

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

COMPLIANCE ENGAGEMENT REPORT

OF

TOWN OF BLOOMFIELD

GREENE COUNTY, INDIANA

January 1, 2019 to December 31, 2022



FILED

01/31/2024

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Sondra J. Thompson	01-01-19 to 12-31-24
President of the Town Council	Robert S. Yoho Gary Vandeventer	01-01-19 to 12-31-23 01-01-24 to 12-31-24
Superintendent of Wastewater Utility	Jason Jackson	01-01-19 to 12-31-24



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE TOWN OF BLOOMFIELD, GREENE COUNTY, INDIANA

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of the Town of Bloomfield (Town), for the period of January 1, 2019 to December 31, 2022. The objective of this engagement was to determine compliance with applicable Indiana laws, regulations, and uniform compliance guidelines (Guidelines) established by the Indiana State Board of Accounts pursuant to Indiana Code 5-11-1-24. The objective of this engagement is not to opine on compliance or financial activity of the Town as this engagement was not conducted in accordance with any standards established by an authoritative standard setting body and, as such, we do not provide any opinions on compliance or financial activity.

Management is responsible for preparing and maintaining its accounting records and related documents in accordance with applicable Indiana laws, regulations, and Guidelines. Management's responsibility also includes, but is not limited to, complying with other applicable Indiana laws, regulations, and Guidelines concerning how it operates: authorized sources and uses of funds; what reports are required to be prepared and filed; and what depositories and investment types are allowable.

We fulfilled our responsibility as detailed in the first paragraph, using procedures that verified the appropriate accounting for and reporting of cash, receipts, and disbursements; and the appropriate sources and uses of funds in accordance with applicable Indiana laws, regulations, and Guidelines. Expanding the scope and nature of these procedures can and does occur in specific circumstances.

The Comments contained herein, if any, describe the identified reportable instances of noncompliance found during our engagement. Our procedures were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified. Any Official Response to the Comments incorporated within this report was not verified for accuracy.

The Schedule of Officials and Statements of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis (Statements) are informational only. The Statements have not been subjected to any procedures designed to express an opinion or provide any assurance on them, and, accordingly, we do not express an opinion or provide any assurance on them.

This report is intended solely for the information and use of management, governance, and others within the organization. This restriction is not intended to limit the distribution of this report, which is a matter of public record. Reports can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>, and the Town's Annual Financial Reports filed by management can be found on the Indiana Gateway for Government Units financial reporting system website: <http://www.gateway.ifionline.org>.

The contents of this report were communicated to Gary Vandeventer, President of the Town Council, and Sondra Thompson, Clerk-Treasurer, on January 25, 2024.



Beth Kelley, CPA, CFE
Deputy State Examiner

December 20, 2023

TOWN OF BLOOMFIELD
COMMENTS

MONTHLY AND ANNUAL UPLOADS

Condition and Context

The files and governmental unit information that are required to be uploaded monthly include the bank reconciliements, approved Town Council minutes and the funds ledger, summarizing total receipts, disbursements, and balances by fund.

Annual upload requirements include the year-end bank statement, year-end outstanding check list, year-end investments, detail of receipt activity, detail of disbursement activity, current year salary ordinance, and an annual vendor history report.

The Town did not comply with the State Examiner Directive and failed to upload the monthly Town Council minutes and not upload any of the annual files on the Indiana Gateway for Government Units financial reporting system for 2019, 2020, 2021, and 2022.

Criteria

All counties, cities, towns, townships, libraries, schools and special districts will use the Engagement Uploads to upload files containing financial and governmental unit information on Gateway to allow the SBOA to conduct audit planning and audit processes prior to on-site work at a unit. This remote process will provide for more efficient data processing and save audit costs for our clients. (Amended State Examiner Directive 2018-1, updated November 9, 2020, and effective with uploads due February 14, 2021)

Units are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings, court decisions and filing requirements concerning reports and other procedural matters of federal and state agencies. Units must file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

ANNUAL FINANCIAL REPORT

Condition and Context

Financial information is required to be entered annually into the Annual Financial Reports (AFR) via the Indiana Gateway for Government Units financial reporting system. The following errors were noted:

1. The Electronic Transfer Account understated disbursements by \$162 in 2019 and overstated the cash and investment balance by \$162 as of December 31, 2019.
2. The Electronic Transfer Account understated receipts and disbursements in 2020 in the amount of \$336,192 and \$339,876, respectively. This combined with the overstated cash and investment balance error in the 2019 AFR overstated the cash and investment balance by \$3,846 as of December 31, 2020.
3. The January 1, 2021 cash and investment balance reported by the Town in the 2021 AFR for the Electronic Transfer Account was \$28,992 more than reported on December 31, 2020, in the 2020 ARF.

