

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

EXAMINATION REPORT  
OF  
TOWN OF BARGERSVILLE  
JOHNSON COUNTY, INDIANA  
January 1, 2007 to December 31, 2009



**FILED**  
09/06/2011



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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Amy Carson	01-01-07 to 12-31-07
	Carla Roy	01-01-08 to 12-31-11
President of the Town Council	Laura Lowe	01-01-07 to 12-31-07
	Steve Welch	01-01-08 to 12-31-09
	Karl Kevin Combs	01-01-10 to 12-31-10
	Rowana Umbarger	01-01-11 to 12-31-11



**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](http://www.in.gov/sboa)

INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF BARGERSVILLE, JOHNSON COUNTY, INDIANA

We have examined the financial information presented herein of the Town of Bargersville (Town), for the period of January 1, 2007 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.

Except as explained in the following paragraph, 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.

Due to inaccurate and incomplete accounting records of the Fiduciary Fund - Payroll, we were unable to obtain sufficient, competent, evidential matter to support the receipts, disbursements, and cash and investment balances for the years 2007 and 2008.

In our opinion, except for the matter discussed in the previous paragraph, 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, 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 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

November 30, 2010

TOWN OF BARGERSVILLE  
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, 2008, And 2009

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
<b>Governmental Funds:</b>				
General	\$ 81,961	\$ 916,546	\$ 860,229	\$ 138,279
Motor Vehicle Highway	121,334	66,138	53,819	133,653
Local Road and Street	75,278	29,236	14,462	90,052
Park and Recreation	16,674	32,317	20,626	28,365
Law Enforcement Continuing Education	3,753	885	225	4,413
Rainy Day	770	16,639	-	17,409
Town Hall Maintenance	2,657	3,017	3,613	2,061
Gun Permit	3,534	980	-	4,514
Capital Improvement	298	-	-	298
Cumulative Capital Development	7,664	41,435	43,570	5,529
Cumulative Capital Improvement - Cigarette Tax	1,533	7,446	9,948	(969)
Park Nonreverting Capital	138	523	-	661
Debt Service - other	1,078	55,137	53,085	3,130
Debt Service - Town Hall	49,890	23,280	37,280	35,890
<b>Proprietary Funds:</b>				
Water Utility - Operating	439,021	4,986,233	4,899,279	525,975
Water Utility - Bond and Interest	71,224	854,347	854,667	70,904
Water Utility - Depreciation	924,850	1,377,522	933,540	1,368,832
Water Utility - Customer Deposit	36,856	38,492	34,907	40,441
Water Utility - Construction	1,056,465	37,445	749,141	344,769
Water Utility - Bond Reserve	892,678	6,392	8,070	891,000
Water Utility - Connection Fee	2,180	4,623	4,623	2,180
Water Utility - System Developer's Fee	767,852	257,727	29	1,025,550
Water Utility - Cash Reserve Tank	323,167	10,680	181	333,666
Electric Utility - Operating	622,491	4,892,024	4,917,569	596,946
Electric Utility - Depreciation	328,513	234,001	562,514	-
Electric Utility - Customer Deposit	57,286	20,482	22,210	55,558
Electric Utility - Developer Deposit	267,109	527	19,071	248,565
Wastewater Utility - Operating	76,015	959,782	959,782	76,015
Wastewater Utility - Bond and Interest	33,062	100,130	99,886	33,306
Wastewater Utility - Depreciation	462,358	294,671	204,719	552,310
Wastewater Utility - Construction	6,216,509	211,453	3,978,885	2,449,077
Wastewater Utility - Assessment Deposits	269,375	512,341	-	781,716
Wastewater Utility - Unrestricted Availability Fees	265,332	5,709	774	270,267
Wastewater Utility - Restricted Availability Fees	777,875	-	-	777,875
Wastewater Utility - Force Main Fees	151,608	20,792	1,529	170,871
Wastewater Utility - Debt Reserve	99,500	-	-	99,500
Wastewater Utility - Maintenance Bond Reserve	1,955	-	-	1,955
Stormwater Utility - Operating	5,168	225,747	224,864	6,051
Stormwater Utility - Bond and Interest	63,212	17,580	16,976	63,816
Stormwater Utility - Depreciation	289,192	69,978	174,072	185,098
Stormwater Utility - Construction	-	4,424	4,424	-
Stormwater Utility - Special	9,519	2,247	-	11,766
Stormwater Utility - Debt Service Reserve	21,745	10,872	-	32,617
<b>Fiduciary Funds:</b>				
Utilities Holding	406	554,632	551,454	3,584
Payroll	-	2,106,188	2,086,730	19,458
<b>Totals</b>	<b>\$ 14,899,085</b>	<b>\$ 19,010,620</b>	<b>\$ 22,406,753</b>	<b>\$ 11,502,953</b>

