

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

CITY OF BERNE

ADAMS COUNTY, INDIANA

January 1, 2015 to December 31, 2015



FILED
08/29/2016

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Gwendolyn J. Maller	01-01-12 to 12-31-19
Mayor	William F. McKean	01-01-12 to 12-31-19
President of the Board of Public Works and Safety	William F. McKean	01-01-12 to 12-31-19
President Pro Tempore of the Common Council	Gregg A. Sprunger	01-01-15 to 12-31-16
Superintendent of Water Utility	John A. Crider	01-01-15 to 12-31-16
Superintendent of Wastewater Utility	Terry L. Kongar, Jr.	01-01-15 to 12-31-16
Superintendent of Storm Water Utility	Shannon W. Smitley	01-01-15 to 12-31-16



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

TO: THE OFFICIALS OF THE CITY OF BERNE, ADAMS COUNTY, INDIANA

This report is supplemental to our examination report of the City of Berne (City), for the period from January 1, 2015, to December 31, 2015. It has been provided as a separate report so that the reader may easily identify any Examination Results and Comments that pertain to the City. It should be read in conjunction with our Financial Statement Examination Report of the City, which provides our opinion on the City's financial statement. This report may be found at www.in.gov/sboa/.

As authorized under Indiana Code 5-11-1, we performed procedures to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts. The Examination Results and Comments contained herein describe the identified reportable instances of noncompliance found as a result of these procedures. Our tests were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified.

Any Official Response to the Examination Results and Comments, incorporated within this report, was not verified for accuracy.

Paul D. Joyce
Paul D. Joyce, CPA
State Examiner

June 30, 2016

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COMMON COUNCIL
CITY OF BERNE

COMMON COUNCIL
CITY OF BERNE
EXAMINATION RESULTS AND COMMENTS

CREDIT CARDS

The City used credit cards to purchase items without an approved credit card policy.

The State Board of Accounts will not take exception to the use of credit cards by a governmental unit provided the following criteria are observed:

1. The governing board must authorize credit card use through an ordinance or resolution, which has been approved in the minutes.
2. Issuance and use should be handled by an official or employee designated by the board.
3. The purposes for which the credit card may be used must be specifically stated in the ordinance or resolution.
4. When the purpose for which the credit card has been issued has been accomplished, the card should be returned to the custody of the responsible person.
5. The designated responsible official or employee should maintain an accounting system or log which would include the names of individuals requesting usage of the cards, their position, estimated amounts to be charged, fund and account numbers to be charged, date the card is issued and returned, etc.
6. Credit cards should not be used to bypass the accounting system. One reason that purchase orders are issued is to provide the fiscal officer with the means to encumber and track appropriations to provide the governing board and other officials with timely and accurate accounting information and monitoring of the accounting system.
7. Payment should not be made on the basis of a statement or a credit card slip only. Procedures for payments should be no different than for any other claim. Supporting documents such as paid bills and receipts must be available. Additionally, any interest or penalty incurred due to late filing or furnishing of documentation by an officer or employee should be the responsibility of that officer or employee.

COMMON COUNCIL
CITY OF BERNE
EXAMINATION RESULTS AND COMMENTS
(Continued)

8. If properly authorized, an annual fee may be paid.

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

TRAVEL POLICY

The City did not have a written travel policy that addresses reimbursements for lodging, meals, and mileage.

Each governmental unit should adopt a written travel policy in conformity with applicable statutes. Reimbursement for lodging and meals should be based upon actual receipts for amounts paid unless otherwise authorized by statute. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

APPROPRIATIONS

The Economic Development Income Tax fund expended \$39,348 in 2014 and \$161,122 in 2015. The Common Council approved a 2014-15 spending plan in the amount of \$159,771 resulting in the spending plan being overspent by \$40,699. The Common Council did not properly approve a budget appropriation.

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."

City of Berne

FOUNDED 1887

158 WEST FRANKLIN STREET
BERNE, INDIANA 46711
(260) 589-8526 • (260) 589-0081
FAX (260) 589-3983

CITY COUNCIL
RONALD N. DULL
PHILIP E. PROVOST
GREGG A. SPRUNGER
CURTIS L. WURSTER
MARK D. WYNN

July 5, 2016

State Board of Account
302 W. Washington St.
Room E 418
Indianapolis, Indiana 46204-2765

To Whom It May Concern:

The City of Berne would like to respond to the comments made by State Board of Accounts during their examination and audit for the years 2013, 2014 and 2015.

In response to the issue of not having a written credit card policy: The City of Berne passed Ordinance #675 on June 13, 2016 that permits and regulates the use of municipal credit cards. The ordinance allows the Clerk-Treasurer to use or issue cards for the benefit of the City. The ordinance sets out procedures for maintaining a log, what type of charges that a credit card can be used for, time limit that the card must be returned to the Clerk-Treasurer, proper documentation, prompt payment, and employee liability if failure to provide a receipt.

In response to the issue of not having a written travel policy, the City will be passing an Ordinance in August 2016 to address reimbursement for lodging, meals, and mileage. While the City has always had an informal unwritten policy pertaining to these items, such as paying mileage at 5 cents below the federal mileage rate, paying for meals and lodging with itemized receipts, it will now be formalized in an ordinance for future use.

The City of Berne will establish a budget for the Economic Development Income Tax Fund in September 2016 if not before. The City had a two year spending plan on file with the County Auditor. This spending plan was only based on estimated economic development tax distributions. There is additional income that the City receives in the fund that should have been taken into account when the budget was created. From now on, all money received into the Economic Development Income Tax Fund will be budgeted and the Council review and revise the budget as necessary.

Respectfully Submitted,



Mayor William F. McKean

COMMON COUNCIL
CITY OF BERNE
EXIT CONFERENCE

The contents of this report were discussed on June 30, 2016, with Gwendolyn J. Maller, Clerk-Treasurer; William F. McKean, Mayor; and Gregg A. Sprunger, President Pro Tempore of the Common Council.