

STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2765

EXAMINATION REPORT
OF
TOWN OF BLOOMINGDALE
PARKE COUNTY, INDIANA
January 1, 2004 to December 31, 2005



FILED
08/09/2006

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OFFICIALS

Office

Official

Term

Clerk-Treasurer

Peggy Brown

04-03-02 to 12-31-09

President of the Town Council

Jerry Newlin

01-01-04 to 12-31-06



STATE OF INDIANA
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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF BLOOMINGDALE, PARKE COUNTY, INDIANA

We have examined the schedules of receipts, disbursements, and cash and investment balances of the Town of Bloomington (Town), for the period of January 1, 2004 to December 31, 2005. The Town's management is responsible for the schedules. 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 schedule of receipts, disbursements, and cash and investment balances 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 schedules referred to above present fairly, in all material respects, the cash transactions of the Town for the years ended December 31, 2004 and 2005, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

July 10, 2006

TOWN OF BLOOMINGDALE
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL AND PROPRIETARY FUND TYPES
As Of And For The Years Ended December 31, 2004 And 2005

	Cash and Investments 01-01-04	Receipts	Disbursements	Cash and Investments 12-31-04
Governmental Funds:				
General	\$ (14,862)	\$ 27,389	\$ 34,898	\$ (22,371)
Motor Vehicle Highway	24,830	12,345	841	36,334
Local Road and Street	4,661	1,325	1,522	4,464
Cumulative Capital Improvement	1,140	1,515	-	2,655
Proprietary Funds:				
Water Utility - Operating	-	115,899	122,268	(6,369)
Water Utility - Bond and Interest	29,202	36,077	32,500	32,779
Water Utility - Debt Reserve	-	1,800	-	1,800
Water Utility - Depreciation	-	1,500	-	1,500
Water Utility - Customer Deposit	6,505	-	201	6,304
Water Utility - Grants	8,088	409,588	417,425	251
Water Utility - Retainage	14,363	51	-	14,414
Totals	<u>\$ 73,927</u>	<u>\$ 607,489</u>	<u>\$ 609,655</u>	<u>\$ 71,761</u>

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds:				
General	\$ (22,371)	\$ 42,348	\$ 44,150	\$ (24,173)
Motor Vehicle Highway	36,334	13,790	391	49,733
Local Road and Street	4,464	1,502	1,570	4,396
Cumulative Capital Improvement	2,655	1,255	-	3,910
Proprietary Funds:				
Water Utility - Operating	(6,369)	104,148	96,302	1,477
Water Utility - Bond and Interest	32,779	24,184	35,000	21,963
Water Utility - Debt Reserve	1,800	600	-	2,400
Water Utility - Depreciation	1,500	500	-	2,000
Water Utility - Customer Deposit	6,304	-	-	6,304
Water Utility - Grants	251	3,313	1,271	2,293
Water Utility - Retainage	14,414	51	-	14,465
Totals	<u>\$ 71,761</u>	<u>\$ 191,691</u>	<u>\$ 178,684</u>	<u>\$ 84,768</u>

The accompanying notes are an integral part of the schedules.

TOWN OF BLOOMINGDALE
NOTES TO SCHEDULES

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.

However, due to property tax reassessment taxes in 2004 were due June 18 and November 10.

TOWN OF BLOOMINGDALE
NOTES TO SCHEDULES
(Continued)

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. Long-Term Debt

The Town has entered into various debts such as bonds for water improvement projects and loans for water improvement projects. The outstanding principal at December 31, 2005, was \$81,000 and \$183,030, respectively.

Note 7. Subsequent Event

On April 6, 2006, the Town of Bloomingdale borrowed \$500,000 for expenses related to providing water service to the Department of Natural Resources for the Turkey Run State Park area. The engineer's estimate for the project is \$1,200,000. The Town has retained Bond Counsel in anticipation of issuing bonds at the end of the project.

TOWN OF BLOOMINGDALE
EXAMINATION RESULTS AND COMMENTS

ANNUAL REPORT

Annual reports for 2004 and 2005 were not presented for audit.

Indiana Code 5-3-1-3(a) states in part: "Within sixty (60) days after the expiration of each calendar year, the fiscal officer of each civil city and town in Indiana shall publish an annual report of the receipts and expenditures of the city or town . . ."

CAPITAL ASSET RECORDS

The Town of Bloomingdale does not maintain sufficient detailed records of capital assets on prescribed form 211 for its Utility Plant in Service accounts. Upon purchase, the costs of the capital assets are not added to the records. Records for improvements and equipment were not presented. In 2004, the Town expended \$450,000 for water utility improvements. These improvements were not recorded. The records for land and buildings are not separated for the Town and Water Utility.

Every governmental unit should have a complete inventory of all capital assets owned which reflect their acquisition value. Such inventory should be recorded in the Capital Assets Ledger. A complete inventory should be taken every year for good internal control and for verifying account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

APPROPRIATIONS

The records presented for audit indicated the following expenditures in excess of budgeted appropriations:

<u>Fund</u>	<u>Years</u>	<u>Excess Amount Expended</u>
General Fund	2004	\$ 5,385
General Fund	2005	6,885

Indiana Code 6-1.1-18-4 states in part: ". . . the proper officers of a political subdivision shall appropriate funds in such a manner that the expenditures for a year do not exceed its budget for that year as finally determined under this article."

HYDRANT RENTAL

Hydrant rent is paid annually but not at the rate stated in the Water Ordinance written in 1998. In 2004, nine new hydrants were installed in Penn Township. The Town has not collected any hydrant rent for these since their installation.

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)

TOWN OF BLOOMINGDALE
EXAMINATION RESULTS AND COMMENTS
(Continued)

ORDINANCES AND RESOLUTIONS

The water billing process did not always follow the ordinance requirements. In the accounts examined, the following deficiencies were found:

1. The billing was improperly calculated for twenty percent of the accounts.
2. Forty percent of the accounts were not assessed a penalty on arrears.
3. One account over 120 days in arrears at the billing date was not shut off for another 60 days.

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)

OVERDRAWN FUND BALANCES

The General Fund for the Town was overdrawn \$22,371 at December 31, 2004, and was overdrawn \$24,173 at December 31, 2005. The Water Utility Operating Fund was overdrawn \$6,369 at December 31, 2004.

The fund 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)

CUSTOMER DEPOSIT REGISTER

The Bloomingdale Water Utility is not properly maintaining customer deposit information on form 314. Deposit receipts and disbursements are not recorded in a subsidiary ledger. There is no subsidiary ledger to reconcile with the control 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)

TOWN OF BLOOMINGDALE
EXIT CONFERENCE

The contents of this report were discussed on July 10, 2006, with Peggy Brown, Clerk-Treasurer. The official concurred with our findings.