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

TOWN OF BARGERSVILLE  
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, 2008, And 2009  
(Continued)

	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
<b>Governmental Funds:</b>				
General	\$ 138,279	\$ 928,573	\$ 1,000,437	\$ 66,415
Motor Vehicle Highway	133,653	60,160	79,903	113,910
Local Road and Street	90,052	73,921	40,286	123,687
Park and Recreation	28,365	16,689	3,827	41,227
Law Enforcement Continuing Education	4,413	1,112	150	5,375
Rainy Day	17,409	32,597	34,004	16,002
Town Hall Maintenance	2,061	3,260	3,012	2,309
Gun Permit	4,514	1,975	-	6,489
Capital Improvement	298	-	298	-
Cumulative Capital Development	5,529	22,846	27,475	900
Cumulative Capital Improvement - Cigarette Tax	(969)	6,894	3,866	2,059
Park Nonreverting Capital	661	-	-	661
Debt Service - other	3,130	49,718	51,710	1,138
Debt Service - Town Hall	35,890	109,231	138,767	6,354
Police State Grants	-	12,143	12,143	-
Redevelopment Commission	-	11,144	-	11,144
<b>Proprietary Funds:</b>				
Water Utility - Operating	525,975	6,027,045	5,972,987	580,033
Water Utility - Bond and Interest	70,904	851,744	850,550	72,098
Water Utility - Depreciation	1,368,832	507,084	820,309	1,055,607
Water Utility - Customer Deposit	40,441	18,129	15,776	42,794
Water Utility - Construction	344,769	222,022	566,779	12
Water Utility - Bond Reserve	891,000	224	-	891,224
Water Utility - Connection Fee	2,180	-	-	2,180
Water Utility - System Developer's Fee	1,025,550	470,279	216,422	1,279,407
Water Utility - Cash Reserve Tank	333,666	5,344	4,984	334,026
Electric Utility - Operating	596,946	5,318,952	5,402,153	513,745
Electric Utility - Depreciation	-	569,918	279,705	290,213
Electric Utility - Customer Deposit	55,558	31,365	30,924	55,999
Electric Utility - Developer Deposit	248,565	16,290	96,337	168,518
Wastewater Utility - Operating	76,015	988,424	940,405	124,034
Wastewater Utility - Bond and Interest	33,306	80,312	96,250	17,368
Wastewater Utility - Depreciation	552,310	410,105	415,581	546,834
Wastewater Utility - Tremont Bond and Interest	-	27,750	24,150	3,600
Wastewater Utility - Construction	2,449,077	275,750	1,750,107	974,720
Wastewater Utility - Assessment Deposits	781,716	1,029,714	-	1,811,430
Wastewater Utility - Unrestricted Availability Fees	270,267	28	-	270,294
Wastewater Utility - Restricted Availability Fees	777,875	-	-	777,875
Wastewater Utility - Force Main Fees	170,871	131,108	1,001	300,978
Wastewater Utility - Debt Reserve	99,500	-	-	99,500
Wastewater Utility - Indemnity Cash on Deposit	-	100,203	-	100,203
Wastewater Utility - Maintenance Bond Reserve	1,955	-	-	1,955
Stormwater Utility - Operating	6,051	267,171	259,253	13,969
Stormwater Utility - Bond and Interest	63,816	98,703	107,120	55,399
Stormwater Utility - Depreciation	185,098	31,026	454	215,670
Stormwater Utility - Special	11,766	1,837	-	13,603
Stormwater Utility - Debt Service Reserve	32,617	11,048	-	43,665
<b>Fiduciary Funds:</b>				
Utilities Holding	3,584	1,395,793	1,393,279	6,098
Payroll	19,458	2,556,008	2,563,122	12,344
<b>Totals</b>	<u>\$ 11,502,953</u>	<u>\$ 22,773,639</u>	<u>\$ 23,203,526</u>	<u>\$ 11,073,066</u>