TOWN OF BLOOMFIELD
COMMENTS
(Continued)

4. The Electronic Transfer Account understated receipts and disbursements in 2021 in the amount of \$184,719 and \$148,837, respectively. This combined with the errors in 2019, 2020, and the change in the cash and investment balance from December 31, 2020 to January 1, 2021, understated the cash and investment balance by \$3,044 on December 31, 2021.
5. The Electronic Transfer Account understated receipts and disbursements in 2022 in the amount of \$986,454 and \$989,500, respectively, when combined with the errors in 2021, overstated the cash and investment balance by \$2 on December 31, 2022.
6. The January 1, 2021 cash and investment balance reported by the Town in the 2021 AFR for the Hunter Unitrust Fund was \$850,000 more than reported on December 31, 2020, in the 2020 AFR. This erroneously overstated the cash and investment balance on December 31, 2021 and 2022, by \$850,000. This amount is held by the Greene County Foundation in a Designated Endowment Fund.
7. The Community Crossings Grant #3 was omitted in 2021, therefore, receipts and disbursements were each understated in the amount of \$73,638.

Adjustments were proposed, accepted by management, and made to the financial statement presented in the report.

Criteria

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every audited entity financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each fiscal year. The reports must be in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under [IC 5-14-3.8-7](#)."

INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

The same comment also appeared in prior Report B54831.

Condition and Context

There were deficiencies in the internal control system of the Town related to financial transactions and reporting. The Town had not separated incompatible activities related to receipts and financial close and reporting.

Receipts

The Clerk-Treasurer collected, recorded, and deposited receipts. There was no documentation of internal controls in place, such as an oversight, review, or approval process.

Financial Close and Reporting

The Clerk-Treasurer did not have a proper system of internal controls in place to prevent, or detect and correct, errors in the Annual Financial Report entered into the Indiana Gateway for Government Units financial reporting system. The Clerk-Treasurer entered the financial information without an oversight, review, or approval process.

TOWN OF BLOOMFIELD
COMMENTS
(Continued)

Criteria

The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate control activities. According to this manual:

"Control activities are the actions and tools established through policies and procedures that help to detect, prevent, or reduce the identified risks that interfere with the achievement of objectives. Detection activities are designed to identify unfavorable events in a timely manner whereas prevention activities are designed to deter the occurrence of an unfavorable event. Examples of these activities include reconciliations, authorizations, approval processes, performance reviews, and verification processes.

An integral part of the control activity component is segregation of duties. . . .

There is an expectation of segregation of duties. If compensating controls are necessary, documentation should exist to identify both the areas where segregation of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. . . ."

MOTOR VEHICLE HIGHWAY (MVH) - RESTRICTED FUND

Condition and Context

Of the ten disbursements reviewed from the Motor Vehicle Highway (MVH) - Restricted Fund, three were for repair of a snowplow and tree removal instead of construction, reconstruction, and preservation of the Town's highways as required. The total amount of these disbursements was \$4,260.

Criteria

Indiana Code 8-14-1-5(c) states: "Except as provided in subsection (d), for funds distributed to a city or town from the motor vehicle highway account, the city or town shall use at least fifty percent (50%) of the money for the construction, reconstruction, and preservation of the city's or town's highways."

ACCOUNTING FOR CORONAVIRUS RELIEF FUND

Condition and Context

The Town did not properly account for the Coronavirus Relief Fund (CRF) in accordance with the options outlined in the State Examiner Directive 2020-3.

The Town did not properly establish a separate CARES grant fund for the CRF grant that followed the uniform chart of accounts. The City established fund 211 - CARES Act Grant COVID 19 fund instead of following the *Accounting and Appropriation of COVID-19 Grants* memo dated April 29, 2020, which indicated the Town could utilize any fund number between 150-175.

