

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

TOWN OF BRUCEVILLE
KNOX COUNTY, INDIANA

January 1, 2008 to December 31, 2009



FILED
10/06/2011

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Independent Auditor's Report on Financial Statements and Supplementary Schedule of Expenditures of Federal Awards.....	3-4
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards	5-6
Financial Statements: Statements of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis	8-9
Notes to Financial Statements	10-13
Supplementary Information: Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis	16-21
Schedule of Capital Assets.....	22
Schedule of Long-Term Debt	23
Audit Results and Comments: Errors on Claims	24
Optical Images of Warrants	24-25
Supplemental Audit of Federal Awards: Independent Auditor's Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133.....	28-29
Schedule of Expenditures of Federal Awards	32
Notes to Schedule of Expenditures of Federal Awards.....	33
Schedule of Findings and Questioned Costs	34
Auditee Prepared Schedule: Summary Schedule of Prior Audit Findings	35
Exit Conference.....	36

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Susan L. Cook	01-01-08 to 12-31-11
President of the Town Council	Everett Dillon	01-01-08 to 12-31-11



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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

We have audited the accompanying financial Statements of the Town of Bruceville (Town), for the years ended December 31, 2008 and 2009. These financial statements are the responsibility of the Town's management. Our responsibility is to express opinions on these financial statements 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 statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing 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 over reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note 1, the Town prepares its financial statements on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the State Board of Accounts as allowed by 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the Town for the years ended December 31, 2008 and 2009, on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued a report dated September 27, 2011, 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 and should be considered in assessing the results of our audit.

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(Continued)

Our audit was conducted for the purpose of forming an opinion on the Town's financial statements. 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 statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Our audit was conducted for the purpose of forming an opinion on the Town financial statements. The Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, Schedule of Capital Assets, and Schedule of Long-Term Debt are presented for additional analysis and are not required parts of the financial statements. The Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, Schedule of Capital Assets, and Schedule of Long-Term Debt have not been subjected to the auditing procedures applied by us in the audit of the financial statements and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the Town's management, Town Council and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

September 27, 2011



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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

We have audited the financial statements of the Town of Bruceville (Town), for the years ended December 31, 2008 and 2009, and have issued our report thereon dated September 27, 2011. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town internal control over financial reporting.

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 statements will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are 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 no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of the Town's management, Town Council and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

September 27, 2011

FINANCIAL STATEMENTS

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

TOWN OF BRUCEVILLE
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For The Year Ended December 31, 2008

	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
General	\$ 103,607	\$ 84,587	\$ 65,453	\$ 122,741
Levy Excess	3,069	-	3,069	-
Motor Vehicle Highway	20,149	21,879	15,172	26,856
Local Road And Street	6,703	2,156	944	7,915
Riverboat	6,823	2,943	-	9,766
Recreation League	-	15,000	4,519	10,481
Park	12,248	4,035	2,294	13,989
Rainy Day	13,017	6,688	-	19,705
EDIT	7,589	5,193	-	12,782
Cumulative Capital Improvement Cigarette Tax	5,103	1,526	-	6,629
Wastewater Project	-	2,500	2,500	-
Payroll	1,491	54,148	54,012	1,627
Wastewater Utility - Construction	-	2,158,714	2,133,894	24,820
Water Utility-Operating	91,051	134,026	135,973	89,104
Water Utility-Depreciation/Improvement	44,508	61,800	19,800	86,508
Water Utility-Meter Deposit	14,729	1,160	904	14,985
Water Utility-Construction	2,616	-	-	2,616
Totals	<u>\$ 332,703</u>	<u>\$ 2,556,355</u>	<u>\$ 2,438,534</u>	<u>\$ 450,524</u>

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

TOWN OF BRUCEVILLE
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For The Year Ended December 31, 2009