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

TOWN OF BARGERSVILLE  
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, 2008, And 2009  
(Continued)

	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
Governmental Funds:				
General	\$ 66,415	\$ 898,660	\$ 939,995	\$ 25,080
Motor Vehicle Highway	113,910	101,549	130,196	85,263
Local Road and Street	123,687	37,242	25,533	135,396
Park and Recreation	41,227	23,333	34,994	29,566
Law Enforcement Continuing Education	5,375	1,181	952	5,604
Rainy Day	16,002	22,995	18,121	20,876
Town Hall Maintenance	2,309	2,523	1,801	3,031
Gun Permit	6,489	1,820	-	8,309
Cumulative Capital Development	900	49,751	46,572	4,079
Cumulative Capital Improvement - Cigarette Tax	2,059	6,501	5,168	3,392
Park Nonreverting Capital	661	-	-	661
Debt Service - other	1,138	54,472	55,280	330
Debt Service - Town Hall	6,354	143,501	69,750	80,105
Redevelopment Commission	11,144	15,164	-	26,308
Proprietary Funds:				
Water Utility - Operating	580,033	5,042,079	5,343,676	278,436
Water Utility - Bond and Interest	72,098	834,074	850,768	55,404
Water Utility - Depreciation	1,055,607	284,489	556,984	783,112
Water Utility - Customer Deposit	42,794	23,989	17,120	49,663
Water Utility - Construction	12	-	-	12
Water Utility - Bond Reserve	891,224	-	-	891,224
Water Utility - Connection Fee	2,180	9,248	-	11,428
Water Utility - System Developer's Fee	1,279,407	126,692	876,823	529,276
Water Utility - Cash Reserve Tank	334,026	2,710	11,105	325,631
Electric Utility - Operating	513,745	6,062,443	5,981,562	594,626
Electric Utility - Depreciation	290,213	-	147,304	142,909
Electric Utility - Customer Deposit	55,999	38,242	18,537	75,704
Electric Utility - Developer Deposit	168,518	1,426	-	169,944
Wastewater Utility - Operating	124,034	751,186	859,589	15,631
Wastewater Utility - Bond and Interest	17,368	104,781	97,500	24,649
Wastewater Utility - Depreciation	546,834	181,252	231,760	496,326
Wastewater Utility - Tremont Bond and Interest	3,600	71,330	64,130	10,800
Wastewater Utility - Construction	974,720	3,530	434,223	544,028
Wastewater Utility - Assessment Deposits	1,811,430	86,725	-	1,898,155
Wastewater Utility - Unrestricted Availability Fees	270,294	709	-	271,003
Wastewater Utility - Restricted Availability Fees	777,875	-	-	777,875
Wastewater Utility - Force Main Fees	300,978	36,423	68,750	268,651
Wastewater Utility - Debt Reserve	99,500	-	-	99,500
Wastewater Utility - Indemnity Cash on Deposit	100,203	775	100,908	70
Wastewater Utility - Maintenance Bond Reserve	1,955	-	-	1,955
Stormwater Utility - Operating	13,969	284,786	323,497	(24,742)
Stormwater Utility - Bond and Interest	55,399	117,676	107,198	65,877
Stormwater Utility - Depreciation	215,670	1,037	71,247	145,460
Stormwater Utility - Special	13,603	414	-	14,017
Stormwater Utility - Debt Service Reserve	43,665	7,575	-	51,240
Fiduciary Funds:				
Utilities Holding	6,098	3,891,885	3,879,068	18,915
Payroll	12,344	2,585,756	2,581,035	17,065
Totals	<u>\$ 11,073,066</u>	<u>\$ 21,909,924</u>	<u>\$ 23,951,146</u>	<u>\$ 9,031,845</u>

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

TOWN OF BARGERSVILLE  
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 BARGERSVILLE  
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.

