

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

EXAMINATION REPORT
OF
TOWN OF BIRDSEYE
DUBOIS COUNTY, INDIANA
January 1, 2008 to December 31, 2009



FILED
11/16/2010

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Donna King	01-01-07 to 12-31-10
President of the Town Council	Larry A. Wehr	01-01-08 to 12-31-10



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF BIRDSEYE, DUBOIS COUNTY, INDIANA

We have examined the financial information presented herein of the Town of Birdseye (Town), for the period of January 1, 2008 to December 31, 2009. The Town's management is responsible for the financial information presented herein. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the financial information presented herein and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the financial information referred to above presents fairly, in all material respects, the financial information of the Town for the years ended December 31, 2008 and 2009, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The Schedule of Capital Assets, as listed in the Table of Contents, is presented for additional analysis and is not a required part of the basic financial information. It has not been subjected to the examination procedures applied to the basic financial information and, accordingly, we express no opinion on it.

STATE BOARD OF ACCOUNTS

August 16, 2010

TOWN OF BIRDSEYE
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL, PROPRIETARY, AND FIDUCIARY FUND TYPES
As Of And For The Years Ended December 31, 2008 And 2009

	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
Governmental Funds:				
General	\$ 40,941	\$ 54,808	\$ 54,971	\$ 40,778
Motor Vehicle Highway	50,574	16,962	25,127	42,409
Local Road and Street	3,846	3,536	5,000	2,382
Law Enforcement Continuing Education	2,089	395	926	1,558
Riverboat	3,657	2,918	-	6,575
Rainy Day	2,804	2,028	1,650	3,182
Park Donation	1,202	19,129	3,939	16,392
County Economic Development Income Tax	5,090	7,209	8,076	4,223
Community Center Grant	-	23,850	23,850	-
Fire Department Grant	-	3,208	3,208	-
Levy Excess	-	255	255	-
Proprietary Funds:				
Water Utility - Operating	216,217	128,439	169,775	174,881
Water Utility - Customer Deposit	689	-	689	-
Wastewater Utility - Operating	130,159	62,551	75,080	117,630
Fiduciary Funds:				
Utility Collections	200	172,900	172,600	500
Payroll	943	67,463	68,396	10
Totals	<u>\$ 458,411</u>	<u>\$ 565,651</u>	<u>\$ 613,542</u>	<u>\$ 410,520</u>

	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
Governmental Funds:				
General	\$ 40,778	\$ 55,077	\$ 54,321	\$ 41,534
Motor Vehicle Highway	42,409	16,286	4,712	53,983
Local Road and Street	2,382	2,477	3,000	1,859
Law Enforcement Continuing Education	1,558	440	365	1,633
Riverboat	6,575	2,910	-	9,485
Rainy Day	3,182	1,856	1,650	3,388
Park Donation	16,392	5,624	14,619	7,397
County Economic Development Income Tax	4,223	7,406	-	11,629
Fire Department Grant	-	4,000	4,000	-
Levy Excess	-	656	656	-
Proprietary Funds:				
Water Utility - Operating	174,881	122,052	121,024	175,909
Wastewater Utility - Operating	117,630	64,331	68,650	113,311
Fiduciary Funds:				
Utility Collections	500	167,109	167,049	560
Payroll	10	68,197	68,197	10
Totals	<u>\$ 410,520</u>	<u>\$ 518,421</u>	<u>\$ 508,243</u>	<u>\$ 420,698</u>

The accompanying notes are an integral part of the financial information.

TOWN OF BIRDSEYE
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

The Town was established under the laws of the State of Indiana. The Town provides the following services: public safety, health and social services, culture and recreation, and general administrative services, water, and wastewater.

Note 2. Fund Accounting

The Town uses funds to report on its cash and investments and the results of its operations on a cash basis. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities.

Note 3. Budgets

The operating budget is initially prepared and approved at the local level. In addition, funds for which property taxes are levied or highway use taxes are received are subject to final approval by the Indiana Department of Local Government Finance.

Note 4. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the Town in June and December. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100% of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which become delinquent if not paid by May 10 and November 10, respectively. All property taxes collected by the County Treasurer and available for distribution were distributed to the Town on or prior to December 31 of the year collected.

Note 5. Deposits and Investments

Deposits, made in accordance with Indiana Code 5-13, with financial institutions in the State of Indiana at year end were entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

State statute (IC 5-13-9) authorizes the Town to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

TOWN OF BIRDSEYE
NOTES TO FINANCIAL INFORMATION
(Continued)

Note 6. Pension Plan

Public Employees' Retirement Fund

Plan Description

The Town contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF Board, most requirements of the system, and give the Town authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

PERF administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

Public Employees' Retirement Fund
Harrison Building, Room 800
143 West Market Street
Indianapolis, IN 46204
Ph. (317) 233-4162

Funding Policy and Annual Pension Cost

The contribution requirements of the plan members for PERF are established by the Board of Trustees of PERF.

TOWN OF BIRDSEYE
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 For The Year Ended December 31, 2009

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 37,960
Buildings	255,648
Improvements other than buildings	12,486
Machinery and equipment	16,155
Transportation equipment	<u>27,707</u>
 Total governmental activities, capital assets not being depreciated	 <u>\$ 349,956</u>

<u>Primary Government</u>	<u>Ending Balance</u>
Business-type activities:	
Water Utility:	
Land	\$ 250
Buildings	15,489
Improvements other than buildings	285,462
Machinery and equipment	15,128
Transportation equipment	<u>24,292</u>
 Total Water Utility capital assets	 <u>\$ 340,621</u>
Wastewater Utility:	
Land	\$ 14,600
Buildings	17,923
Improvements other than buildings	1,458,935
Machinery and equipment	46,945
Transportation equipment	<u>11,964</u>
 Total Wastewater Utility capital assets	 <u>\$ 1,550,367</u>

TOWN OF BIRDSEYE
EXAMINATION RESULT AND COMMENT

SUPPORTING DOCUMENTATION

Several payments, as follows, were observed which were not supported by adequate documentation, such as receipts, invoices, and other public records:

- (1) One payment was supported by a statement only with no attached invoices, etc., to document what was purchased.
- (2) The Town Utility Superintendent was paid for performing repair work. Invoices included parts and labor, but there was no documentation to support the actual purchase price of the parts or the hours worked to ensure that this work was performed after his normal working hours.

Due to the lack of supporting information, the validity and accountability for some money disbursed could not be established.

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)

TOWN OF BIRDSEYE
EXIT CONFERENCE

The contents of this report were discussed on August 16, 2010, with Donna King, Clerk-Treasurer, and Emmett W. Wiseman, Town Board member. The officials concurred with our finding.