	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
General	\$ 122,741	\$ 103,011	\$ 72,692	\$ 153,060
Motor Vehicle Highway	26,856	23,981	17,156	33,681
Local Road And Street	7,915	2,048	506	9,457
Riverboat	9,766	2,935	-	12,701
Park	13,989	5,091	2,057	17,023
Recreation League	10,481	5,000	13,950	1,531
Rainy Day	19,705	3,615	-	23,320
EDIT	12,782	5,514	-	18,296
Cumulative Capital Improvement Cigarette Tax	6,629	1,438	425	7,642
Construction Project	24,820	2,186,267	2,188,280	22,807
Payroll	1,627	66,152	65,540	2,239
Wastewater Utility-Operating	-	30,549	16,254	14,295
Water Utility-Operating	89,104	132,018	127,183	93,939
Water Utility-Depreciation/Improvement	86,508	12,000	48,475	50,033
Water Utility-Meter Deposit	14,985	761	675	15,071
Water Utility-Construction	2,616	-	-	2,616
Water Cash Reserve Fund	-	30,000	30,000	-
Totals	<u>\$ 450,524</u>	<u>\$ 2,610,380</u>	<u>\$ 2,583,193</u>	<u>\$ 477,711</u>

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

TOWN OF BRUCEVILLE
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 and fire), highways and streets, health and social services, culture and recreation, public improvements, planning and zoning, general administrative services, water, wastewater, electric, gas, storm water, trash, aviation, and urban redevelopment and housing.

The accompanying financial statement presents the financial information for the Town (primary government), and does not include financial information for any of the Town's legally separate component units, which accounting principles generally accepted in the United States of America require to be reported with the financial information of the Town (primary government).

B. Basis of Accounting

The financial statement is reported on a regulatory basis of accounting prescribed by the 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. Receipts are recorded when received and disbursements are recorded when paid.

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 statements. The aggregate receipts may include, but are not limited to, 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.

TOWN OF BRUCEVILLE
NOTES TO FINANCIAL STATEMENT
(Continued)

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, 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.

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 statements. The aggregate disbursements may include, but are not limited to, 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.

TOWN OF BRUCEVILLE
NOTES TO FINANCIAL STATEMENT
(Continued)

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

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 BRUCEVILLE
NOTES TO FINANCIAL STATEMENT
(Continued)

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 statements. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks. These risks may also be mitigated by the Town by recording as a disbursement and replacement items purchased.

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SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the Town Annual Reports can be found on the Indiana Transparency Portal website: www.in.gov/itp/annual_reports/.

Differences may be noted between the financial information presented in the financial statements contained in this report and the financial information presented in the Annual Reports 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 prepared and/or approved by management of the Town. It is presented as intended by the Town.

TOWN OF BRUCEVILLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2008

	General	Levy Excess	Motor Vehicle Highway	Local Road And Street	Riverboat	Recreation League
Cash and investments - beginning	\$ 103,607	\$ 3,069	\$ 20,149	\$ 6,703	\$ 6,823	\$ -
Receipts:						
Taxes	54,370	-	9,110	-	-	-
Intergovernmental	11,487	-	12,602	2,156	2,943	-
Charges for services	12,329	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	6,401	-	167	-	-	15,000
Total receipts	<u>84,587</u>	<u>-</u>	<u>21,879</u>	<u>2,156</u>	<u>2,943</u>	<u>15,000</u>
Disbursements:						
Personal services	31,644	-	9,315	-	-	-
Supplies	1,691	-	5,857	944	-	-
Other services and charges	30,467	-	-	-	-	-
Capital outlay	1,651	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	3,069	-	-	-	4,519
Total disbursements	<u>65,453</u>	<u>3,069</u>	<u>15,172</u>	<u>944</u>	<u>-</u>	<u>4,519</u>
Excess (deficiency) of receipts over disbursements	<u>19,134</u>	<u>(3,069)</u>	<u>6,707</u>	<u>1,212</u>	<u>2,943</u>	<u>10,481</u>
Cash and investments - ending	<u>\$ 122,741</u>	<u>\$ -</u>	<u>\$ 26,856</u>	<u>\$ 7,915</u>	<u>\$ 9,766</u>	<u>\$ 10,481</u>

TOWN OF BRUCEVILLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2008
 (Continued)