TOWN OF BARGERSVILLE  
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:		
Capital leases:		
Town Hall	\$ 239,435	\$ 69,000
Police Vehicles - Dodge Charger	2,043	2,077
Police Vehicles - Dodge Charger	21,057	7,484
Bonds payable:		
General obligation bonds:		
2003 Road Improvements	<u>215,000</u>	<u>58,420</u>
Total governmental activities debt	<u>\$ 477,535</u>	<u>\$ 136,981</u>
Business-type activities:		
Water Utility:		
Revenue bonds:		
2001 Refunding Bonds	\$ 870,000	\$ 268,015
2003 Refunding Bonds	1,775,000	322,125
2005 Water main and storage tank construction	<u>6,505,000</u>	<u>254,568</u>
Total Water Utility	<u>9,150,000</u>	<u>844,708</u>
Wastewater Utility:		
Notes and Loans:		
2006 Bond Anticipation Note	6,300,000	259,875
Revenue bonds:		
1998 Refunding Bonds	<u>270,000</u>	<u>98,500</u>
Total Wastewater Utility	<u>6,570,000</u>	<u>358,375</u>
Stormwater Utility:		
Notes and Loans:		
2006 Rural Development Loan	<u>1,905,000</u>	<u>108,208</u>
Total Stormwater Utility	<u>1,905,000</u>	<u>108,208</u>
Electric Utility:		
Capital leases:		
Bucket Truck	<u>7,188</u>	<u>7,335</u>
Total Electric Utility	<u>7,188</u>	<u>7,335</u>
Total business-type activities debt	<u>\$ 17,632,188</u>	<u>\$ 1,318,626</u>

TOWN OF BARGERSVILLE  
EXAMINATION RESULTS AND COMMENTS

COMPENSATION AND BENEFITS – 2007 RATE OF PAY

Ordinance 2006-10 which fixed the salaries of the members of Town Council and Clerk-Treasurer for the year 2007, was not passed by the Town Council until January 9, 2007. Since it was not passed until January 9, 2007, Ordinance 2005-15 was still in effect through January 8, 2007. Indiana Code 36-5-3-2b states in part: "The compensation of an elected town official may not be changed in the year for which it is fixed." Since the compensation of elected officials may not be changed in the year the officials should have been paid the rates established in Ordinance 2005-15 which was in effect when the year began. The officials have been requested to refund the overpayments. (See Summary, page XX)

Table 1

Official	Position	Salary Ordinance		Overpayment
		2005-15	Amount Paid	
Amy Carson	Clerk-Treasurer	\$ 47,683.80	\$ 49,883.62	\$ 2,199.82
Laura Lowe	Town Council	6,501.56	7,016.96	515.40
Karl Kevin Combs	Town Council	6,201.56	6,716.96	515.40
Lee Mike Kehl	Town Council	6,201.56	6,716.96	515.40
David Eger	Town Council	6,201.56	6,716.96	515.40
Kay Yoder	Town Council	6,201.56	6,716.96	515.40

COMPENSATION AND BENEFITS – ADDITIONAL COMPENSATION

Ordinance 2007-8 was passed December 11, 2007, providing Town Council members supplemental pay for the period ending December 9, 2007, in the amount of \$500. This payment is reflected in the Overpayment column of Table 1 above.

Ordinance 2008-10 was passed on November 11, 2008, providing for additional compensation for services relating to the municipally owned utilities of the Town of Bargersville. The Ordinance states in part, ". . . the Clerk-Treasurer and Cindy Jarvis, Karl Kevin Combs and Lee Mike Kehl as Town Council members, shall be paid \$500 in the month of November or December of 2008. Per Indiana Code 36-5-3-2(d), the Town Council may provide that town officers receive additional compensation for services that (1) are performed for the town, (2) are not governmental in nature and (3) are connected with the operation of a municipally owned utility or function."

The State Board of Accounts is of the position that a town officer includes employees other than elected officials.

Indiana Code 36-5-3-2b states in part: "The compensation of an elected town official may not be changed in the year for which it is fixed."

In addition to the requested overpayment in Table 1, Carla Roy, Clerk-Treasurer, and Cindy Jarvis, Karl Kevin Combs, and Lee Mike Kehl, Town Council members, have been requested to refund the additional compensation. (See Summary, page XX)

TOWN OF BARGERSVILLE  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

APPROPRIATIONS

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

Fund	Years	Excess Amount Expended
General	2008	\$ 974
Lease Rental Payment	2008	17
Lease Rental Payment	2009	750

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."

CONDITION OF RECORDS - GOVERNMENTAL FUNDS

The following deficiencies, relating to the recordkeeping were present during the period of examination:

In 2007, the following Auditor of State distributions for the month of June were posted twice.

