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

EXAMINATION REPORT
OF
TOWN OF BLOOMINGDALE
PARKE COUNTY, INDIANA
January 1, 2008 to December 31, 2009



FILED
08/24/2010

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Officials	2
Independent Accountant's Report.....	3
Financial Information:	
Schedules of Receipts, Disbursements, and Cash and Investment Balances	4
Notes to Financial Information	5
Supplementary Information:	
Schedule of Capital Assets.....	6
Schedule of Long-Term Debt	7
Examination Results and Comments:	
Penalties, Interest, and Other Charges	8
Annual Report.....	8
Appropriations.....	8
Board Minutes.....	9
Condition of Records	9
Contracts	10
Customer Deposit Refund Policy.....	10
Federal and State Agencies - Compliance Requirements	10
Hydrant Rental Receivable (Payable)	10
List of Employees Not Filed With County Treasurer	11
Official Bonds.....	11
Ordinances and Resolutions - Water Utility.....	11
Overdrawn Fund Balance.....	11
Prescribed Forms	12
Exit Conference.....	13
Summary	14

OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Peggy Brown	01-01-08 to 12-31-10
President of the Town Council	Jerry L. Newlin	01-01-08 to 12-31-10



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the financial information presented herein of the Town of Bloomingdale (Town), for the period of January 1, 2008 to December 31, 2009. 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, 2008 and 2009, 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

June 29, 2010

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, 2008 And 2009

	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
Governmental Funds:				
General	\$ 6,444	\$ 29,560	\$ 48,944	\$ (12,940)
Motor Vehicle Highway	24,319	12,391	2,879	33,831
Local Road and Street	6,790	1,308	-	8,098
Public Safety	-	3,223	-	3,223
Levy Excess	550	-	-	550
Cumulative Capital Improvement	3,408	1,037	2,000	2,445
Proprietary Funds:				
Water Utility - Operating	25,383	155,638	145,605	35,416
Water Utility - Debt Service	14,918	36,060	14,050	36,928
Water Utility - Maintenance	-	11,640	-	11,640
Water Utility - Customer Deposit	7,625	350	100	7,875
Water Utility - Grant	133,168	15,752	148,920	-
Water Utility - Contractor Retainage	14,567	50	-	14,617
Totals	<u>\$ 237,172</u>	<u>\$ 267,009</u>	<u>\$ 362,498</u>	<u>\$ 141,683</u>

	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
Governmental Funds:				
General	\$ (12,940)	\$ 69,946	\$ 46,750	\$ 10,256
Motor Vehicle Highway	33,831	10,953	41,722	3,062
Local Road and Street	8,098	1,246	5,630	3,714
Public Safety	3,223	3,314	-	6,537
Levy Excess	550	-	-	550
Cumulative Capital Improvement	2,445	978	1,245	2,178
Proprietary Funds:				
Water Utility - Operating	35,416	176,780	145,524	66,672
Water Utility - Debt Service	36,928	36,071	39,900	33,099
Water Utility - Maintenance	11,640	11,640	-	23,280
Water Utility - Customer Deposit	7,875	600	-	8,475
Water Utility - Grant	-	462	120	342
Water Utility - Contractor Retainage	14,617	30	-	14,647
Totals	<u>\$ 141,683</u>	<u>\$ 312,020</u>	<u>\$ 280,891</u>	<u>\$ 172,812</u>

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

TOWN OF BLOOMINGDALE
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. However, due to property tax reassessment the taxes in 2008 were due August 15 and November 10. 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.

Note 6. Subsequent Event

The Town is purchasing a new building at 82 Main Street. They have made a down payment of \$17,500 with Water Utility funds and the total price for the building acquisition will be \$35,000.

