

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

COMPLIANCE ENGAGEMENT REPORT

OF

TOWN OF BURNETTSVILLE

WHITE COUNTY, INDIANA

January 1, 2019 to December 31, 2023



FILED
06/17/2024

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Kimberly A. German (Vacant) Emily Pearson	01-01-19 to 07-31-21 08-01-21 to 08-15-21 08-16-21 to 12-31-24
President of the Town Council	Michael Maddock	01-01-19 to 12-31-24



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 TOWN OF BURNETTSVILLE, WHITE 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 Burnettsville (Town), for the period of January 1, 2019 to December 31, 2023. The objective of this engagement was to determine compliance with applicable Indiana laws, regulations, and uniform compliance guidelines (Guidelines) established by the Indiana State Board of Accounts pursuant to Indiana Code 5-11-1-24. The objective of this engagement is not to opine on compliance or financial activity of the Town as this engagement was not conducted in accordance with any standards established by an authoritative standard setting body, and, as such, we do not provide any opinions on compliance or financial activity.

Management is responsible for preparing and maintaining its accounting records and related documents in accordance with applicable Indiana laws, regulations, and Guidelines. Management's responsibility also includes, but is not limited to, complying with other applicable Indiana laws, regulations, and Guidelines concerning how it operates: authorized sources and uses of funds; what reports are required to be prepared and filed; and what depositories and investment types are allowable.

We fulfilled our responsibility as detailed in the first paragraph, using procedures that verified the appropriate accounting for and reporting of cash, receipts, and disbursements; and the appropriate sources and uses of funds in accordance with applicable Indiana laws, regulations, and Guidelines. Expanding the scope and nature of these procedures can and does occur in specific circumstances.

The Comments contained herein, if any, describe the identified reportable instances of noncompliance found during our engagement. Our procedures were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified. Any Official Response to the Comments incorporated within this report was not verified for accuracy.

The Schedule of Officials and Statements of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis (Statements) are informational only. The Statements have not been subjected to any procedures designed to express an opinion or provide any assurance on them, and, accordingly, we do not express an opinion or provide any assurance on them.

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. Reports can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>, and the Town's Annual Financial Reports filed by management can be found on the Indiana Gateway for Government Units financial reporting system website: <http://www.gateway.ifionline.org>.

The contents of this report were communicated to Emily Pearson, Clerk-Treasurer; Michael Maddock, President of the Town Council; and Jennifer Pritts, Town Council member, on May 28, 2024.



Beth Kelley, CPA, CFE
Deputy State Examiner

April 11, 2024

TOWN OF BURNETTSVILLE
COMMENTS

ORDINANCES AND RESOLUTIONS

Condition and Context

Internal controls were not in place to ensure the Wastewater billings agreed with the rate ordinance.

The Town charged monthly fees to customers based on approved Wastewater Rate Ordinance 2013-11-01. Of the 25 customers tested, 5 for each year of the engagement, 3 customers were charged fees that could not be determined to be in accordance with the rate ordinance. As allowed in the rate ordinance, the Town charged the customers by calculating a rate based on number of students for 1 of the customers and the number of employees for 2 of the customers, but the supporting documentation was not retained for the engagement. The same amount was charged to each of these customers on a monthly basis. We could not determine that the amount charged was accurate.

Criteria

The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate control activities. According to this manual:

"Control activities are the actions and tools established through policies and procedures that help to detect, prevent, or reduce the identified risks that interfere with the achievement of objectives. Detection activities are designed to identify unfavorable events in a timely manner whereas prevention activities are designed to deter the occurrence of an unfavorable event. Examples of these activities include reconciliations, authorizations, approval processes, performance reviews, and verification processes.

An integral part of the control activity component is segregation of duties. . . .

There is an expectation of segregation of duties. If compensating controls are necessary, documentation should exist to identify both the areas where segregation of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. . . ."

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)

CAPITAL ASSETS

A similar comment appeared in a Management Letter addressed to the Clerk-Treasurer for the audit period ending December 31, 2018.

TOWN OF BURNETTSVILLE
COMMENTS
(Continued)

Condition and Context

Internal controls were not in place to ensure that capital assets were properly reported, and physical inventories were completed as required. In 2019 and 2020, the Town reported \$3,206,513 in capital assets that could not be verified. The Town could not provide a capital asset ledger for 2019 and 2020; therefore, the Schedule of Capital Assets was reported incorrectly.

In addition, the Town had not taken a physical inventory of capital assets since 2020. A physical inventory should have been taken annually per Resolution 2021-01-01.

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](#)."