Motor Vehicle Highway (MVH) Distribution	\$ 5,801.34
Cigarette Tax Distribution General Fund	955.29
Cigarette Tax Distribution Cumulative Capital Improvement Fund (CCI)	3,502.73
Local Road and Street (LRS) Distribution	2,599.87
Edward Byrne Memorial State & Local Grant	9,000.00
Operation Pullover(OPO) Grant Reimbursement	1,358.88
 Total	 \$ 23,218.11

A correcting entry was not made to reverse the second posting. A bank reconciliation performed for June by Reedy and Peters noted deposits posted twice; however, it was offset by an unidentified "online credit" per bank statement for \$21,844.50. In July 2007, it was determined that this "online credit" was actually a transfer from the Electric Utility for the Electric Utility's share of payroll that should have been deposited in the payroll bank account, but instead was deposited to the General Bank account. The difference between the two was \$1,373.61. On June 30, 2007, a plug entry was made to the General Fund for (\$1,373.61) to balance the books with the general bank account. On July 31, 2007, an entry of (\$21,844.50) was made to the General Fund to correct the Electric payroll error; however, that error was a bank error only and the correcting entry should not have been posted to the books. The following funds and accounts were over (under) stated for the year 2007:

TOWN OF BARGERSVILLE  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

Cigarette Tax	\$	955.29
Bryne Grant		9,000.00
OPO		1,358.88
Transfer to Payroll		(21,844.50)
Plug entry		<u>(1,373.61)</u>
 Total General Fund	 \$	 <u>1,903.94</u>
 CCI Fund	 \$	 3,502.73
LRS Fund		2,599.87
MVH Fund		<u>5,801.34</u>
 Total Other funds	 \$	 <u>1,903.94</u>

The financial statements presented in this report include an adjustment to the cash receipts and ending cash balance, as approved by the current Clerk-Treasurer, to correct the over (under) statement. However, the entry was not made to the Town books until February 1, 2011.

Indiana Code 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."

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)

FUND SOURCES AND USES – MOTOR VEHICLE HIGHWAY FUND

During the years 2007, 2008, and 2009, the following expenses were paid from Motor Vehicle Highway Fund that are not approved uses according to Indiana Code 8-14-1-5:

2007		
Vendor	Amount	Description of Purchase
Barnes and Thornburg	\$ 9,175.46	Legal Services for economic development and annexation efforts
Reedy & Peters	27,155.27	General accounting services and consulting services for annexation efforts
Wabash Scientific	14,937.20	Consulting services for economic development and annexation efforts
Butler Fairman & Seufert	<u>2,551.42</u>	Engineering services in connection with street improvements
 Total	 <u>\$ 53,819.35</u>	

TOWN OF BARGERSVILLE  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

2008

Vendor	Amount	Description of Purchase
Barnes and Thornburg	\$ 47,579.84	Legal Services for economic development and annexation efforts
Deppe Fredbeck & Boll	19,495.00	Legal services for various town matters
Hackman, Hulett, & Cracraft	230.00	Consulting services for annexation efforts
HJ Umbaugh	500.00	Consulting services for debt reporting requirements
Daily Journal	9.04	Oridinance advertising
Reedy & Peters	10,032.45	General accounting services and consulting services for annexation efforts
Wabash Scientific	<u>2,056.42</u>	Consulting services for economic development and annexation efforts
Total	<u>\$ 79,902.75</u>	

2009

Vendor	Amount	Description of Purchase
Bargersville General Fund	\$ 30,000.00	Unidentified expenses tranfered from General Fund
AE Boyce	148.00	Minute book for Economic Development Commission
Barnes and Thornburg	25,860.51	Legal Services for economic development and annexation efforts
CDW Government Inc	637.00	High speed internet equipment
National City Commerce	337.50	Human Res. consulting - check was voided, but not removed from books
Otto Parking marking	150.00	Parking space marking at Town Hall
Payroll Correction	(6.00)	For payroll correction - no payroll paid from MVH
Prographix printing	48.00	Business cards for employee
Reedy Financial Group	901.50	Consulting services for debt planning and TIF financial planning
S Michael Duncan	787.50	IT services
Sprint	<u>351.49</u>	Cell phone service
	<u>\$ 59,215.50</u>	

