

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

EXAMINATION REPORT
OF
TOWN OF BORDEN
CLARK COUNTY, INDIANA
January 1, 2006 to December 31, 2007



FILED
12/31/2008

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 Long-Term Debt	6
Examination Results and Comments:	
County Economic Development Income Tax Fund	7
Condition of Records	7
Disbursements in Excess of Appropriations	7-8
Ordinances and Resolutions	8
Exit Conference.....	9

OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Ruth Sparks Mellinda Holmes	01-01-04 to 08-07-06 08-08-06 to 12-31-11
President of the Town Council	John McClure Rudy Cook	01-01-06 to 12-31-07 01-01-08 to 12-31-08
Town Manager	Patrick Kelly	01-01-06 to 12-31-08



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

INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF BORDEN, CLARK COUNTY, INDIANA

We have examined the financial information presented herein of the Town of Borden (Town), for the period of January 1, 2006 to December 31, 2007. The Town's management is responsible for the financial information presented herein. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the financial information presented herein and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the financial information referred to above presents fairly, in all material respects, the financial information of the Town for the years ended December 31, 2006 and 2007, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The Schedule of Long-Term Debt, as listed in the Table of Contents, is presented for additional analysis and is not a required part of the basic financial information. It has not been subjected to the examination procedures applied to the basic financial information and, accordingly, we express no opinion on it.

STATE BOARD OF ACCOUNTS

December 16, 2008

TOWN OF BORDEN
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL, PROPRIETARY, AND FIDUCIARY FUND TYPES
As Of And For The Years Ended December 31, 2006 And 2007

	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
Governmental Funds:				
General	\$ 101,462	\$ 285,985	\$ 222,525	\$ 164,922
Motor Vehicle Highway	72,200	39,176	51,574	59,802
Local Road and Street	15,192	8,822	3,647	20,367
Local Law Enforcement Continuing Education	2,240	3,180	1,876	3,544
Donation	41,501	8,578	49,433	646
Donation Day in the Park	-	4,394	2,392	2,002
Borden Cemetery	17,762	7,044	-	24,806
Youth Coalition Grant	215	-	-	215
Vehicle Impoundment	2,798	-	-	2,798
Unsafe Building	9,046	-	-	9,046
Kids' Station	8,973	1,350	-	10,323
Disaster Funds	4,053	-	-	4,053
Cumulative Capital Improvement	3,078	2,922	3,117	2,883
Economic Development Income Tax	-	11,124	-	11,124
Bond and Interest	-	8,120	8,120	-
Proprietary Funds:				
Wastewater Utility - Operating	10,670	245,461	250,278	5,853
Wastewater Utility - Bond and Interest	78,138	84,000	89,300	72,838
Wastewater Utility - Debt Service Reserve	105,909	-	21,390	84,519
Wastewater Utility - Improvement	11,356	6,000	5,000	12,356
Fiduciary Fund:				
Cemetery Trust	2,675	-	-	2,675
Totals	<u>\$ 487,268</u>	<u>\$ 716,156</u>	<u>\$ 708,652</u>	<u>\$ 494,772</u>

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Governmental Funds:				
General	\$ 164,922	\$ 188,100	\$ 243,125	\$ 109,897
Motor Vehicle Highway	59,802	36,271	10,732	85,341
Local Road and Street	20,367	8,913	-	29,280
Local Law Enforcement Continuing Education	3,544	-	123	3,421
Donation	646	850	1,087	409
Donation Day in the Park	2,002	-	745	1,257
Borden Cemetery	24,806	3,503	-	28,309
Youth Coalition Grant	215	1,175	-	1,390
Vehicle Impoundment	2,798	-	-	2,798
Unsafe Building	9,046	-	-	9,046
Kids' Station	10,323	-	-	10,323
Disaster Funds	4,053	-	3,786	267
Cumulative Capital Improvement	2,883	2,873	3,420	2,336
Economic Development Income Tax	11,124	27,236	-	38,360
Bond and Interest	-	8,878	8,878	-
Proprietary Funds:				
Wastewater Utility - Operating	5,853	232,071	230,131	7,793
Wastewater Utility - Bond and Interest	72,838	84,000	78,635	78,203
Wastewater Utility - Debt Service Reserve	84,519	-	-	84,519
Wastewater Utility - Improvement	12,356	6,000	5,000	13,356
Fiduciary Fund:				
Cemetery Trust	2,675	-	-	2,675
Totals	<u>\$ 494,772</u>	<u>\$ 599,870</u>	<u>\$ 585,662</u>	<u>\$ 508,980</u>

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

TOWN OF BORDEN
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, highways and streets, culture and recreation, sanitation, planning and zoning, public improvements, general administrative services, and wastewater.

