ 61,689	\$ 151,480	\$ 65,009
Motor Vehicle Highway	163,612	30,783	9,336	185,059
Local Road and Street	(11,976)	3,826	-	(8,150)
Law Enforcement Equipment Donation	866	-	-	866
Law Enforcement Continuing Education	1,298	1,040	668	1,670
Riverboat	23,444	4,661	-	28,105
Rainy Day	7,353	-	-	7,353
Children's Activities	739	-	-	739
Criminal Justice Grant	702	-	-	702
Cumulative Capital Improvement	18,830	2,416	-	21,246
Cumulative Capital Development	45,752	1,755	-	47,507
EDIT	9,493	13,570	11,196	11,867
Proprietary Funds:				
Electric Utility - Operating	14,131	460,385	436,544	37,972
Electric Utility - Reserve	16,481	-	10,000	6,481
Electric Utility - Replacement	16,687	-	788	15,899
Electric Utility - Customer Deposit	6,100	2,750	2,800	6,050
Water Utility - Operating	80,306	151,444	95,961	135,789
Water Utility - Bond and Interest	40,114	40,000	8,780	71,334
Water Utility - Debt Service	34,181	-	-	34,181
Water Utility - Reserve	37,464	-	-	37,464
Water Utility - Replacement	37,165	-	70	37,095
Water Utility - Customer Deposit	1,700	1,300	810	2,190
Gas Utility - Operating	34,969	357,146	329,499	62,616
Gas Utility - Reserve	109,107	-	-	109,107
Gas Utility - Customer Deposit	7,150	3,300	3,050	7,400
Wastewater Utility - Operating	43,997	161,791	128,373	77,415
Wastewater Utility - Bond and Interest	30,677	-	39,859	(9,182)
Wastewater Utility - Debt Service	52,219	-	-	52,219
Wastewater Utility - Improvement	49,383	-	-	49,383
Wastewater Utility - Customer Deposit	2,360	1,320	1,080	2,600
Fiduciary Fund:				
Payroll	6,004	223,513	222,765	6,752
Totals	\$ 1,035,108	\$ 1,522,689	\$ 1,453,059	\$ 1,104,738

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

TOWN OF BAINBRIDGE
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

The Town was established under the laws of the State of Indiana. The Town provides the following services: public safety, health and social services, culture and recreation, and general administrative services.

Note 2. Fund Accounting

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

Note 3. Budgets

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

Note 4. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the Town in June and December. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100% of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which become delinquent if not paid by May 10 and November 10, respectively. All property taxes collected by the County Treasurer and available for distribution were distributed to the Town on or prior to December 31 of the year collected.

Note 5. Deposits and Investments

Deposits, made in accordance with Indiana Code 5-13, with financial institutions in the State of Indiana at year end were entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

State statute (IC 5-13-9) authorizes the Town to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

TOWN OF BAINBRIDGE
NOTES TO FINANCIAL INFORMATION
(Continued)

Note 6. Pension Plan

Public Employees' Retirement Fund

Plan Description

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

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

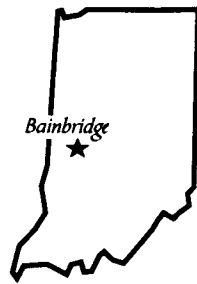
Public Employees' Retirement Fund
Harrison Building, Room 800
143 West Market Street
Indianapolis, IN 46204
Ph. (317) 233-4162

Funding Policy and Annual Pension Cost

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

Note 7. Subsequent Event

The Wastewater Utility was awarded a Community Development Block Grant in the amount of \$234,300 in December 2009 for wastewater upgrades. Construction is scheduled to begin in May 2010.



Town of Bainbridge

201 North Grant Avenue
Bainbridge, Indiana 46105

TOWN OF BAINBRIDGE
SUPPLEMENTARY INFORMATION
SCHEDULE OF LONG-TERM DEBT
December 31, 2008

The Town has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental Activities:		
Notes and loans payable	\$ 66,778	\$ 11,196
Business-type Activities:		
Water Utility		
Revenue bonds:		
1994 Water Project	\$ 122,665	\$ 8,630
Wastewater Utility		
Revenue bonds:		
1990 Wastewater Project	100,000	37,600
Total business-type activities debt:	\$ 222,665	\$ 46,230

TOWN OF BAINBRIDGE
EXAMINATION RESULTS AND COMMENTS

OVERDRAWN CASH BALANCES (Town and Wastewater Utility)

The cash balance of the Local Road and Street Fund was overdrawn at December 31, 2007 and 2008. The Wastewater Utility Bond and Interest Fund was overdrawn at December 31, 2008.

The cash balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

OFFICIAL BOND (Town and Utilities)

The Deputy Clerk-Treasurer was not bonded for 2007 or 2008.

IC 5-4-1-18 states in part:

"(a) Except as provided in subsection (b), the following . . . town, . . . officers and employees shall file an individual surety bond: . . .

(2) Town judges, and clerk-treasurers. . . .

(5) Those employees directed to file an individual bond by the fiscal body of a . . . town, . . .

(b) The fiscal body of a . . . town . . . may by ordinance authorize the purchase of a blanket bond or a crime insurance policy. . . to cover the faithful performance of all employees, commission members, and persons acting on behalf of the local government unit including those officers described in subsection (a).

(c) The fiscal bodies of the respective units shall fix the amount of the bond of . . . town clerk-treasurers, Barrett Law fund custodians, . . . as follows: (1) The amount must equal fifteen thousand dollars (\$15,000) for each one million dollars (\$1,000,000) of receipts of the officer's office during the last complete fiscal year before the purchase of the bond, subject to subdivision (2). (2) The amount may not be less than fifteen thousand dollars (\$15,000) nor more than three hundred thousand dollars (\$300,000). . . . The amount of the bond of any other person required to file an individual bond shall be fixed by the fiscal body of the unit at not less than eight thousand five hundred dollars (\$8,500). . . ."

NOTE: All employees who handle cash should be covered by some type of bond or crime insurance policy. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TOWN OF BAINBRIDGE
EXIT CONFERENCE

The contents of this report were discussed on February 22, 2010, with Jason T. Hartman, Clerk-Treasurer. The official concurred with our findings.