

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

TOWN OF BOURBON

MARSHALL COUNTY, INDIANA

January 1, 2013 to December 31, 2014



**FILED**  
02/12/2016



## TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials .....	2
Transmittal Letter .....	3
Clerk-Treasurer:	
Examination Results and Comments:	
Supporting Documentation .....	6
Compensation and Benefits .....	6
Penalties, Interest, and Other Charges.....	6-7
Official Bond.....	7
Utility Billings.....	7
Exit Conference .....	8
Town Council:	
Examination Results and Comments:	
Board Minutes Missing Details.....	10
Compensation and Benefits.....	10
Travel Policy.....	10
Credit Cards .....	11
Exit Conference .....	12
Police Department:	
Examination Result and Comment:	
Deposits of Police Department Receipts .....	14
Exit Conference .....	15

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Kimberly A. Berger	01-01-12 to 12-31-15
President of the Town Council	Les McFarland	01-01-13 to 12-31-15
Chief of Police	William J. Martin	01-01-13 to 12-31-15



**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](http://www.in.gov/sboa)

TO: THE OFFICIALS OF THE TOWN OF BOURBON, MARSHALL COUNTY, INDIANA

This report is supplemental to our examination report of the Town of Bourbon (Town), for the period from January 1, 2013 to December 31, 2014. 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 Statement 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/](http://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

October 28, 2015

(This page intentionally left blank.)

CLERK-TREASURER  
TOWN OF BOURBON

CLERK-TREASURER  
TOWN OF BOURBON  
EXAMINATION RESULTS AND COMMENTS

***SUPPORTING DOCUMENTATION***

We noted several disbursements that did not include supporting documentation or were paid from statements that did not include detailed invoices.

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for audit 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 7)

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 municipality for goods and services.

(c) The fiscal officer of a municipality 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;"

***COMPENSATION AND BENEFITS***

Due to changes in work schedules, additional compensation and benefits were paid to Police Department employees from July 5, 2013 through September 13, 2013. These additional amounts were not included in the salary ordinance nor mentioned in the board minutes. During this same time frame, the police department employees were paid time and a half for hours worked on holidays. According to the Town of Bourbon policy handbook, the Police Department employees are given "10 holidays to be used throughout the calendar year." The policy does not include a provision for additional payments for hours worked on holidays.

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, resolution or salary schedule adopted by the governing body unless otherwise authorized by statute. Compensation should be made in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

***PENALTIES, INTEREST, AND OTHER CHARGES***

As a result of examining a sample of paid claims, we noted the Town paid penalties, interest, and other charges in the amount of \$217 because the Town did not remit payments on a timely basis.

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Failure to pay claims or remit taxes in a timely manner could be an indicator of serious financial problems which should be investigated by the governmental unit.

CLERK-TREASURER  
TOWN OF BOURBON  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

Additionally, officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the governmental unit.

Any penalties, interest or other charges paid by the governmental unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

**OFFICIAL BOND**

The Clerk-Treasurer's Surety Bond of \$35,000 was insufficient per the Indiana Code based on the total annual receipts of over \$2,000,000. The bond of the Deputy Treasurer was not recorded.

Indiana Code 5-4-1-18 states in part:

"(a) Except as provided in subsection (b), the following city, town, county, or township officers and employees shall file an individual surety bond: . . .

(2) Town judges and clerk-treasurers. . . .

(c) Except as provided in subsections (h) and (i), the fiscal bodies of the respective units shall fix the amount of the bond of city controllers, city clerk-treasurers, town clerk-treasurers, Barrett Law fund custodians, county treasurers, county sheriffs, circuit court clerks, township trustees, and conservancy district financial clerks as follows:

(1) The amount must equal thirty thousand dollars (\$30,000) for each one million dollars (\$1,000,000) of receipts of the officer's office during the last complete fiscal year before the purchase of the bond, subject to subdivision (2).

(2) The amount may not be less than thirty thousand dollars (\$30,000) nor more than three hundred thousand dollars (\$300,000) unless the fiscal body approves a greater amount for the officer or employee. County auditors shall file bonds in amounts of not less than thirty thousand dollars (\$30,000), as fixed by the fiscal body of the county. The amount of the bond of any other person required to file an individual bond shall be fixed by the fiscal body of the unit at not less than fifteen thousand dollars (\$15,000)."

