

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

FINANCIAL STATEMENT AND  
FEDERAL SINGLE AUDIT REPORT  
OF

CITY OF BICKNELL  
KNOX COUNTY, INDIANA

January 1, 2011 to December 31, 2011



**FILED**  
09/06/2012



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### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Rita Dupire Rebecca L. McGlone	01-01-08 to 12-31-11 01-01-12 to 12-31-15
Mayor	Jon G. Flickinger	01-01-08 to 12-31-15
President of the Board of Public Works and Safety	Jon G. Flickinger	01-01-08 to 12-31-15
President of the Common Council	Greg Bourland Richard Byrer	01-01-11 to 12-31-11 01-01-12 to 12-31-12
Superintendent of Water Utility	Earl E. Horst	01-01-11 to 12-31-12
Superintendent of Wastewater Utility	Matt D. Brough	01-01-11 to 12-31-12
Utility Office Manager	Jessica Kent	01-01-11 to 12-31-12
City Court Judge	Gareth Byrer	01-01-11 to 12-31-12



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE CITY OF BICKNELL, KNOX COUNTY, INDIANA

We have audited the accompanying financial statement of the City of Bicknell (City), for the year ended December 31, 2011. This financial statement is the responsibility of the City's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the City prepares its financial statement on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the City for the year ended December 31, 2011, on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued a report dated July 26, 2012, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the City's financial statement. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the financial statement. Such information has been subjected to the auditing procedures applied in the audit of the financial statement and, in our opinion, is fairly stated, in all material respects, in relation to the financial statement taken as a whole.

INDEPENDENT AUDITOR'S REPORT  
(Continued)

Our audit was conducted for the purpose of forming an opinion on the City's financial statement. The Combining Schedule of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, Schedule of Leases and Debt, and Schedule of Capital Assets are presented for additional analysis and are not a required part of the financial statement. They have not been subjected to the auditing procedures applied by us in the audit of the financial statement and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the City's management, Common Council, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

July 26, 2012



**STATE OF INDIANA**  
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STATE BOARD OF ACCOUNTS  
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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENT  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

TO: THE OFFICIALS OF THE CITY OF BICKNELL, KNOX COUNTY, INDIANA

We have audited the financial statement of the City of Bicknell (City), for the year ended December 31, 2011, and have issued our report thereon dated July 26, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, which are described in the accompanying Schedule of Findings and Questioned Costs as item 2011-1, that we consider to be a significant deficiency in internal control over financial reporting. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENT  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS  
(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

The City's response to the findings identified in our audit is described in the accompanying section of the report entitled Corrective Action Plan. We did not audit the City's response and accordingly, we express no opinion on it.

This report is intended solely for the information and use of the City's management, Common Council, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

July 26, 2012

## FINANCIAL STATEMENT

The financial statement and accompanying notes were approved by management of the City. The financial statement and notes are presented as intended by the City.

CITY OF BICKNELL  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For The Year Ended December 31, 2011

Fund	Cash and Investments 01-01-11	Receipts	Disbursements	Cash and Investments 12-31-11
General	\$ 252,002	\$ 408,085	\$ 780,336	\$ (120,249)
Motor Vehicle Highway	125,226	88,878	101,672	112,432
Local Road And Street	65,508	14,990	47,297	33,201
NSP1 Grant	-	1,010,690	1,010,690	-
Law Enforcement Continuing Ed	11,919	8,568	10,160	10,327
Riverboat	102,579	21,142	56,552	67,169
Parks And Recreation	21,059	43,484	80,405	(15,862)
Rainy Day	34,480	-	-	34,480
Unrestricted Donations	-	11,700	11,700	-
Cedit Capital Projects	210,440	95,777	102,283	203,934
Police Pension	35,640	24,053	46,092	13,601
Donations	42,212	19,954	4,605	57,561
Fire Donation	30,332	4,970	12,048	23,254
Park Donation	4,907	28,680	27,396	6,191
Community Services	175	-	-	175
Sanitation-Street	45,849	118,593	86,284	78,158
Sanit-Tip	12,433	63,691	64,845	11,279
Industry-Clinic	34,529	2,900	-	37,429
Judicial	640	1,148	-	1,788
Golfcart Fund	500	500	-	1,000
Debt Service - Other	1,120	-	-	1,120
Capital Improvements	64,451	11,067	15,203	60,315
Park-Rink	4,836	975	3,232	2,579
Payroll	-	967,238	967,238	-
Payroll Withholding-Oasi	3,009	181,604	176,296	8,317
Park Donation Trust	6,724	2	-	6,726
Police Trust	6,749	-	-	6,749
City Court	30,646	21,878	40,876	11,648
Wastewater Utility-Operating	106,524	891,795	889,454	108,865
Wastewater Utility-Deprec/Improve	498,182	226,436	123,861	600,757
Wastewater Utility-Customer Deposit	36,452	8,803	7,504	37,751
Water Utility-Operating	162,835	1,426,707	1,416,596	172,946
Water Utility-Bond And Interest	338,990	169,989	113,051	395,928
Water Utility-Depreciation/Improve	31,805	35,741	21,287	46,259
Water Utility-Customer Deposit	32,167	4,821	4,600	32,388
Totals	<u>\$ 2,354,920</u>	<u>\$ 5,914,859</u>	<u>\$ 6,221,563</u>	<u>\$ 2,048,216</u>