Note 2. Fund Accounting

The Town uses funds to report on its cash and investments and the results of its operations on a cash basis. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities.

Note 3. Budgets

The operating budget is initially prepared and approved at the local level. In addition, funds for which property taxes are levied or highway use taxes are received are subject to final approval by the Indiana Department of Local Government Finance.

Note 4. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the Town in June and December. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100% of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which become delinquent if not paid by May 10 and November 10, respectively.

Note 5. Deposits and Investments

Deposits, made in accordance with Indiana Code 5-13, with financial institutions in the State of Indiana at year end were entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

State statute (IC 5-13-9) authorizes the Town to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

Note 6. Subsequent Event

The Town entered into a contract with Koetter Construction in the year 2008 to construct a Wastewater Utility maintenance building in the amount of \$30,000.

TOWN OF BORDEN
 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	\$ 39,336	\$ 40,877
Bonds payable:		
General obligation bonds:		
Watershed Lake	17,350	-
Total governmental activities debt	<u>\$ 56,686</u>	<u>\$ 40,877</u>
Business-type Activities:		
Wastewater Utility		
Revenue bonds:		
1976 issue	\$ 164,000	\$ 23,200
1999 Sewage Works SRF Bonds	680,000	59,720
Total Wastewater Utility	<u>844,000</u>	<u>82,920</u>
Total business-type activities debt:	<u>\$ 844,000</u>	<u>\$ 82,920</u>

TOWN OF BORDEN
EXAMINATION RESULTS AND COMMENTS

COUNTY ECONOMIC DEVELOPMENT INCOME TAX FUND (Applies to Clerk-Treasurer)

County Economic Development Income Tax (CEDIT) distributions totaling \$38,360 were receipted into the General Fund in error. Officials were advised that the receipts should have been receipted to the Economic Development Income Tax Fund. Officials agreed to establish an Economic Development Income Tax (EDIT) fund and to adjust their financial schedule to correct for this error.

The fiscal officer of each city or town in a county in which the county economic development tax is imposed shall establish an economic development income tax fund. The revenue received by a city or town shall be deposited in the unit's economic development income tax fund. (Cities and Towns Bulletin and Uniform Compliance Guidelines, June 2007)

CONDITION OF RECORDS (Applies to Clerk-Treasurer)

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

1. Record balances were not reconciled to depository balances during the two year period.

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."

2. There were a considerable number of posting errors. These errors included checks and receipts not recorded in the proper amounts, and checks posted in duplication.

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

DISBURSEMENTS IN EXCESS OF APPROPRIATIONS

Disbursements exceeded approved appropriations for the following funds:

<u>Fund</u>	<u>2006</u>	<u>2007</u>
Cumulative Capital Improvement	\$ 116	\$ 420
Local Law Enforcement Continuing Education	1,877	122

TOWN OF BORDEN
EXAMINATION RESULTS AND COMMENTS
(Continued)

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."

Indiana Code 36-5-4-2 states:

"Unless a statute provides otherwise, town monies may be disbursed only after an appropriation made by ordinance of the town legislative body and recorded in a book kept for that purpose by the legislative body. Each appropriation must be made from the fund against which the expenses arose.

ORDINANCES AND RESOLUTIONS (Applies to Wastewater Utility)

The Utility issued revenue bonds in 1976 and in 1999. Ordinance No. 76-1 and Ordinance No. 99-08-03 require the Utility to maintain minimum balances of cash and investments in the Bond and Interest Fund and in the Debt Service Reserve Fund. The following is a comparison of the minimum balances required and actual balances in these funds as of December 31, 2007:

<u>Fund</u>	<u>Minimum Balance Required</u>	<u>Actual Balance</u>	<u>Variance</u>
Bond and Interest	\$ 55,280	\$ 78,203	\$ 22,923
Debt Service Reserve	<u>105,770</u>	<u>84,519</u>	<u>(21,251)</u>
Totals	<u>\$ 161,050</u>	<u>\$ 162,722</u>	<u>\$ 1,672</u>

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 BORDEN
EXIT CONFERENCE

The contents of this report were discussed on December 16, 2008, with Paul Brewer, Town Council Vice-President; and Mellinda Holmes, Clerk-Treasurer. The officials concurred with our findings.