

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

EXAMINATION REPORT

OF

TOWN OF ROSEDALE

PARKE COUNTY, INDIANA

January 1, 2006 to December 31, 2007



FILED
12/23/2008

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OFFICIALS

Office

Official

Term

Clerk-Treasurer

Adrienne Robinson

01-01-04 to 12-31-11

President of the Town Council

Randel Kneeland
Lester Stone

01-01-06 to 12-31-07
01-01-08 to 12-31-08



STATE OF INDIANA
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INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the financial information presented herein of the Town of Rosedale (Town), for the period of January 1, 2006 to December 31, 2007. 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, 2006 and 2007, 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

October 28, 2008

TOWN OF ROSEDALE
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, 2006 And 2007

	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
Governmental Funds:				
General	\$ 37,196	\$ 97,947	\$ 97,383	\$ 37,760
Motor Vehicle Highway	24,093	46,604	38,319	32,378
Local Road and Street	8,426	2,775	372	10,829
Park and Recreation	5,323	3,155	3,888	4,590
Law Enforcement Continuing Education	1,998	1,499	2,144	1,353
Cemetery	11,759	-	11,759	-
Grants	8,155	-	-	8,155
Levy Excess	5,393	-	5,393	-
Debt Service	6,879	9,518	7,795	8,602
Cumulative Capital Improvement	12,110	2,756	7	14,859
Cumulative Capital Development	5,740	2,954	-	8,694
Cumulative Building and Fire Fighting Equipment	16,161	2,022	2,978	15,205
Proprietary Funds:				
Water Utility - Operating	31,388	138,506	137,998	31,896
Water Utility - Bond and Interest	68,964	37,072	73,681	32,355
Water Utility - Depreciation	4,246	1,236	-	5,482
Water Utility - Customer Deposit	7,798	6,450	1,250	12,998
Water Utility - Debt Reserve	24,469	15,287	-	39,756
Wastewater Utility - Operating	50,317	122,993	145,362	27,948
Wastewater Utility - Bond and Interest	3,628	71,911	68,692	6,847
Wastewater Utility - Debt Reserve	7,965	3,035	-	11,000
Wastewater Utility - Improvement	2,428	2,414	-	4,842
Fiduciary Fund:				
Payroll	283	83,106	81,819	1,570
Totals	<u>\$ 344,719</u>	<u>\$ 651,240</u>	<u>\$ 678,840</u>	<u>\$ 317,119</u>

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Governmental Funds:				
General	\$ 37,760	\$ 115,975	\$ 90,345	\$ 63,390
Motor Vehicle Highway	32,378	37,824	40,318	29,884
Local Road and Street	10,829	2,785	-	13,614
Park and Recreation	4,590	561	1,502	3,649
Law Enforcement Continuing Education	1,353	1,186	399	2,140
Grants	8,155	-	5,155	3,000
Levy Excess	-	698	-	698
Debt Service	8,602	5,054	7,890	5,766
Cumulative Capital Improvement	14,859	2,690	3,900	13,649
Cumulative Capital Development	8,694	2,641	29	11,306
Cumulative Building and Fire Fighting Equipment	15,205	279	20	15,464
Proprietary Funds:				
Water Utility - Operating	31,896	143,379	141,802	33,473
Water Utility - Bond and Interest	32,355	40,336	39,413	33,278
Water Utility - Depreciation	5,482	1,225	5,000	1,707
Water Utility - Customer Deposit	12,998	1,700	6,835	7,863
Water Utility - Debt Reserve	39,756	249	21,675	18,330
Wastewater Utility - Operating	27,948	125,245	137,702	15,491
Wastewater Utility - Bond and Interest	6,847	59,769	64,396	2,220
Wastewater Utility - Debt Reserve	11,000	2,781	-	13,781
Wastewater Utility - Improvement	4,842	1,815	-	6,657
Fiduciary Fund:				
Payroll	1,570	82,636	82,380	1,826
Totals	<u>\$ 317,119</u>	<u>\$ 628,828</u>	<u>\$ 648,761</u>	<u>\$ 297,186</u>

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

TOWN OF ROSEDALE
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, water, wastewater, 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 is currently involved in updating their water utility. Improvements will include a new well, a new filtering system, a water line extension, a back-up generator, new water hydrants, and new customer meters. The total cost of the project is expected to be \$818,000. A Community Development Block Grant for \$500,000 has been awarded. The Town had not received or spent any of the grant money at December 31, 2007. The balance of the project cost will be financed with a State Revolving Fund Loan. At December 31, 2007, the Town had expended \$71,472 of this loan money.