The notes to the financial statement are an integral part of this statement.

CITY OF BICKNELL  
NOTES TO FINANCIAL STATEMENT

**Note 1. Summary of Significant Accounting Policies**

*A. Reporting Entity*

The City was established under the laws of the State of Indiana. The City operates under a Council-Mayor form of government and provides some or all of the following services: public safety (police and fire), highways and streets, health and social services, culture and recreation, public improvements, planning and zoning, general administrative services, water, wastewater, electric, gas, storm water, trash, aviation, and urban redevelopment and housing.

The accompanying financial statement presents the financial information for the City (primary government), and does not include financial information for any of the City's legally separate component units, which accounting principles generally accepted in the United States of America require to be reported with the financial information of the City (primary government).

*B. Basis of Accounting*

The financial statement is reported on a regulatory basis of accounting prescribed by the State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when received and disbursements are recorded when paid.

The regulatory basis of accounting differs from accounting principles generally accepted in the United States of America in that receipts are recognized when received in cash, rather than when earned, and disbursements are recognized when paid, rather than when a liability is incurred.

*C. Cash and Investments*

Investments are stated at cost. Any changes in fair value of the investments are reported as receipts in the year of the sale of the investment.

*D. Receipts*

Receipts are presented in the aggregate on the face of the financial statement. The aggregate receipts may include, but are not limited to, the following sources:

Taxes which can include one or more of the following: property taxes, certified shares (local option tax), property tax replacement credit (local option tax), county option income tax, wheel tax, innkeepers tax, food and beverage tax, county economic development income tax, boat and trailer excise tax, county adjusted gross income tax, and other taxes that are set by the City.

Licenses and permits which include amounts received from businesses, occupations, or nonbusinesses that must be licensed before doing business within the government's jurisdiction or permits levied according to the benefits presumably conferred by the permit. Examples of licenses and permits include: peddler licenses, dog tax licenses, auctioneer license, building and planning permits, demolition permits, electrical permits, sign permits, and gun permits.

CITY OF BICKNELL  
NOTES TO FINANCIAL STATEMENT  
(Continued)

Intergovernmental receipts which include receipts from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of this type of receipts include, but are not limited to: federal grants, state grants, cigarette tax distributions received from the state, motor vehicle highway distribution received from the state, local road and street distribution received from the state, financial institution tax received from the state, auto excise surtax received from the state, commercial vehicle excise tax received from the state, major moves distributions received from the state, and riverboat receipts received from the county.

Charges for services which can include, but are not limited to the following: planning commission charges, building department charges, copies of public records, copy machine charges, accident report copies, gun permit applications, 911 telephone services, recycling fees, dog pound fees, emergency medical service fees, park rental fees, swimming pool receipts, cable tv receipts, ordinance violations, fines and fees, bond forfeitures, court costs, and court receipts.

Fines and forfeits which include receipts derived from fines and penalties imposed for the commission of statutory offenses, violation of lawful administrative rules and regulations (fines), and for the neglect of official duty and monies derived from confiscating deposits held as performance guarantees (forfeitures).

Utility fees which are comprised mostly of charges for current services.

Other receipts which include amounts received from various sources which can include, but are not limited to the following: net proceeds from borrowings; interfund loan activity; transfers authorized by statute, ordinance, resolution, or court order; internal service receipts; and fiduciary receipts.

*E. Disbursements*

Disbursements are presented in the aggregate on the face of the financial statement. The aggregate disbursements may include, but are not limited to, the following uses:

Personal services include outflows for salaries, wages, and related employee benefits provided for all persons employed. In those units where sick leave, vacation leave, overtime compensation, and other such benefits are appropriated separately, such payments would also be included.