TOWN OF BLOOMINGDALE
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 For The Year Ended December 31, 2009

General infrastructure assets completed in 1997 and forward been reported.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Town:	
Land	\$ 75,259
Buildings	34,161
Improvements other than buildings	3,256
Fire Protection:	
Land	6,400
Buildings	30,000
Improvements other than buildings	28,720
Machinery and equipment	<u>136,500</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 314,296</u>

<u>Primary Government</u>	<u>Ending Balance</u>
Business-type activities:	
Water Utility:	
Capital assets, not being depreciated:	
Land	\$ 37,000
Infrastructure	776,179
Buildings	840,254
Improvements other than buildings	<u>429,121</u>
Total Water Utility capital assets	<u>\$ 2,082,554</u>

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

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		
Ladder Truck (USDA Loan)	\$ 43,854	\$ 4,454
Business-type activities:		
Water Utility:		
Notes and loans payable:		
Water System Extensions (Bank Loan)	\$ 312,054	\$ 26,357
Revenue bonds:		
1972 Water Revenue Bonds	39,000	14,950
Total Water Utility Debt	\$ 351,054	\$ 41,307

TOWN OF BLOOMINGDALE
EXAMINATION RESULTS AND COMMENTS

PENALTIES, INTEREST, AND OTHER CHARGES

Sales tax payments were late three times in 2009. Penalties totaling \$158.03 were paid to the Indiana Department of Revenue.

The Town also paid a total of \$40.98 in late payment penalties to utility companies. The Town paid Vectren Energy \$2.63 in late payment charges in 2008 and the Water Utility paid Parke County Rural Electric Company \$38.35 in late payment charges in 2009. Peggy Brown, Clerk-Treasurer, reimbursed the Town \$199.01. (See Summary, page 14)

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)

ANNUAL REPORT

Annual reports for the years 2008 and 2009 were not presented for examination.

IC 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 . . ."

APPROPRIATIONS

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

Fund	Years	Excess Amount Expended
General	2008	\$ 14,850
General	2009	22,734
Motor Vehicle Highway	2009	19,001

IC 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."

TOWN OF BLOOMINGDALE
EXAMINATION RESULTS AND COMMENTS
(Continued)

BOARD MINUTES

The Council did not reorganize and elect new officers for 2008 and 2009. This was discussed with the officials during the previous examination.

IC 5-14-1.5-4 states in part:

"(b) As the meeting progresses, the following memoranda shall be kept:

- (1) The date, time, and place of the meeting.
- (2) The members of the governing body recorded as either present or absent.
- (3) The general substance of all matters proposed, discussed, or decided.
- (4) A record of all votes taken, by individual members if there is a roll call.
- (5) Any additional information required under IC 5-1.5-2-2.5 or IC 20-12-63-7."

IC 36-5-2-7 states: "The legislative body shall select one (1) of its members to be its president for a definite term, which may not exceed his term of office as a member of the legislative body."

CONDITION OF RECORDS

The following deficiencies, relating to the recordkeeping that were cited in the prior examination report, were again present during our period of examination:

- (1) The Water Utility record balances were not reconciled to depository balances during the two year period.

IC 5-13-6-1(e) states in part: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

- (2) There were a considerable number of posting errors. The Grant Fund and the Retainage Fund are not posted to any ledger. Five distributions from the Auditor of State were not posted to the correct Town funds. Local Option Income Tax receipts for public safety expenditures were comingled with the General Fund and the Motor Vehicle Highway Fund, instead of being put in a separate Public Safety Fund.

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

- (3) The Town and the Water Utility use very few State Board of Accounts approved forms. Instead, they use excel spreadsheets for ledgers. On these spreadsheets the totals did not carry forward and formulas were not copied down the page correctly.

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TOWN OF BLOOMINGDALE
EXAMINATION RESULTS AND COMMENTS
(Continued)

CONTRACTS

Payments of \$3,000 were made to the Bloomingdale Volunteer Fire Department in 2008 and 2009. A current contract was not presented for examination.

Payments made or received for contractual services should be supported by a written contract. Each governmental unit is responsible for complying with the provisions of its contracts. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

CUSTOMER DEPOSIT REFUND POLICY

The Town does not have a written policy for customer deposit refunds.