	Park	Rainy Day	EDIT	Cumulative Capl Imprv Cigarette Tax	Wastewater Project	Payroll
Cash and investments - beginning	\$ 12,248	\$ 13,017	\$ 7,589	\$ 5,103	\$ -	\$ 1,491
Receipts:						
Taxes	4,029	-	-	-	-	-
Intergovernmental	6	6,688	5,193	1,526	-	-
Charges for services	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	-	-	-	-	2,500	54,148
Total receipts	<u>4,035</u>	<u>6,688</u>	<u>5,193</u>	<u>1,526</u>	<u>2,500</u>	<u>54,148</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	73	-	-	-	-	-
Other services and charges	2,221	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	2,500	54,012
Total disbursements	<u>2,294</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,500</u>	<u>54,012</u>
Excess (deficiency) of receipts over disbursements	<u>1,741</u>	<u>6,688</u>	<u>5,193</u>	<u>1,526</u>	<u>-</u>	<u>136</u>
Cash and investments - ending	<u>\$ 13,989</u>	<u>\$ 19,705</u>	<u>\$ 12,782</u>	<u>\$ 6,629</u>	<u>\$ -</u>	<u>\$ 1,627</u>

TOWN OF BRUCEVILLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2008
 (Continued)

	Wastewater Utility Construction	Water Utility-Operating	Water Utility Depreciation/ Improve	Water Utility Meter Deposit	Water Utility Construction	Totals
Cash and investments - beginning	\$ -	\$ 91,051	\$ 44,508	\$ 14,729	\$ 2,616	\$ 332,703
Receipts:						
Taxes	-	-	-	-	-	67,509
Intergovernmental	2,148,714	-	-	-	-	2,191,315
Charges for services	-	-	-	-	-	12,329
Utility fees	-	127,787	-	-	-	127,787
Penalties	-	2,337	-	-	-	2,337
Other receipts	10,000	3,902	61,800	1,160	-	155,078
Total receipts	<u>2,158,714</u>	<u>134,026</u>	<u>61,800</u>	<u>1,160</u>	<u>-</u>	<u>2,556,355</u>
Disbursements:						
Personal services	-	22,503	-	-	-	63,462
Supplies	-	-	-	-	-	8,565
Other services and charges	-	-	-	-	-	32,688
Capital outlay	2,133,894	-	-	-	-	2,135,545
Utility operating expenses	-	101,470	-	-	-	101,470
Other disbursements	-	12,000	19,800	904	-	96,804
Total disbursements	<u>2,133,894</u>	<u>135,973</u>	<u>19,800</u>	<u>904</u>	<u>-</u>	<u>2,438,534</u>
Excess (deficiency) of receipts over disbursements	<u>24,820</u>	<u>(1,947)</u>	<u>42,000</u>	<u>256</u>	<u>-</u>	<u>117,821</u>
Cash and investments - ending	<u>\$ 24,820</u>	<u>\$ 89,104</u>	<u>\$ 86,508</u>	<u>\$ 14,985</u>	<u>\$ 2,616</u>	<u>\$ 450,524</u>

TOWN OF BRUCEVILLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2009

	General	Motor Vehicle Highway	Local Road And Street	Riverboat	Park	Recreation League
Cash and investments - beginning	\$ 122,741	\$ 26,856	\$ 7,915	\$ 9,766	\$ 13,989	\$ 10,481
Receipts:						
Taxes	75,135	11,633	-	-	5,088	-
Intergovernmental	12,762	12,348	2,048	2,935	3	-
Charges for services	14,814	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	300	-	-	-	-	5,000
Total receipts	<u>103,011</u>	<u>23,981</u>	<u>2,048</u>	<u>2,935</u>	<u>5,091</u>	<u>5,000</u>
Disbursements:						
Personal services	33,305	10,031	-	-	-	-
Supplies	1,290	4,755	506	-	-	-
Other services and charges	36,713	2,370	-	-	2,057	13,950
Capital outlay	1,384	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	<u>72,692</u>	<u>17,156</u>	<u>506</u>	<u>-</u>	<u>2,057</u>	<u>13,950</u>
Excess (deficiency) of receipts over disbursements	<u>30,319</u>	<u>6,825</u>	<u>1,542</u>	<u>2,935</u>	<u>3,034</u>	<u>(8,950)</u>
Cash and investments - ending	<u>\$ 153,060</u>	<u>\$ 33,681</u>	<u>\$ 9,457</u>	<u>\$ 12,701</u>	<u>\$ 17,023</u>	<u>\$ 1,531</u>