Supplies which include articles and commodities that are entirely consumed and materially altered when used and/or show rapid depreciation after use for a short period of time. Examples of supplies include office supplies, operating supplies, and repair and maintenance supplies.

Other services and charges which include, but are not limited to: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

Debt service principal and interest which include fixed obligations resulting from financial transactions previously entered into by the City. It includes all expenditures for the reduction of the principal and interest of the City's general obligation indebtedness.

CITY OF BICKNELL  
NOTES TO FINANCIAL STATEMENT  
(Continued)

Capital outlay which include all outflows for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

Utility operating expenses which include all outflows for operating the utilities.

Other disbursements which include, but are not limited to the following: interfund loan payments, loans made to other funds, internal service disbursements, and transfers out that are authorized by statute, ordinance, resolution, or court order.

*F. Interfund Transfers*

The City may, from time to time, transfer money from one fund to another. These transfers, if any, are included as a part of the receipts and disbursements of the affected funds and as a part of total receipts and disbursements. The transfers are used for cash flow purposes as provided by various statutory provisions.

*G. Fund Accounting*

Separate funds are established, maintained, and reported by the City. Each fund is used to account for money received from and used for specific sources and uses as determined by various regulations. Restrictions on some funds are set by statute while other funds are internally restricted by the City. The money accounted for in a specific fund may only be available for use for certain, legally restricted purposes. Additionally, some funds are used to account for assets held by the City in a trustee capacity as an agent of individuals, private organizations, other funds, or other governmental units and therefore the funds cannot be used for any expenditures of the unit itself.

**Note 2. Budgets**

The operating budget is initially prepared and approved at the local level. The fiscal officer of the City submits a proposed operating budget to the governing board for the following calendar year. The budget is advertised as required by law. Prior to adopting the budget, the governing board conducts public hearings and obtains taxpayer comments. Prior to November 1, the governing board approves the budget for the next year. The budget for funds for which property taxes are levied or highway use taxes are received is subject to final approval by the Indiana Department of Local Government Finance.

**Note 3. Property Taxes**

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the City in June and December; however, situations can arise which would delay the distributions. 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 percent 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 normally become delinquent if not paid by May 10 and November 10, respectively.

CITY OF BICKNELL  
NOTES TO FINANCIAL STATEMENT  
(Continued)

**Note 4. Deposits and Investments**

Deposits, made in accordance with state statute (IC 5-13), with financial institutions in the State of Indiana at year end should be 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 statutes authorize the City 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.

**Note 5. Risk Management**

The City may be exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents; and natural disasters.

These risks can be mitigated through the purchase of insurance, establishment of a self-insurance fund, and/or participation in a risk pool. The purchase of insurance transfers the risk to an independent third party. The establishment of a self-insurance fund allows the City to set aside money for claim settlements. The self-insurance fund would be included in the financial statement. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks. These risks may also be mitigated by the City by recording as a disbursement any replacement items purchased.

**Note 6. Pension Plan**

*1977 Police Officers' and Firefighters' Pension and Disability Fund*

*Plan Description*

The 1977 Police Officers' and Firefighters' Pension and Disability Fund is a cost-sharing multiple-employer defined benefit pension plan administered by the Indiana Public Employees' Retirement Plan (PERF) for all police officers and firefighters hired after April 30, 1977.

State statute (IC 36-8-8) regulates the operations of the system, including benefits, vesting, and requirements for contributions by employers and by employees. Covered employees may retire at age 52 with 20 years of service. An employee with 20 years of service may leave service, but will not receive benefits until reaching age 52. The plan also provides for death and disability benefits.

PERF 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

CITY OF BICKNELL  
NOTES TO FINANCIAL STATEMENT  
(Continued)

*Funding Policy*

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

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## SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the City's 2011 Annual Report information can be found on the Gateway website: <https://gateway.ifionline.org/>.

Differences may be noted between the financial information presented in the financial statement contained in this report and the financial information presented in the Annual Report of the City which is referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the audit. This is a common occurrence in any financial statement audit. The financial information presented in this report is audited information, and the accuracy of such information can be determined by reading the opinion given in the Independent Auditor's Report.

The supplementary information presented was approved by management of the City. It is presented as intended by the City.