TOWN OF BLOOMFIELD
COMMENTS
(Continued)

The Town receipted the Indiana Finance Authority reimbursement of \$74,134 for health and safety payroll costs into the designated fund. The expenditures upon which the reimbursement was based should have been reversed and recorded in the CARES fund, or the reimbursed amount transferred through the claims process to the General fund, which would have allowed the money to be expended for any general unit purpose. Either of these two methods would have allowed for the proper processing and recording of the CRF reimbursement.

The Town had a year-end balance of \$74,134 in the designated fund. The balance should immediately be transferred to the General fund to be used for any general Town purpose.

Criteria

Transactions for public health and safety payroll costs must be accounted for through one of these two prescribed options.

Option One. Reimbursements received from IFA shall be receipted into the separate CARES grant fund. The reimbursed amount for public health and safety payroll costs originally incurred in the general fund (or other fund) will be moved to the separate CARES grant fund through a reversing entry. This action will reinstate the general fund (or other fund) cash balance and re-appropriate the general fund (or other fund) in a similar manner to IC 6-1.1-18-9(1) for those disbursements. This reversal must be done in the same budget year that the original transaction was posted.

Once the disbursement is reversed within the general fund (or other fund), it must be posted as a disbursement in the separate CARES grant fund. Documentation must be maintained so the audit trail can be followed. The accounting system must tie the original claim for the disbursement to the separate CARES grant fund by specific reference or notation in a comment section.

Once option one is completed, the cash balance of the separate CARES grant fund will be zero. **No money shall remain in the separate CARES grant fund.**

Option Two. Reimbursements received from IFA shall be receipted into the separate CARES grant fund. A claim will be created against the separate CARES grant fund for the reimbursed amount in favor of the general fund. This claim must be supported by documentation of the public health and safety payroll costs that have been expensed from the general fund or other funds.

The amount of the claim will be receipted into the general fund cash balance. Normal appropriation procedures will apply to these funds.

Once option two is completed, the cash balance of the separate CARES grant fund will be zero. **No money shall remain in the separate CARES grant fund. This option requires a resolution or ordinance as detailed in the memorandum CARES Reimbursement of Public Health and Safety Payroll Costs, September 30, 2020.**

(State Examiner Directive 2020-3)

In anticipation of several separate funds being necessary, the following fund numbering system should be followed: . . .

Cities/Towns: 150-175 . . .

(Memorandum *Accounting and Appropriation of COVID-19 Grants*, April 29, 2020 (updated September 29, 2020))

TOWN OF BLOOMFIELD
COMMENTS
(Continued)

CAPITAL ASSETS

Condition and Context

A detailed listing of all capital assets owned by the Town was not presented for audit. On February 1, 2022, the Town amended capital asset policy and increased the capitalization threshold to \$10,000. The amount reported as capital assets in the Indiana Gateway for Government Units financial reporting system for December 31, 2022, was \$10,205,946.

Criteria

Every unit must have a capital assets policy that details the threshold at which an item is considered a capital asset. Every unit must have a complete detail listing of all capital assets owned which reflects their acquisition value. Capital Asset Ledger (Form 369) has been prescribed for this purpose. A complete physical inventory must be taken at least every two years, unless more stringent requirements exist, to verify account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

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STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CASH
AND INVESTMENT BALANCES - REGULATORY BASIS

TOWN OF BLOOMFIELD
 STATEMENT OF RECEIPTS, DISBURSEMENTS,
 AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Years Ended December 31, 2019 and 2020

