

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

TOWN OF WEST BADEN SPRINGS

ORANGE COUNTY, INDIANA

January 1, 2012 to December 31, 2015



FILED
11/18/2016

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Transmittal Letter	3
Clerk-Treasurer:	
Examination Results and Comments:	
Appropriations	6
Errors on Claims	6-7
Fund Sources and Uses.....	7
Exit Conference	8
Town Council:	
Examination Results and Comments:	
Appropriations	10
Credit Cards	10-11
Travel Policy.....	11
Official Bond.....	11
Errors on Claims	11-12
Fund Sources and Uses.....	12
Exit Conference	13

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Cathy L. Carnes	01-01-12 to 12-31-19
President of the Town Council	Steve White	01-01-12 to 12-31-16



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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TO: THE OFFICIALS OF THE TOWN OF WEST BADEN SPRINGS, ORANGE COUNTY, INDIANA

This report is supplemental to our examination report of the Town of West Baden Springs (Town), for the period from January 1, 2012 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 Town. It should be read in conjunction with our Financial Statements Examination Report of the Town, which provides our opinion on the Town's financial statements. 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

September 26, 2016

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CLERK-TREASURER
TOWN OF WEST BADEN SPRINGS

CLERK-TREASURER
TOWN OF WEST BADEN SPRINGS
EXAMINATION RESULTS AND COMMENTS

APPROPRIATIONS

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

Fund	Years	Excess Amount Expended
General	2014	\$ 28,898
Local Road and Street	2015	34,490

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."

ERRORS ON CLAIMS

A sample of claims paid by the Clerk-Treasurer identified the following deficiencies:

1. Twelve percent of the claims sampled did not have adequate supporting documentation. This error resulted in \$9,777 of expenditures which did not have adequate supporting documentation.
2. Thirty-five percent of the claims sampled did not have Town Council approval. This error resulted in \$24,451 of expenditures which did not have proper board approval. Claims may not be paid without the approval of the governing body.

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.

CLERK-TREASURER
TOWN OF WEST BADEN SPRINGS
EXAMINATION RESULTS AND COMMENTS
(Continued)

(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; . . .
- (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."

A similar comment appeared in prior Reports B38043 and B41590.

FUND SOURCES AND USES

During 2013, the Town disbursed \$80,000 from the Construction Account fund to the Cedit Capital Projects fund and \$30,000 from the Construction Account fund to the Local Road and Street fund to reimburse these funds for lease rental payments made to the Town of West Baden Springs Redevelopment Authority. Per the 2013 bond ordinance that established the Construction Account fund, disbursements were earmarked for specific construction projects for which the bonds were issued.

A similar comment appeared in prior Reports B38043 and B41590.

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)

CLERK-TREASURER
TOWN OF WEST BADEN SPRINGS
EXIT CONFERENCE

The contents of this report were discussed on September 26, 2016, with Cathy L. Carnes, Clerk-Treasurer.

TOWN COUNCIL
TOWN OF WEST BADEN SPRINGS

TOWN COUNCIL
TOWN OF WEST BADEN SPRINGS
EXAMINATION RESULTS AND COMMENTS

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CREDIT CARDS

The Town 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.

TOWN COUNCIL
TOWN OF WEST BADEN SPRINGS
EXAMINATION RESULTS AND COMMENTS
(Continued)

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.

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 Town reimbursed travel expenses without an approved travel policy.

Each governmental unit should adopt a written travel policy in conformity with applicable statutes.
(Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

OFFICIAL BOND

During the period examined, the three Town Council members served as commissioners for the Town of West Baden Springs Redevelopment Commission. None of the redevelopment commissioners were bonded during the period examined.

Indiana Code 36-7-14-7(c) states:

"Each redevelopment commissioner, before beginning his duties, shall execute a bond payable to the state, with surety to be approved by the executive of the unit. The bond must be in the penal sum of fifteen thousand dollars (\$15,000) and must be conditioned on the faithful performance of the duties of his office and the accounting for all monies and property that may come into his hands or under his control. The cost of the bond shall be paid by the special taxing district."

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TOWN COUNCIL
TOWN OF WEST BADEN SPRINGS
EXAMINATION RESULTS AND COMMENTS
(Continued)

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TOWN OF WEST BADEN SPRINGS
EXIT CONFERENCE

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