CITY OF BICKNELL  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2011

	General	Motor Vehicle Highway	Local Road And Street	NSP1 Grant	Law Enforcement Continuing Ed	Riverboat
Cash and investments - beginning	\$ 252,002	\$ 125,226	\$ 65,508	\$ -	\$ 11,919	\$ 102,579
Receipts:						
Taxes	164,131	-	-	-	-	-
Licenses and permits	20	-	-	-	1,140	-
Intergovernmental	175,487	88,878	14,990	-	-	21,142
Charges for services	-	-	-	-	263	-
Fines and forfeits	19,149	-	-	-	1,109	-
Utility fees	-	-	-	-	-	-
Other receipts	49,298	-	-	1,010,690	6,056	-
Total receipts	<u>408,085</u>	<u>88,878</u>	<u>14,990</u>	<u>1,010,690</u>	<u>8,568</u>	<u>21,142</u>
Disbursements:						
Personal services	513,241	86,284	-	-	-	-
Supplies	42,716	15,358	47,297	-	323	-
Other services and charges	178,799	30	-	-	9,837	2
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	4,075	-	-	-	-	56,550
Utility operating expenses	-	-	-	-	-	-
Other disbursements	41,505	-	-	1,010,690	-	-
Total disbursements	<u>780,336</u>	<u>101,672</u>	<u>47,297</u>	<u>1,010,690</u>	<u>10,160</u>	<u>56,552</u>
Excess (deficiency) of receipts over disbursements	<u>(372,251)</u>	<u>(12,794)</u>	<u>(32,307)</u>	<u>-</u>	<u>(1,592)</u>	<u>(35,410)</u>
Cash and investments - ending	<u>\$ (120,249)</u>	<u>\$ 112,432</u>	<u>\$ 33,201</u>	<u>\$ -</u>	<u>\$ 10,327</u>	<u>\$ 67,169</u>

CITY OF BICKNELL  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2011  
 (Continued)

	Parks And Recreation	Rainy Day	Unrestricted Donations	Cedit Capital Projects	Police Pension	Donations
Cash and investments - beginning	\$ 21,059	\$ 34,480	\$ -	\$ 210,440	\$ 35,640	\$ 42,212
Receipts:						
Taxes	33,981	-	-	-	14,488	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	9,503	-	-	61,980	4,052	-
Charges for services	-	-	-	-	-	5
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	-	-	11,700	33,797	5,513	19,949
Total receipts	<u>43,484</u>	<u>-</u>	<u>11,700</u>	<u>95,777</u>	<u>24,053</u>	<u>19,954</u>
Disbursements:						
Personal services	80,405	-	-	-	45,892	-
Supplies	-	-	-	2,835	-	4,605
Other services and charges	-	-	-	10,667	-	-
Debt service - principal and interest	-	-	-	-	200	-
Capital outlay	-	-	-	63,907	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	11,700	24,874	-	-
Total disbursements	<u>80,405</u>	<u>-</u>	<u>11,700</u>	<u>102,283</u>	<u>46,092</u>	<u>4,605</u>
Excess (deficiency) of receipts over disbursements	<u>(36,921)</u>	<u>-</u>	<u>-</u>	<u>(6,506)</u>	<u>(22,039)</u>	<u>15,349</u>
Cash and investments - ending	<u>\$ (15,862)</u>	<u>\$ 34,480</u>	<u>\$ -</u>	<u>\$ 203,934</u>	<u>\$ 13,601</u>	<u>\$ 57,561</u>

CITY OF BICKNELL  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2011  
 (Continued)

	Fire Donation	Park Donation	Community Services	Sanitation-Street	Sanit-Tip	Industry-Clinic
Cash and investments - beginning	\$ 30,332	\$ 4,907	\$ 175	\$ 45,849	\$ 12,433	\$ 34,529
Receipts:						
Taxes	-	-	-	92,677	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	25,916	-	-
Charges for services	3,055	775	-	-	51,475	2,900
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	1,915	27,905	-	-	12,216	-
Total receipts	<u>4,970</u>	<u>28,680</u>	<u>-</u>	<u>118,593</u>	<u>63,691</u>	<u>2,900</u>
Disbursements:						
Personal services	-	-	-	86,284	-	-
Supplies	2,424	1,868	-	-	25,412	-
Other services and charges	9,624	11,740	-	-	37,853	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	13,788	-	-	1,580	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	<u>12,048</u>	<u>27,396</u>	<u>-</u>	<u>86,284</u>	<u>64,845</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(7,078)</u>	<u>1,284</u>	<u>-</u>	<u>32,309</u>	<u>(1,154)</u>	<u>2,900</u>
Cash and investments - ending	<u>\$ 23,254</u>	<u>\$ 6,191</u>	<u>\$ 175</u>	<u>\$ 78,158</u>	<u>\$ 11,279</u>	<u>\$ 37,429</u>