TOWN OF ROSEDALE
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 December 31, 2007

The Town has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental Activities:		
Capital leases:		
Street Patcher	\$ 14,425	\$ 3,422
Notes and loans payable	<u>24,723</u>	<u>7,795</u>
Total governmental activities debt	<u>\$ 39,148</u>	<u>\$ 11,217</u>
Business-type Activities:		
Water Utility		
Capital leases:		
Street Patcher	\$ 14,425	\$ 3,422
Revenue bonds:		
Water Improvements 1987	176,000	25,340
Water Improvements 2000	145,000	13,993
Water Improvements 2007	<u>259,000</u>	<u>6,717</u>
Total Water Utility	<u>594,425</u>	<u>49,472</u>
Wastewater Utility		
Capital leases:		
Street Patcher	14,425	3,422
Notes and loans payable	58,927	12,790
Revenue bonds:		
Wastewater Improvements 1994	<u>300,000</u>	<u>29,315</u>
Total Wastewater Utility	<u>373,352</u>	<u>45,527</u>
Total business-type activities debt:	<u>\$ 967,777</u>	<u>\$ 94,999</u>

TOWN OF ROSEDALE
EXAMINATION RESULTS AND COMMENTS

CAPITAL ASSET RECORDS

The Town does not maintain capital asset records.

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)

ERRORS ON CLAIMS

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

1. The payments of utilities, insurance, taxes, and payroll are made in advance of Board approval but no ordinance is on file allowing payments in advance.
2. One claim was omitted from the accounts payable register to be signed by the Board and the Fiscal Officer.
3. One invoice was not correctly divided between the Town and the Utilities. The total bill of \$4,871 for workmen's compensation insurance was paid by the Water and Wastewater Utilities. This payment included \$1,094 of premium for police officers, firefighters, and cemetery workers.

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."

TOWN OF ROSEDALE
EXAMINATION RESULTS AND COMMENTS
(Continued)

PENALTIES, INTEREST, AND OTHER CHARGES

Charges for penalty and interest were assessed three times to the Town due to late payments. The Clerk-Treasurer paid \$106.58 to the Indiana Department of Revenue for those assessments during this examination period.

When the workmen's compensation insurance policy premium was not paid in 2005, the Town lost their coverage from December 3, 2005 to January 1, 2006. This resulted in the Town having to pay \$1,221 out-of-pocket for medical treatment for one employee.

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Failure to pay claims or remit taxes in a timely manner could be an indicator of serious financial problems which should be investigated by the governmental unit.

Additionally officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the governmental unit.

Any penalties, interest or other charges paid by the governmental unit may be the personal obligation of the responsible official or employee.

(Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

UTILITY RECEIPTS TAX

The Water Utility did not pay the correct amount of Utility Receipts Tax to the Indiana Department of Revenue during the examination period. The Clerk-Treasurer paid the utility receipts tax based on a cash summary report that stated it was for the period January 1, 2007 to December 31, 2007, but it was not. An employee with Keystone software disclosed that archived items do not appear on reports and part of 2007 receipts had been archived when the report was printed. Because of this report, the Town believed they had overpaid their estimated taxes. They asked for and received a \$627 refund. The estimated tax payments were actually underpaid by \$324.

Generally, retail receipts from all utility services consumed within Indiana are subject to the utility receipts tax regardless of the point of generation or transmission across state lines. Receipts from the provision of mobile telecommunication service are subject to utility receipts tax to the extent that the receipts are sourced to Indiana pursuant to IC 6-8.1-15. However, gross receipts received by a political subdivision for sewage and sewage service are not subject to the tax. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TOWN OF ROSEDALE
EXIT CONFERENCE

The contents of this report were discussed on October 28, 2008, with Adrienne Robinson, Clerk-Treasurer; John W. McMullen, Town Council member; and Linda Smith, Deputy Clerk-Treasurer.