The governing board over a water, gas, or electric utility should adopt written policies dealing with unclaimed meter deposits, bad debts, due dates, write-offs, NSF checks, etc. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

FEDERAL AND STATE AGENCIES - COMPLIANCE REQUIREMENTS

The Town of Bloomingdale did not issue W-2's to the Council members for 2008 or 2009. Instead, they issued 1099 Miscellaneous Income Statements. These employees did not have federal or state taxes withheld from their salaries. The Town did not pay the employer's portion of the taxes.

The Water Utility contracts with an individual to read the water meters for \$250 each month. In 2009, the job was split between two people. Each received \$1,500 in the calendar year but the 1099 Miscellaneous Income Statement reported earnings of \$1,750 to one and \$1,250 to the other.

The Water Utility did not pay Utility Receipts Tax for 2006, 2007, 2008, or 2009.

Each governmental unit is responsible for compliance with all rules, regulations, guidelines, and directives of the Internal Revenue Service and the Indiana Department of Revenue. All questions concerning taxes should be directed to these agencies. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

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)

HYDRANT RENTAL RECEIVABLE (PAYABLE)

Hydrant rent is paid annually but not at the rate stated in the Water Ordinance adopted in 1994.

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)

LIST OF EMPLOYEES NOT FILED WITH COUNTY TREASURER

A list of employees was not certified to the County Treasurer.

IC 6-1.1-22-14(a) states in part: "On or before June 1 and December 1 of each year . . . the disbursing officer of each political subdivision . . . shall certify the names and addresses of each person who has money due from the political subdivision to the treasurer of each county in which the political subdivision is located."

OFFICIAL BONDS

The bonds for the Clerk-Treasurer, the Water Utility Clerk, and the Town Council President were not filed in the office of the County Recorder for 2008 and 2009.

IC 5-4-1-5.1(b) states in part: "Every elected or appointed officer, official, deputy, or employee of a political subdivision . . . shall file the bond in the office of the county recorder. . . ."

ORDINANCES AND RESOLUTIONS - WATER UTILITY

The Water Utility did not provide a copy of the current rate ordinance for the rates they began applying in 2006.

The Water Utility adopted a Water Rate Ordinance in 1972 with penalty and shut off policies included. The Utility does not add penalties on any late payments and water is turned off only after the Council reviews consumer's arrearage.

The customers do not always pay for consumption according to the meter readings. Three accounts tested had consumption of 6,340 gallons, 16,380 gallons, and 57,860 gallons per the meter readings but they were billed for 4,000 gallons, 7,000 gallons, and 15,000 gallons, respectively.

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 BALANCE

The General Fund was overdrawn \$12,940 at December 31, 2008.

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)

TOWN OF BLOOMINGDALE
EXAMINATION RESULTS AND COMMENTS
(Continued)

PRESCRIBED FORMS

The following prescribed or approved forms were not in use:

Town Form 208 Ledger of Receipts, Disbursements and Balances
Town Form 209 Ledger of Appropriations, Encumbrances, Disbursements and Balances
Town Form 217 Clerk-Treasurer's Receipt
Utility Form 314 Guarantee Deposit Register
Utility Form 319 Simplified Cash Journal - Water Utility - Class C

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (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 June 29, 2010, with Peggy Brown, Clerk-Treasurer, and William L. Martin, Town Council member.

TOWN OF BLOOMINGDALE
SUMMARY

	<u>Charges</u>	<u>Credits</u>	<u>Balance Due</u>
Peggy Brown, Clerk-Treasurer:			
Penalties, Interest, and Other Charges, page 8	\$ 199.01	\$	\$
Paid by Peggy Brown, June 30, 2010,			
Money Order 16747718		199.01	-
	<u> </u>	<u> </u>	<u> </u>
Totals	<u>\$ 199.01</u>	<u>\$ 199.01</u>	<u>\$ -</u>