Indiana Code 8-14-1-5(a) states:

"All funds allocated to cities and towns from the motor vehicle highway account shall be used by the cities and towns for the construction, reconstruction, repair, maintenance, oiling, sprinkling, snow removal, weed and tree cutting and cleaning of their highways as herein defined, and including also any curbs, and the city's or town's share of the cost of the separation of the grades of crossing of public highways and railroads, the purchase or lease of highway construction and maintenance equipment, the purchase, erection, operation and maintenance of traffic signs and signals, and safety zones and devices; and the painting of structures, objects, surfaces in highways for purposes of safety and traffic regulation. All of such funds shall be budgeted as provided by law. (b) In addition to purposes for which funds may be expended under subsections (a) and (c) of this section, monies allocated to cities and towns under this chapter may be expended for law enforcement purposes, subject to the following limitations: (1) For cities and towns with a population of less than five thousand (5,000), no more than fifteen percent (15%) may be spent for law enforcement purposes. (2) For cities and towns other than those specified in subdivision (1) of this subsection, no more than ten percent (10%) may be spent for law enforcement purposes. (c) In addition to purposes for which funds may be expended under subsections (a) and (b) of this section, monies allocated to cities and towns under this chapter may be expended for the payment of principal and interest on bonds sold primarily to finance road, street, or thoroughfare projects."

TOWN OF BARGERSVILLE  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

Indiana Code 8-14-1-3 state in part:

" . . . If any funds allocated to any city or town shall be used by any officer or officers of such city or town for any purpose or purposes other than for the purposes as defined in this chapter, such officer or officers shall be liable upon their official bonds to such city or town in such amount so used for other purposes than for the purposes as defined in this chapter, together with the costs of said action and reasonable attorney fees, recoverable in an action or suit instituted in the name of the state of Indiana on the relation of any taxpayer or taxpayers resident of such city or town. . . ."

Sources and uses of funds should be limited to those authorized by the enabling statute, ordinance, resolution, or grant agreement. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

On March 1, 2011, the Town transferred \$2,551.42 from the Local Road and Street Fund, \$94,843.11 from the General Fund, \$1,049.50 from the Redevelopment Fund, \$62,365.75 from the Water Operating Fund, \$24,568.33 from the Electric Operating Fund, and \$7,559.49 from the Wastewater Operating Fund to the MVH Fund to repay the unapproved expenditures.

FUND SOURCES AND USES – LOCAL ROAD AND STREET FUND

During the year 2008, the following expenses were paid from Local Road and Street Fund that were not approved uses according to Indiana Code 8-14-2-5:

2008		
Vendor	Amount	Description of Purchase
BP Amoco	\$ 1,218.46	Police fuel

Indiana Code 8-14-2-5 states:

"Monies from the local road and street account shall be used exclusively by the cities, towns and counties for: (1) engineering, land acquisition, construction, resurfacing, maintenance, restoration, or rehabilitation of both local and arterial road and street systems; (2) the payment of principal and interest on bonds sold primarily to finance road, street and thoroughfare projects; (3) any local costs required to undertake a recreational or reservoir project under IC 8-23-5; or (4) the purchase, rental, or repair of highway equipment. . . ."

Sources and uses of funds should be limited to those authorized by the enabling statute, ordinance, resolution, or grant agreement. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

On March 1, 2011, the Town transferred \$1,218.46 from the MVH Fund to the LRS to repay the unapproved expenditures.

TOWN OF BARGERSVILLE  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

CONDITION OF RECORDS - FIDUCIARY FUNDS

Financial records for the year 2007 and 2008 presented for examination were incomplete and not reflective of the activity of the Payroll Fund. The records presented for 2007 and 2008 did not provide sufficient information to examine or establish beginning balances, receipts, disbursements, ending balances, or the accuracy or correctness of the transactions. Many transactions were not recorded in the ledger at all during the year 2007. Most transactions were recorded during 2008, however, the beginning balance did not agree with the balance reported as the ending balance for 2007. In December 2008, several adjusting entries were made to bring the fund balance in agreement with the adjusted bank balance. Beginning in 2009, a new fund was created for payroll with the beginning balance equal to the 2008 ending balance. All payroll transactions for the year 2009 were properly recorded in the new fund and the December 31, 2009, balance reconciled to the balance in the bank.