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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)

STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CASH
AND INVESTMENT BALANCES - REGULATORY BASIS

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TOWN OF BURNETTSVILLE
 STATEMENT OF RECEIPTS, DISBURSEMENTS,
 AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Years Ended December 31, 2019 and 2020

Fund	Cash and Investments 01-01-19	Receipts	Disbursements	Cash and Investments 12-31-19	Receipts	Disbursements	Cash and Investments 12-31-20
GENERAL FUND	\$ 31,287	\$ 49,499	\$ 37,843	\$ 42,943	\$ 72,380	\$ 55,830	\$ 59,493
MOTOR VEHICLE HIGHWAY	25,957	7,446	4,993	28,410	6,906	17,119	18,197
LOCAL ROAD & STREET	11,393	4,287	229	15,451	4,169	259	19,361
PARK DONATION	2,219	535	324	2,430	400	1,030	1,800
LAW ENFORCEMENT CONTINUING ED	1,810	200	346	1,664	150	139	1,675
RIVERBOAT	2,050	2,050	-	4,100	2,050	-	6,150
RAINY DAY	874	-	-	874	17,391	-	18,265
CUM CAP IMPR	7,021	791	-	7,812	750	-	8,562
CEDIT	16,474	1,951	4,100	14,325	2,009	2,200	14,134
MVH RESTRICTED	-	7,446	-	7,446	6,567	-	14,013
POLICE DONATION	1,989	-	154	1,835	-	1,141	694
PAYROLL	1,922	34,668	34,692	1,898	37,172	37,017	2,053
SEWAGE UTILITY OPERATING	284,015	86,379	121,614	248,780	89,216	121,535	216,461
Totals	<u>\$ 387,011</u>	<u>\$ 195,252</u>	<u>\$ 204,295</u>	<u>\$ 377,968</u>	<u>\$ 239,160</u>	<u>\$ 236,270</u>	<u>\$ 380,858</u>

TOWN OF BURNETTSVILLE
STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended December 31, 2021 and 2022

Fund	Cash and Investments			Cash and Investments			Cash and Investments
	01-01-21	Receipts	Disbursements	12-31-21	Receipts	Disbursements	
GENERAL FUND	\$ 59,494	\$ 55,365	\$ 66,396	\$ 48,463	\$ 52,355	\$ 38,152	\$ 62,666
MOTOR VEHICLE HIGHWAY	18,198	7,258	8,289	17,167	7,911	7,312	17,766
LOCAL ROAD & STREET	19,361	4,558	6,866	17,053	4,836	-	21,889
PARK DONATION	1,800	1,235	1,757	1,278	500	275	1,503
LAW ENFORCEMENT CONTINUING ED	1,675	250	979	946	-	-	946
RIVERBOAT	6,149	2,047	-	8,196	2,196	-	10,392
RAINY DAY	18,265	-	-	18,265	-	-	18,265
CUM CAP IMPR	8,562	711	-	9,273	708	-	9,981
CEDIT	14,134	2,065	5,157	11,042	2,269	2,750	10,561
COVID / CARES ACT	-	5,685	5,685	-	-	-	-
AMERICAN RESCUE PLAN ACT (ARPA)	-	38,268	-	38,268	38,558	-	76,826
MVH RESTRICTED	14,013	7,258	-	21,271	7,911	-	29,182
POLICE DONATION	693	118	668	143	-	-	143
OPIOID NON RESTRICTED	-	-	-	-	74	-	74
PAYROLL	2,054	35,894	36,299	1,649	36,229	35,877	2,001
SEWAGE UTILITY OPERATING	216,460	85,404	198,268	103,596	83,819	67,031	120,384
Totals	<u>\$ 380,858</u>	<u>\$ 246,116</u>	<u>\$ 330,364</u>	<u>\$ 296,610</u>	<u>\$ 237,366</u>	<u>\$ 151,397</u>	<u>\$ 382,579</u>

TOWN OF BURNETTSVILLE
STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Year Ended December 31, 2023

Fund	Cash and Investments 01-01-23	Receipts	Disbursements	Cash and Investments 12-31-23
GENERAL FUND	\$ 62,665	\$ 56,145	\$ 21,160	\$ 97,650
MOTOR VEHICLE HIGHWAY	17,767	8,399	4,823	21,343
LOCAL ROAD & STREET	21,888	5,054	-	26,942
PARK DONATION	1,503	340	8	1,835
LAW ENFORCEMENT CONTINUING ED	946	-	-	946
RIVERBOAT	10,392	2,193	-	12,585
RAINY DAY	18,265	-	-	18,265
CUM CAP IMPR	9,981	352	-	10,333
CEDIT	10,560	2,793	2,250	11,103
MVH RESTRICTED	29,182	8,398	-	37,580
POLICE DONATION	143	-	-	143
OPIOID NON RESTRICTED	74	52	-	126
AMERICAN RESCUE PLAN ACT (ARPA)	76,827	-	25,363	51,464
PAYROLL	2,001	38,438	38,408	2,031
SEWAGE UTILITY OPERATING	120,384	80,739	63,904	137,219
Totals	<u>\$ 382,578</u>	<u>\$ 202,903</u>	<u>\$ 155,916</u>	<u>\$ 429,565</u>