Fund	Cash and Investments 01-01-19		Cash and Investments 12-31-19		Cash and Investments 12-31-20		
	Receipts	Disbursements	Receipts	Disbursements	Receipts	Disbursements	
PAYROLL - AFLAC	\$ 181	\$ 4,428	\$ 4,427	\$ 182	\$ 4,428	\$ 4,610	\$ -
GENERAL FUND	254,635	623,860	718,860	159,635	864,237	690,099	333,773
MOTOR VEHICLE HIGHWAY	108,986	76,726	119,125	66,587	71,726	116,146	22,167
LOCAL ROAD & STREET	47,981	16,830	32,400	32,411	14,854	11,576	35,689
PARKING METER	36,057	13,097	561	48,593	8,165	50,734	6,024
CARES ACT GRANT COVID 19	-	-	-	-	74,134	-	74,134
LOCAL LAW ENF CONT ED	1,849	3,785	4,509	1,125	4,156	1,210	4,071
UNSAFE BUILDING	2,757	-	-	2,757	-	-	2,757
RIVERBOAT	20,569	14,247	18,000	16,816	14,247	-	31,063
RAINY DAY	43,967	-	-	43,967	-	-	43,967
COMMUNITY CROSSING GRANT # 2	-	-	-	-	119,422	110,875	8,547
CUM CAP IMP - CIG TAX	23,864	6,980	1,187	29,657	5,215	13,900	20,972
CUM CAP DEVELOPMENT	58,483	15,095	13,347	60,231	22,550	-	82,781
GRANT HOUSING RENOVATION HD-017-003	-	132,799	132,799	-	61,979	61,979	-
COUNTY ECONOMIC DEV INCOME TAX (CEDIT)	178,702	50,942	-	229,644	53,449	-	283,093
LOIT - PUBLIC SAFETY	92,530	103,888	32,221	164,197	107,383	57,215	214,365
PARK & RECREATION	78,421	15,894	61,487	32,828	22,795	10,436	45,187
COMMUNITY CROSSING GRANT	-	130,978	129,703	1,275	-	1,275	-
PD HOLIDAY FUND	4,158	2,635	2,066	4,727	4,840	2,192	7,375
MVH CONSTRUCTION RECON MAINT.	75,307	51,757	40,734	86,330	51,023	38,833	98,520
STREET CUT FUND	8,173	25	-	8,198	75	-	8,273
HUNTER UNITRUST FUND	-	104,000	-	104,000	35,000	16,034	122,966
FILL THE POOL DONATIONS	56,126	75,098	124,935	6,289	3,248	500	9,037
PD DONATION FUND	1,371	-	692	679	-	-	679
DONATIONS - CHRISTMAS DEC	15	-	-	15	-	-	15
LOIT SPECIAL DISTRIBUTION	36,483	-	-	36,483	-	-	36,483
INDUSTRIAL DEVELOPMENT FUND	162,211	5,462	-	167,673	10,588	-	178,261
ELECTRONIC TRANSFER ACCOUNT	3,659	536,609	539,564	704	412,912	411,695	1,921
PAYROLL BALANCE CARRY FORWARD	43	-	-	43	-	43	-
PAYROLL UNEMPLOYMENT	424	752	752	424	683	1,107	-
PAYROLL - HEALTH INSURANCE EMPLOYEE	245	5,056	5,056	245	11,157	11,402	-
PAYROLL EMPLOYER SHARE HEALTH INS	382	124,467	124,636	213	117,108	117,321	-
PAYROLL - GARNISHMENT FEES	36	-	-	36	-	36	-
PAYROLL - NET	-	352,501	352,501	-	363,081	363,081	-
PAYROLL - 941 TAXES	-	107,713	107,713	-	123,901	123,901	-
WWTP OPERATING	323,536	712,051	725,554	310,033	723,904	756,488	277,449
SEWER SINKING	305,647	188,400	186,050	307,997	48,608	185,170	171,435
Totals	\$ 1,926,798	\$ 3,476,075	\$ 3,478,879	\$ 1,923,994	\$ 3,354,868	\$ 3,157,858	\$ 2,121,004

TOWN OF BLOOMFIELD
 STATEMENT OF RECEIPTS, DISBURSEMENTS,
 AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Years Ended December 31, 2021 and 2022