At all times, the manual and/or 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)

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)

PENALTIES, INTEREST, AND OTHER CHARGES

Penalties totaling \$6,005.56 were paid to the Internal Revenue Service for the tax periods December 31, 2007, and September 30, 2006. Penalties totaling \$1,088.28 were paid to the Indiana Department of Revenue for the tax period 2006. A claim was submitted by the Town against Amy Carson's Official Bond for \$7,093.84. On January 2, 2009, the Town received a check from Great American Insurance in the amount of \$7,093.84.

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

ANNUAL REPORT - UTILITIES

An annual report for 2007, 2008, and 2009, was presented for examination; however, the cash receipts and disbursements for the Utilities were not always reflective of what was recorded in the records. Adjustments were approved by the Clerk-Treasurer and are reflected in the cash receipts, disbursements, and balances of this report to more accurately reflect the cash receipts and cash disbursements of the utilities.

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 . . ."

TOWN OF BARGERSVILLE  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

CONDITION OF RECORDS - PROPRIETARY FUNDS

The following deficiencies, relating to the Wastewater Utility recordkeeping were cited:

Investment transactions were not always properly recorded.

The Unrestricted Availability Fee fund and Restricted Availability Fee fund each purchased a Certificate of Deposit (CD) for \$265,000 and \$165,375, respectively, on February 9, 2007. The CDs were both recorded in the Assessment Deposit Investment fund on that same day. The CDs matured on August 10, 2007, and were receipted into the Assessment Deposit fund. Additionally on February 9, 2007, the Restricted Availability Fee fund purchased and CD for \$611,625. The CD matured on May 14, 2007, and was receipted into the Assessment Deposit fund. The Assessment Deposit fund cash balance is therefore overstated by \$1,042,000. The Utility Controller was requested to correct the errors by transferring from the Assessment Deposit fund to the Unrestricted Availability Fee fund \$265,000 and to the Restricted Availability Fee fund \$777,000. The report presented here was adjusted to reflect the correction. The Controller made the transfer on March 21, 2011.

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)

OVERDRAWN FUND BALANCES

The Cumulative Capital Improvement Fund was overdrawn in 2007 and the Stormwater Operating Fund was overdrawn in 2009.

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)

CONFLICT OF INTEREST

A Uniform Conflict of Interest Disclosure Statement does not appear to have been filed by all Town Council members who are either an employee of the Town or whose spouse is an employee of the town.

Indiana Code 35-44-1-3 states in part:

"(a) A public servant who knowingly or intentionally: (1) has a pecuniary interest in; or (2) derives a profit from; a contract or purchase connected with an action by the governmental entity served by the public servant commits conflict of interest, a Class D felony. . . ."

"(c) This section does not prohibit a public servant from having a pecuniary interest in or deriving a profit from a contract or purchase connected with the governmental entity served . . . (3) if the public servant; (A) is an elected public servant. . . and (B) makes a disclosure under subsection (d)(1) through (d)(6)."

TOWN OF BARGERSVILLE  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

"(d) A disclosure required by this section must: (1) be in writing; (2) describe the contract or purchase to be made by the governmental entity; (3) describe the pecuniary interest that the public servant has in the contract or purchase; (4) be affirmed under penalty of perjury; (5) be submitted to the governmental entity and be accepted by the governmental entity in a public meeting of the governmental entity prior to final action on the contract or purchase; (6) be filed within fifteen (15) days after final action on the contract or purchase with: (A) the state board of accounts; and (B) . . . the clerk of the circuit court in the county where the governmental entity takes final action on the contract or purchase. . . ."

"(g) A public servant has a pecuniary interest in a contract or purchase if the contract or purchase will result or is intended to result in an ascertainable increase in the income or net worth of: (1) the public servant; or (2) a dependent of the public servant who: (A) is under the direct or indirect administrative control of the public servant; or (B) receives a contract or purchase order that is reviewed, approved, or directly or indirectly administered by the public servant. . . ."

"(k) As used in this section, 'dependent' means any of the following: (1) The spouse of a public servant. (2) A child, stepchild, or adoptee (as defined in IC 31-9-2-2) of a public servant who is: (A) unemancipated; and (B) less than eighteen (18) years of age. (3) Any individual more than one-half (1/2) of whose support is provided during a year by the public servant."

