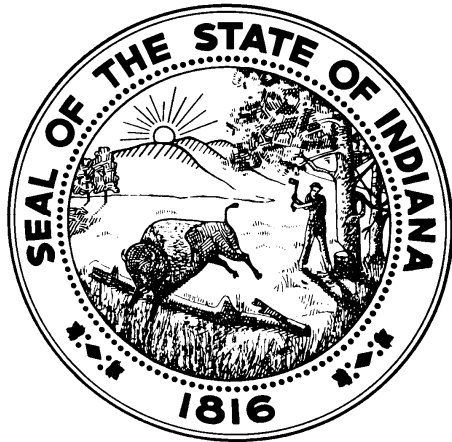


STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

EXAMINATION REPORT
OF
TOWN OF BLOOMINGDALE
PARKE COUNTY, INDIANA
January 1, 2006 to December 31, 2007



FILED
12/31/2008

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OFFICIALS

Office

Official

Term

Clerk-Treasurer

Peggy Brown

01-01-06 to 12-31-09

President of the
Town Council

Jerry Newlin

01-01-06 to 12-31-08



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, 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.

Except as described 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.

Financial records presented for our audit for the years ended December 31, 2006 and 2007 were incomplete and not reflective of the activity of the Water Utility Funds. The records presented did not provide sufficient information to examine or establish receipts, disbursements, ending balances, or the accuracy or correctness of the transactions by fund. Accordingly, the financial information broken down by fund for the years ended December 31, 2006 and 2007 is not presented in the accompanying schedules.

Since records were not in the proper condition or not available to audit as described in the preceding paragraph, and we were unable to apply alternative auditing procedures, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on whether schedules referred to above present fairly, in all material respects, the cash transactions of the Water Utility Funds 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.

In our opinion, the financial information referred to above present 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.

STATE BOARD OF ACCOUNTS

November 5, 2008

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, 2006 And 2007

	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
Governmental Funds:				
General	\$ (24,173)	\$ 77,522	\$ 47,802	\$ 5,547
Motor Vehicle Highway	49,733	12,028	49,126	12,635
Local Road and Street	4,396	1,407	34	5,769
Cumulative Capital Improvement	3,910	1,287	-	5,197
Proprietary Funds:				
Water Utility - Operating	34,144	120,653	130,183	24,614
Water Utility - Grant for Water Project	2,293	1,031,310	1,013,977	19,626
Water Utility - Construction Retainage	14,465	51	-	14,516
Totals	<u>\$ 84,768</u>	<u>\$ 1,244,258</u>	<u>\$ 1,241,122</u>	<u>\$ 87,904</u>

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Governmental Funds:				
General	\$ 5,547	\$ 36,616	\$ 35,719	\$ 6,444
Motor Vehicle Highway	12,635	13,730	2,046	24,319
Local Road and Street	5,769	1,412	391	6,790
Levy Excess	-	550	-	550
Cumulative Capital Improvement	5,197	1,120	2,909	3,408
Proprietary Funds:				
Water Utility - Operating	24,614	172,429	149,117	47,926
Water Utility - Grant for Water Project	19,626	980,498	866,956	133,168
Water Utility - Construction Retainage	14,516	51	-	14,567
Totals	<u>\$ 87,904</u>	<u>\$ 1,206,406</u>	<u>\$ 1,057,138</u>	<u>\$ 237,172</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. 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

Futurex has donated the building between the current Town Hall building and Fire Station to the Town. The Town plans to build a new Fire Station with a Town Hall in the future.

TOWN OF BLOOMINGDALE
 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:		
Notes and loans payable:		
1973 Ladder Truck (USDA)	\$ 49,000	\$ 4,451
Business-Type Activities		
Notes and loans payable:		
Water System Land	\$ 128,477	\$ 17,451
Water System Extension	296,365	300,699
Revenue bonds:		
1972 Water Revenue Bond	61,000	14,050
Total business-type activities debt:	<u>\$ 485,842</u>	<u>\$ 332,200</u>

TOWN OF BLOOMINGDALE
EXAMINATION RESULTS AND COMMENTS

CAPITAL ASSET RECORDS

The Town did not present capital assets on approved Form 211 for examination. A similar Examination Result and Comment was included in prior Report B27554.

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 form. 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 audit period:

1. Three of sixty claims tested were not adequately itemized.
2. Three of sixty claims tested did not have board approval.

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."

FEDERAL AND STATE AGENCIES - COMPLIANCE REQUIREMENTS

The Town issued 1099 Miscellaneous income forms to all of its employees earning over \$600 treating them as if they were contractors. Elected officials should be treated as employees and have federal taxes withheld. Employees should receive W-2 Wage reports at year end. The Town should submit the withheld wages to the proper federal and state agencies and the Town should pay employer's taxes.

James Hoover, Water Operator, was approved by the Town Council to be paid \$14 per hour for repair work done in February 2007. It totaled \$336 and was not included on his 1099 for 2007.

TOWN OF BLOOMINGDALE
EXAMINATION RESULTS AND COMMENTS
(Continued)

Political subdivisions are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings and filing requirements concerning reports and other procedural matters of federal and state agencies, including opinions of the Attorney General of the State of Indiana, and court decisions. Governmental units should 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 7)

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)

ORDINANCES AND RESOLUTIONS

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

1. The billing was improperly calculated on three accounts.
2. Three accounts did not have penalties assessed on their arrears.
3. One account, over 90 days in arrears before payment was made, was not shut off according to the shut-off (60 days) policy.

