



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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January 5, 2024

TO: THE OFFICIALS OF THE TOWN OF BAINBRIDGE, PUTNAM 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 Bainbridge (Town), Putnam County, for the period of January 1, 2018 to December 31, 2022, to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts.

Management is responsible for preparing and maintaining its accounting records and related documents, as well as compliance with applicable state laws and uniform compliance guidelines established by the Indiana State Board of Accounts.

The Town's Annual Financial Reports filed by management can be found on the Gateway Website: www.gateway.ifionline.org.

The Comments contained herein describe the identified reportable instances of noncompliance found as a result of the procedures we performed. Our procedures were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified.

Comments

STALE DATED OUTSTANDING CHECKS (WARRANTS)

Condition and Context

During a review of the Town's year-end bank reconciliations for the review period (2018-2022), we noted multiple instances of noncompliance related to stale dated outstanding checks (checks issued by the Town that were not cashed as of the date of the reconciliation). We noted 12 checks, totaling \$9,680, that were outstanding for more than two years.

Criteria

Indiana Code 5-11-10.5-2 states in part: "All warrants or checks drawn upon public funds of a political subdivision that are outstanding and unpaid for a period of two (2) or more years as of the last day of December of each year are void. . . ."

Indiana Code 5-11-10.5-3 states:

"Not later than March 1 of each year, the treasurer of each political subdivision shall prepare or cause to be prepared a list in triplicate of all warrants or checks that have been outstanding for a period of two (2) or more years as of December 31 of the preceding year. The original copy of each list shall be filed with the:

- (1) board of finance of the political subdivision; or
- (2) fiscal body of a city or town.

The duplicate copy shall be transmitted to the disbursing officer of the political subdivision. The triplicate copy of each list shall be filed in the office of the treasurer of the political subdivision. If the treasurer serves also as the disbursing officer of the political subdivision, only two (2) copies of each list need be prepared or caused to be prepared by the treasurer."

Indiana Code 5-11-10.5-5 states:

"(a) Upon the preparation and transmission of the copies of the list of the outstanding warrants or checks, the treasurer of the political subdivision shall enter the amounts so listed as a receipt into the fund or funds from which they were originally drawn and shall also remove the warrants or checks from the record of outstanding warrants or checks.

(b) If the disbursing officer does not serve also as treasurer of the political subdivision, the disbursing officer shall also enter the amounts so listed as a receipt into the fund or funds from which the warrants or checks were originally drawn. If the fund from which the warrant or check was originally drawn is not in existence, or cannot be ascertained, the amount of the outstanding warrant or check shall be receipted into the general fund of the political subdivision. However, in the case of a school corporation, the warrant or check shall be receipted into the operations fund."

ANNUAL FINANCIAL REPORT

Condition and Context

The Town failed to submit its Annual Financial Report by the required dates for the years ended December 31, 2019, 2020, 2021, and 2022. The reports were 65, 2, 33, and 25 days late, respectively.

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](#)."

MONTHLY AND ANNUAL ENGAGEMENT 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 some of the required monthly financial reports and all of the annual files on the Indiana Gateway for Government Units (Gateway) financial reporting system for 2018 through 2022.

Criteria

Beginning with July 2018 files, which will be due September 15, 2018, **all** cities, towns, townships, libraries, and special districts will use the Upload App to upload files containing financial and governmental unit information on Gateway to allow the State Board of Accounts to conduct audit planning and audit processes prior to on-site work at a unit. (State Examiner Directive 2018-1)

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 Towns, Chapter 1)

CAPITAL ASSETS

Condition and Context

Every unit is required to complete a physical inventory of all capital assets owned by the unit at least every two years, unless more stringent requirements exist. The purpose of the physical inventory is to verify account balances in the accounting records and serves as a way for the unit to identify assets that may have been lost, damaged, or stolen since the completion of the last physical inventory.

The Town last completed a physical inventory of capital assets in 2019, with the next inventory planned for 2023, failing to meet the requirement of having performed a physical inventory at least once every two years.

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)

UTILITY BILLING

Condition and Context

Billings for 1 of 32 customers tested did not comply with the Town's utility rate ordinances for the electricity, 1 of 32 customers tested did not comply with the Town's utility rate ordinance for wastewater, and 18 of 32 customers tested did not comply with the Town's utility rate ordinance for gas. Documentation for computing the minimum rate charges for these customers was not presented for audit.

Criteria

Each unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

SUPPORTING DOCUMENTATION - DISBURSEMENTS

Condition and Context

The Town made purchases for which supporting documentation could not be provided. Of 38 disbursement transactions tested, covering the audit period of January 1, 2018 through December 31, 2022, 4 did not have supporting documentation available for audit and 3 were for contractual services for which a written contract was not provided for audit.

Criteria

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for examination to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

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.

The Schedule of Cash and Investment Balances - Regulatory Basis is presented as other information. It has not been subjected to any auditing procedures, and, accordingly, we do not express an opinion or provide any assurance on it.

SCHEDULE OF CASH AND INVESTMENT
BALANCES - REGULATORY BASIS
For the Year Ended December 31, 2022

Fund	Cash and Investments 12-31-22
CARES ACT	\$ 342,004
GENERAL	216,172
MOTOR VEHICLE HIGHWAY	2,453
LOCAL ROAD AND STREET	3,595
Local Law Enforcement Continuing Education Fund	44,292
RIVERBOAT	5,965
RAINY DAY	135,054
COUNTY ECONOMIC DEVELOPMENT INCOME TAX (CEDIT)	14,750
CUMULATIVE CAPITAL IMPROVEMENT - CIGARETTE TAX	945
CUMULATIVE BUILDING	52,204
COVID-19 PHASE 3	43,488
LOIT SPECIAL DISTRIBUTION	5,394
COMMUNITY CROSSINGS GRANT FUND	(21,633)
SCHOOL RESOURCE OFFICER	1,004
POLICE EQUIPMENT (EQUIPMENT COSTS NOT DEBT SERVIC	5,222
RAINY DAY (BICENT 2016)	10,000
RAINY DAY (BICENT 2024)	93,716
ARPA FUND	238
OPIOID UNRESTRICTED	55,291
METER DEPOSIT	3,610
Payroll	441,347
ELECTRIC UTILITY OPERATING	100,000
ELECTRIC CASH RESERVE	199,936
SEWAGE UTILITY OPERATING	100,000
SEWER CASH RESERVE	146,886
WATER UTILITY OPERATING	3,735
WATER CASH RESERVE	95,401
Gas Utility Operating	40,000
Total	<u>\$ 2,141,069</u>

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

The contents of this report were communicated to Bobbi Boller, Clerk-Treasurer; Monia Bray, former Clerk-Treasurer; and Eric Gibson, Superintendent of Utilities, on December 18, 2023.

Respectfully,



Beth Kelley, CPA, CFE
Deputy State Examiner