TOWN OF BARGERSVILLE  
EXIT CONFERENCE

The contents of this report were discussed on March 23, 2011, with Rowana Umbarger, President of the Town Council; Carla Roy, Clerk-Treasurer; James Rosentreter, Utility Controller; and Linda Bell, Reedy Financial Group.

The contents of this report were communicated on March 27, 2011, to Amy Carson, former Clerk-Treasurer via certified mail.

The Examination Result and Comment titled Compensation and Benefits – 2007 Rate of Pay was communicated via certified mail on March 24, 2011, with Laura Lowe, former Town Council member; Karl Kevin Combs, former Town Council member; Lee Mike Kehl, former Town Council member; David Eger, former Town Council member; and Kay Yoder, former Town Council member.

The Examination Result and Comment titled Compensation and Benefits – Additional Compensation was communicated via certified mail on March 24, 2011, with Cindy Jarvis, Town Council member; Karl Kevin Combs, former Town Council member; and Lee Mike Kehl, former Town Council member.

TOWN OF BARGERSVILLE  
SUMMARY

	<u>Charges</u>	<u>Credits</u>	<u>Balance Due</u>
Amy Carson, former Clerk-Treasurer:			
Compensation and Benefits - 2007 Rate of Pay, page 10	\$ 2,199.82	\$ -	\$ 2,199.82
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Laura Lowe, former Town Council member:			
Compensation and Benefits - 2007 Rate of Pay, page 10	\$ 515.40	\$ -	\$ 515.40
	<u>                    </u>	<u>                    </u>	<u>                    </u>
David Eger, former Town Council member:			
Compensation and Benefits - 2007 Rate of Pay, page 10	\$ 515.40	\$	\$
Payment received April 29, 2011	<u>                    </u>	515.40	<u>                    </u>
Totals - David Eger	<u>\$ 515.40</u>	<u>\$ 515.40</u>	<u>\$ -</u>
Kay Yoder, former Town Council member:			
Compensation and Benefits - 2007 Rate of Pay, page 10	\$ 515.40	\$	\$
Payment received April 6, 2011	<u>                    </u>	515.40	<u>                    </u>
Totals - Kay Yoder	<u>\$ 515.40</u>	<u>\$ 515.40</u>	<u>\$ -</u>
Carla Roy, Clerk-Treasurer:			
Compensation and Benefits - Additional Compensation, page 10	\$ 500.00	\$ -	\$ 500.00
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Cindy Jarvis, Town Council member:			
Compensation and Benefits - Additional Compensation, page 10	\$ 500.00	\$	\$
Partial payment received, June 14, 2011	<u>                    </u>	250.00	<u>                    </u>
Totals - Cindy Jarvis	<u>\$ 500.00</u>	<u>\$ 250.00</u>	<u>\$ 250.00</u>
Karl Kevin Combs, former Town Council member:			
Compensation and Benefits - 2007 Rate of Pay, page 10	\$ 515.40	\$	\$
Compensation and Benefits - Additional Compensation, page 10	500.00		
Partial payments received, April 8, 2011, May 23, 2011, July 14, 2011, and August 5, 2011	<u>                    </u>	1,015.40	<u>                    </u>
Totals - Karl Kevin Combs	<u>\$ 1,015.40</u>	<u>\$ 1,015.40</u>	<u>\$ -</u>
Lee Mike Kehl, former Town Council member:			
Compensation and Benefits - 2007 Rate of Pay, page 10	\$ 515.40	\$ -	\$ 515.40
Compensation and Benefits - Additional Compensation, page 10	500.00	-	500.00
Totals - Lee Mike Kehl	<u>\$ 1,015.40</u>	<u>\$ -</u>	<u>\$ 1,015.40</u>

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AFFIDAVIT

STATE OF INDIANA            )  
  )  
Johnson COUNTY)

I, Beth Kelley, Field Examiner, being duly sworn on my oath, state that the foregoing report based on the official records of the Town of Bargersville, Johnson County, Indiana, for the period from January 1, 2007 to December 31, 2009, is true and correct to the best of my knowledge and belief.

Beth Kelley  
Field Examiner

Subscribed and sworn to before me this 2 day of August, 2011.

Henry J. Berger  
Notary Public

My Commission Expires: May 24, 2012

County of Residence: Shelby