A similar Examination Result and Comment was included in prior Report B27554.

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)

DEPOSITS

Receipts were deposited later than the next business day. The Town makes deposits once a week.

Indiana Code 5-13-6-1(d) states: "A city (other than a consolidated city) or a town shall deposit funds not later than the next business day following the receipt of the funds in depositories (1) selected by the city or town as provided in an ordinance adopted by the city or the town; and (2) approved as depositories of state funds."

OFFICIAL BOND

The Clerk-Treasurer's official bond was not filed in the Office of the County Recorder. A similar Examination Result and Comment was included in prior Report B27554.

Indiana Code 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. . . ."

TOWN OF BLOOMINGDALE
EXAMINATION RESULTS AND COMMENTS
(Continued)

RECEIPT ISSUANCE

The Town does not issue any receipts (Clerk-Treasurer Receipt 217) for transactions for the Town or the Water Utility.

Receipts shall be issued and recorded at the time of the transaction; for example, when cash or a check is received, a receipt is to be immediately prepared and given to the person making payment. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

CONDITION OF RECORDS

1. The following distributions were not posted to the ledger:

Community Development Block Grant	\$	29,700.00
State Parks and Reservoirs Project		2,241.14
Turkey Run State Park Project		1,200,000.00

All funds were traced to the bank statement.

2. Simplified Cash Journal Form 319 and reconcilements were not presented for audit.
3. Town ledger is in an excel spreadsheet. Totals did not carry forward and formulas were not copied down the page correctly.
4. The Guarantee Deposit Register did not have an accurate total. The register is being kept on an excel spreadsheet and formulas are not carried down the page. The Town did not issue Guarantee Deposit Receipts (Form 310). Four of five customer deposits tested could not be traced to the Guarantee Deposit Register. Two of two customer refunds tested could not be traced to the Guarantee Deposit Register.
5. February, March, September and November 2006 and all of 2008 Town Council minutes were not presented for audit.

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)

APPROPRIATIONS

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

TOWN OF BLOOMINGDALE
EXAMINATION RESULTS AND COMMENTS
(Continued)

Fund	Years	Excess Amount Expended
Motor Vehicle Highway	2006	\$ 23,078
General Fund	2007	3,819

A similar Examination Result and Comment was included in prior Report B27554.

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."

PENALTIES, INTEREST, AND OTHER CHARGES

In some cases, amounts payable to vendors and other suppliers of goods and services are not being paid until several months after the invoice dates. Penalties and interest were paid to various vendors totaling \$210.43. Late fees were assessed on a loan at First Financial Bank for \$50,277.40 in 2006 and \$25,283.56 for 2007 but the bank waived the fees.

The Water Utility did not pay or file Gross Utility Receipt Tax for 2006 or 2007.

The Water Utility did not pay sales tax for January-April 2006 tax periods.

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 2006 and 2007 were not presented for examination. A similar Examination Result and Comment was included in prior Report B27554.

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 BLOOMINGDALE
EXAMINATION RESULTS AND COMMENTS
(Continued)

PRESCRIBED FORMS

The following prescribed or approved forms were not always in use:

- Form 208, Ledger of Receipts, Disbursements and Balances
- Form 209, Ledger of Appropriations, Encumbrances, Disbursements and Balances
- Form 217, Clerk Treasurer Receipt
- Form 314, Guarantee Deposit Register
- Form 319, Simplified Cash Journal

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)

SMALL TOWNS -TRANSFER OF FUNDS

The Town transferred \$40,000 from the Motor Vehicle Highway Fund to the General Fund in January 2006. There was not an ordinance or resolution on file to support this transfer.

Notwithstanding the provisions of any other statute a town with a population of 500 or less may transfer money from any town fund to another town fund after the passage of an ordinance or a resolution by the town legislative body specifying the:

1. amount of the transfer;
2. funds involved;
3. date of the transfer; and
4. general purpose of the transfer. [IC 36-5-4-13(a)]

HYDRANT RENTAL RECEIVABLE (PAYABLE)

Hydrant rent is paid annually but not at the rate stated in the Water Ordinance written in 1994. In 2004 nine new hydrants were installed in Penn Township. The Town has not collected any hydrant rent for these since their installation.

Each governmental unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

LIST OF EMPLOYEES NOT FILED WITH COUNTY TREASURER

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

Indiana Code 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."

TOWN OF BLOOMINGDALE
EXAMINATION RESULTS AND COMMENTS
(Continued)

CLERK ELIGIBILITY

Peggy Brown, Clerk Treasurer, does not reside within the Town limits.

Indiana Code 36-4-10-3 states in part:

"(a) A person is eligible to be the clerk only if the person meets the qualifications prescribed by IC 3-8-1-28.

(b) Residency in territory that is annexed by the city before the election is considered residency for the purposes of subsection (a), even if the annexation takes effect less than one (1) year before the election.

(c) The clerk must reside within the city as provided in Article 6, Section 6 of the Constitution of the State of Indiana. The clerk forfeits office if the clerk ceases to be a resident of the city."

TOWN OF BLOOMINGDALE
EXIT CONFERENCE

The contents of this report were discussed on November 5, 2008, with Peggy Brown, Clerk-Treasurer; William L. Martin, Council member; and David Brown, Council member.