TOWN OF BRUCEVILLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2009
 (Continued)

	Rainy Day	EDIT	Cumulative Capital Improvement Cigarette Tax	Construction Project	Payroll	Wastewater Utility-Operating
Cash and investments - beginning	\$ 19,705	\$ 12,782	\$ 6,629	\$ 24,820	\$ 1,627	\$ -
Receipts:						
Taxes	-	-	-	-	-	-
Intergovernmental	3,615	5,514	1,438	2,186,267	-	-
Charges for services	-	-	-	-	-	-
Utility fees	-	-	-	-	-	459
Penalties	-	-	-	-	-	-
Other receipts	-	-	-	-	66,152	30,090
Total receipts	<u>3,615</u>	<u>5,514</u>	<u>1,438</u>	<u>2,186,267</u>	<u>66,152</u>	<u>30,549</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Capital outlay	-	-	425	2,188,280	-	-
Utility operating expenses	-	-	-	-	-	16,199
Other disbursements	-	-	-	-	65,540	55
Total disbursements	<u>-</u>	<u>-</u>	<u>425</u>	<u>2,188,280</u>	<u>65,540</u>	<u>16,254</u>
Excess (deficiency) of receipts over disbursements	<u>3,615</u>	<u>5,514</u>	<u>1,013</u>	<u>(2,013)</u>	<u>612</u>	<u>14,295</u>
Cash and investments - ending	<u>\$ 23,320</u>	<u>\$ 18,296</u>	<u>\$ 7,642</u>	<u>\$ 22,807</u>	<u>\$ 2,239</u>	<u>\$ 14,295</u>

TOWN OF BRUCEVILLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2009
 (Continued)

	Water Utility-Operating	Water Utility-Depreciation/Improvement	Water Utility-Meter Deposit	Water Utility-Construction	Water Cash Reserve Fund	Totals
Cash and investments - beginning	\$ 89,104	\$ 86,508	\$ 14,985	\$ 2,616	\$ -	\$ 450,524
Receipts:						
Taxes	-	-	-	-	-	91,856
Intergovernmental	-	-	-	-	-	2,226,930
Charges for services	-	-	-	-	-	14,814
Utility fees	99,236	12,000	761	-	-	112,456
Penalties	2,376	-	-	-	-	2,376
Other receipts	30,406	-	-	-	30,000	161,948
Total receipts	132,018	12,000	761	-	30,000	2,610,380
Disbursements:						
Personal services	-	-	-	-	-	43,336
Supplies	-	-	-	-	-	6,551
Other services and charges	-	-	-	-	-	55,090
Capital outlay	-	-	-	-	-	2,190,089
Utility operating expenses	117,702	48,475	675	-	-	183,051
Other disbursements	9,481	-	-	-	30,000	105,076
Total disbursements	127,183	48,475	675	-	30,000	2,583,193
Excess (deficiency) of receipts over disbursements	4,835	(36,475)	86	-	-	27,187
Cash and investments - ending	<u>\$ 93,939</u>	<u>\$ 50,033</u>	<u>\$ 15,071</u>	<u>\$ 2,616</u>	<u>\$ -</u>	<u>\$ 477,711</u>

TOWN OF BRUCEVILLE
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 December 31, 2009

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

	<u>Ending Balance</u>
Town:	
Capital assets, not being depreciated:	
Land	\$ 40,501
Buildings	17,110
Improvements other than buildings	12,769
Machinery and equipment	<u>48,186</u>
 Total Town capital assets	 <u>\$ 118,566</u>
 Water Utility:	
Capital assets, not being depreciated:	
Improvements other than buildings	\$ 695,392
Machinery and equipment	<u>89,605</u>
 Total Water Utility capital assets	 <u>\$ 784,997</u>
 Wastewater Utility:	
Capital assets, not being depreciated:	
Improvements other than buildings	<u>\$ 4,394,979</u>

TOWN OF BRUCEVILLE
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 December 31, 2009

The Wastewater Utility has entered into the following debt:

Description of Asset	Ending Balance	Due Within One Year
Wastewater Utility: Revenue bonds: Wastewater Disposal System	\$ 1,497,000	\$ 13,000

TOWN OF BRUCEVILLE
AUDIT RESULTS AND COMMENTS

ERRORS ON CLAIMS

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

1. Sales tax was paid on some claims.
2. A part-time employee was paid through vendor process rather than payroll.

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."