**UTILITY BILLINGS**

Upon examination of utility customer billings, the Town was undercharging multi-unit apartment buildings with only one meter.

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)

CLERK-TREASURER  
TOWN OF BOURBON  
EXIT CONFERENCE

The contents of this report were discussed on October 28, 2015, with Kimberly A. Berger, Clerk-Treasurer, and Les McFarland, President of the Town Council.

TOWN COUNCIL  
TOWN OF BOURBON

TOWN COUNCIL  
TOWN OF BOURBON  
EXAMINATION RESULTS AND COMMENTS

***BOARD MINUTES MISSING DETAILS***

The minutes of the meetings of the Town Council, prepared by the town attorney, did not provide adequate details. There were instances where information was not included as being voted on or approved. There were also instances where more detailed information was indicated to be available but upon request, the detailed information was not presented. During the 2013 reorganization meeting, a member nominated for Board President seconded the motion as well as voted for the motion to name himself president of the Board.

Indiana Code 5-14-1.5-4(b) states:

"As the meeting progresses, the following memoranda shall be kept:

- (1) The date, time, and place of the meeting.
- (2) The members of the governing body recorded as either present or absent.
- (3) The general substance of all matters proposed, discussed, or decided.
- (4) A record of all votes taken, by individual members if there is a roll call.
- (5) Any additional information required under section 3.5 or 3.6 of this chapter or any other statute that authorizes a governing body to conduct a meeting using an electronic means of communication."

***COMPENSATION AND BENEFITS***

Due to changes in work schedules, additional compensation and benefits were paid to Police Department employees from July 5, 2013 through September 13, 2013. These additional amounts were not included in the salary ordinance nor mentioned in the board minutes. During this same time frame, the Police Department employees were paid time and a half for hours worked on holidays. According to the Town of Bourbon policy handbook, the Police Department employees are given "10 holidays to be used throughout the calendar year." The policy does not include a provision for additional payments for hours worked on holidays.

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, resolution or salary schedule adopted by the governing body unless otherwise authorized by statute. Compensation should be made in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

***TRAVEL POLICY***

The Town reimbursed employees for travel expenses but has not adopted a travel policy.

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)

TOWN COUNCIL  
TOWN OF BOURBON  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

**CREDIT CARDS**

The Town of Bourbon 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.
8. If properly authorized, an annual fee may be paid.

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

TOWN COUNCIL  
TOWN OF BOURBON  
EXIT CONFERENCE

The contents of this report were discussed on October 28, 2015, with Les McFarland, President of the Town Council, and Kimberly A. Berger, Clerk-Treasurer.

POLICE DEPARTMENT  
TOWN OF BOURBON

POLICE DEPARTMENT  
TOWN OF BOURBON  
EXAMINATION RESULT AND COMMENT

***DEPOSITS OF POLICE DEPARTMENT RECEIPTS***

Police Department receipts were deposited later than the next business day. Our tests found that accident report fees as shown on receipts issued by the Police Department dated March 21, 2014 to May 12, 2014, were remitted to the Clerk-Treasurer's Office on May 12, 2014; receipts dated May 27, 2014 to August 4, 2014, were deposited with the Clerk-Treasurer's Office on October 27, 2014, and receipts dated November 6, 2014 to November 25, 2014, were deposited with the Clerk-Treasurer's Office on December 8, 2014. Handgun license receipts dated January 24, 2014 to March 3, 2014, were remitted on March 3, 2014, and receipts dated July 1, 2014 to October 24, 2014, were remitted on October 27, 2014.

Indiana Code 5-13-6-1(c) states in part:

". . . all local officers . . . who collect public funds of their respective political subdivisions, shall deposit funds not later than the business day following the receipt of funds on business days of the depository in the depository or depositories selected by the . . . local boards of finance . . ."

POLICE DEPARTMENT  
TOWN OF BOURBON  
EXIT CONFERENCE

The contents of this report were discussed on October 28, 2015, with William J. Martin, Chief of Police; Kimberly A. Berger, Clerk-Treasurer; and Les McFarland, President of the Town Council.