Fund	Cash and Investments			Cash and Investments			Cash and Investments		
	01-01-21	Receipts	Disbursements	12-31-21	Receipts	Disbursements	12-31-22		
PAYROLL - AFLAC	\$ -	\$ -	\$ -	\$ -	\$ 4,428	\$ 4,428	\$ -		
GENERAL FUND	333,773	712,631	591,877	454,527	820,650	679,432	595,745		
MOTOR VEHICLE HIGHWAY	22,167	73,953	90,089	6,031	85,649	72,841	18,839		
LOCAL ROAD & STREET	35,689	17,900	12,052	41,537	18,857	447	59,947		
PARKING METER	6,024	12,403	184	18,243	4,583	15,156	7,670		
CARES ACT GRANT COVID 19	74,134	-	-	74,134	-	74,134	-		
COMMUNITY CROSSINGS GRANT #3	-	73,638	73,638	-	-	-	-		
COMMUNITY CROSSING GRANT # 4	-	-	-	-	218,857	-	218,857		
LOCAL LAW ENF CONT ED	4,071	2,298	835	5,534	1,891	4,318	3,107		
UNSAFE BUILDING	2,757	-	-	2,757	-	-	2,757		
RIVERBOAT	31,063	14,230	-	45,293	12,889	8,985	49,197		
Pool Grant (Tourism & Advertisement)	-	4,000	625	3,375	-	2,360	1,015		
RAINY DAY	43,967	-	-	43,967	-	-	43,967		
OPIOID RESTRICTED	-	-	-	-	1,611	-	1,611		
OPIOID UNRESTRICTED	-	-	-	-	690	-	690		
COMMUNITY CROSSING GRANT # 2	8,547	-	8,547	-	-	-	-		
CUM CAP IMP - CIG TAX	20,972	4,941	5,500	20,413	4,735	-	25,148		
CUM CAP DEVELOPMENT	82,781	15,778	9,719	88,840	15,634	-	104,474		
ARP CORONAVIRUS LOCAL FISCAL RECOVERY FUND	-	259,638	-	259,638	261,604	255,826	265,416		
COUNTY ECONOMIC DEV INCOME TAX (CEDIT)	283,093	56,452	4,774	334,771	62,691	-	397,462		
PAYROLL AFLAC POLICY	-	4,428	4,427	1	-	-	1		
PAYROLL PERF	-	51,126	51,126	-	59,309	59,268	41		
Payroll STATE/LIT TAX	-	23,947	23,947	-	-	-	-		
LOIT - PUBLIC SAFETY	214,365	114,157	151,015	177,507	125,491	123,075	179,923		
PARK & RECREATION	45,187	22,390	9,637	57,940	30,770	23,727	64,983		
PD HOLIDAY FUND	7,375	3,310	4,119	6,566	1,225	2,555	5,236		
MVH CONSTRUCTION RECON MAINT.	98,520	50,448	15,186	133,782	49,287	6,314	176,755		
STREET CUT FUND	8,273	1,125	-	9,398	1,000	-	10,398		
HUNTER UNITRUST FUND	122,966	35,000	15,997	141,969	37,800	23,940	155,829		
FILL THE POOL DONATIONS	9,037	2,240	2,772	8,505	-	1,365	7,140		
PD DONATION FUND	679	-	-	679	-	-	679		
DONATIONS - CHRISTMAS DEC	15	-	15	-	-	-	-		
LOIT SPECIAL DISTRIBUTION	36,483	-	-	36,483	-	-	36,483		
INDUSTRIAL DEVELOPMENT FUND	178,261	6,139	-	184,400	12,737	-	197,137		
ELECTRONIC TRANSFER ACCOUNT	1,921	184,719	183,596	3,044	986,454	989,500	(2)		
PAYROLL UNEMPLOYMENT	-	808	808	-	757	757	-		
PAYROLL - HEALTH INSURANCE EMPLOYEE	-	3,528	3,528	-	3,495	3,495	-		
PAYROLL EMPLOYER SHARE HEALTH INS	-	127,597	127,597	-	107,589	107,589	-		
PAYROLL - NET	-	366,824	366,824	-	364,919	364,919	-		
PAYROLL - 941 TAXES	-	113,394	113,394	-	117,306	117,306	-		
PAYROLL STATE & COIT TAX	-	-	-	-	24,453	24,453	-		
WWTP LOAN & GRANT	-	164,406	87,356	77,050	985,733	1,024,491	38,292		
WWTP OPERATING	277,449	835,291	765,752	346,988	828,741	631,059	544,670		
SEWER SINKING	171,435	3,276	174,711	-	40,867	40,867	-		
Totals	\$ 2,121,004	\$ 3,362,015	\$ 2,899,647	\$ 2,583,372	\$ 5,292,702	\$ 4,662,607	\$ 3,213,467		