OPTICAL IMAGES OF WARRANTS

Old National Bank did not return the actual cancelled checks with the monthly bank statements, but instead returned only an optical image of the front side of the checks.

Indiana Code 5-15-6-3 concerning optical imaging of checks states in part:

"(a) . . . 'original records' . . . includes the optical image of a check or deposit document when:

TOWN OF BRUCEVILLE
AUDIT RESULTS AND COMMENTS
(Continued)

- (1) the check or deposit document is recorded, copied, or reproduced by an optical imaging process . . . ; and
- (2) the drawer of the check receives an optical image of the check after the check is processed for payment . . . "

Further, Indiana Code 26-2-8-111 states in part:

"(a) If a law requires that certain records be retained, that requirement is met by retaining an electronic record of the information in the record that:

- (1) accurately reflects the information set forth in the record after it was first generated in its final form as an electronic record or otherwise: and
- (2) remains accessible for later reference."

"(e) If a law requires retention of a check, that requirement is satisfied by retention of an electronic record of the information on the front and back of the check in accordance with subsection (a)."

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

Compliance

We have audited the compliance of the Town of Bruceville (Town) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the years ended December 31, 2008 and 2009. The Town's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Town management. Our responsibility is to express an opinion on the Town's compliance based on our audit.

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 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. Our audit does not provide a legal determination of the Town compliance with those requirements.

In our opinion, the Town complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the years ended December 31, 2008 and 2009.

Internal Control Over Compliance

Management of the Town is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Town internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance 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 internal control over compliance.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133
(Continued)

A deficiency in internal control over compliance 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, 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.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Town management, Town Council, and others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

September 27, 2011

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The schedule of expenditures of federal awards and accompanying notes presented were approved by management of the Town. The schedule and notes are presented as intended by the Town.

TOWN OF BRUCEVILLE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Years Ended December 31, 2008 and 2009

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 12-31-08	Total Federal Awards Expended 12-31-09
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
Direct Grant				
Water and Waste Disposal Systems for Rural Communities	10.760			
Loan			\$ 1,497,000	\$ -
Grant			<u>179,180</u>	<u>2,145,994</u>
Total for program			<u>1,676,180</u>	<u>2,145,994</u>
Total for federal grantor agency			<u>1,676,180</u>	<u>2,145,994</u>
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>				
Pass-Through Indiana Office of Community and Rural Affairs				
CDBG - State Administered CDBG Cluster				
Community Development Block Grants/State's Program and Non-entitlement Grants in Hawaii (State - Administered Small Cities Program)	14.228			
		CF-07-213	<u>457,714</u>	<u>42,286</u>
Total for cluster			<u>457,714</u>	<u>42,286</u>
Total for federal grantor agency			<u>457,714</u>	<u>42,286</u>
Total federal awards expended			<u>\$ 2,133,894</u>	<u>\$ 2,188,280</u>

The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards.

TOWN OF BRUCEVILLE
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Town of Bruceville (Town) and is presented in accordance with the cash and investment basis of accounting used in the preparation of the financial statements. 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.

Note 2. Loan Outstanding

The Town had the following loan balance, with continuing federal compliance requirements, outstanding at December 31, 2008. This loan balance outstanding is also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	2008
Water and Waste Disposal Systems for Rural Communities	10.760	<u>\$ 1,497,000</u>

TOWN OF BRUCEVILLE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
Material weaknesses identified?	no
Significant deficiency identified?	none reported
Noncompliance material to financial statements noted?	no

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	no
Significant deficiency identified?	none reported
Type of auditor's report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	no

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
10.760	Water and Waste Disposal Systems for Rural Communities CDBG – State Administered CDBG Cluster

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

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

TOWN OF BRUCEVILLE
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

TOWN OF BRUCEVILLE
EXIT CONFERENCE

The contents of this report were discussed on September 27, 2011, with Susan L. Cook, Clerk-Treasurer. The official concurred with our audit findings.