CITY OF BICKNELL  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2011  
 (Continued)

	Judicial	Golfcart Fund	Debt Service - Other	Capital Improvements	Park-Rink	Payroll
Cash and investments - beginning	\$ 640	\$ 500	\$ 1,120	\$ 64,451	\$ 4,836	\$ -
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	500	-	-	-	-
Intergovernmental	-	-	-	11,067	-	-
Charges for services	-	-	-	-	975	-
Fines and forfeits	1,148	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	-	-	-	-	-	967,238
Total receipts	<u>1,148</u>	<u>500</u>	<u>-</u>	<u>11,067</u>	<u>975</u>	<u>967,238</u>
Disbursements:						
Personal services	-	-	-	-	-	967,238
Supplies	-	-	-	-	3,232	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	15,203	-	-
Total disbursements	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,203</u>	<u>3,232</u>	<u>967,238</u>
Excess (deficiency) of receipts over disbursements	<u>1,148</u>	<u>500</u>	<u>-</u>	<u>(4,136)</u>	<u>(2,257)</u>	<u>-</u>
Cash and investments - ending	<u>\$ 1,788</u>	<u>\$ 1,000</u>	<u>\$ 1,120</u>	<u>\$ 60,315</u>	<u>\$ 2,579</u>	<u>\$ -</u>

CITY OF BICKNELL  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2011  
 (Continued)

	Payroll Withholding-Oasi	Park Donation Trust	Police Trust	City Court	Wastewater Utility-Operating	Wastewater Utility Deprec/Improve
Cash and investments - beginning	\$ 3,009	\$ 6,724	\$ 6,749	\$ 30,646	\$ 106,524	\$ 498,182
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	891,783	-
Other receipts	181,604	2	-	21,878	12	226,436
Total receipts	<u>181,604</u>	<u>2</u>	<u>-</u>	<u>21,878</u>	<u>891,795</u>	<u>226,436</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	123,861
Utility operating expenses	-	-	-	-	338,651	-
Other disbursements	176,296	-	-	40,876	550,803	-
Total disbursements	<u>176,296</u>	<u>-</u>	<u>-</u>	<u>40,876</u>	<u>889,454</u>	<u>123,861</u>
Excess (deficiency) of receipts over disbursements	<u>5,308</u>	<u>2</u>	<u>-</u>	<u>(18,998)</u>	<u>2,341</u>	<u>102,575</u>
Cash and investments - ending	<u>\$ 8,317</u>	<u>\$ 6,726</u>	<u>\$ 6,749</u>	<u>\$ 11,648</u>	<u>\$ 108,865</u>	<u>\$ 600,757</u>

CITY OF BICKNELL  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2011  
 (Continued)

	Wastewater Utility-Customer Deposit	Water Utility-Operating	Water Utility-Bond And Interest	Water Utility Depreciation/ Improve	Water Utility-Customer Deposit	Totals
Cash and investments - beginning	\$ 36,452	\$ 162,835	\$ 338,990	\$ 31,805	\$ 32,167	\$ 2,354,920
Receipts:						
Taxes	-	-	-	-	-	305,277
Licenses and permits	-	-	-	-	-	1,660
Intergovernmental	-	-	-	-	-	413,015
Charges for services	-	-	-	-	-	59,448
Fines and forfeits	-	-	-	-	-	21,406
Utility fees	8,802	608,775	-	-	4,820	1,514,180
Other receipts	1	817,932	169,989	35,741	1	3,599,873
Total receipts	<u>8,803</u>	<u>1,426,707</u>	<u>169,989</u>	<u>35,741</u>	<u>4,821</u>	<u>5,914,859</u>
Disbursements:						
Personal services	-	-	-	-	-	1,779,344
Supplies	-	-	-	-	-	146,070
Other services and charges	-	-	-	-	-	258,552
Debt service - principal and interest	-	-	111,525	-	-	111,725
Capital outlay	-	-	-	-	-	263,761
Utility operating expenses	-	1,173,625	-	7,260	-	1,519,536
Other disbursements	7,504	242,971	1,526	14,027	4,600	2,142,575
Total disbursements	<u>7,504</u>	<u>1,416,596</u>	<u>113,051</u>	<u>21,287</u>	<u>4,600</u>	<u>6,221,563</u>
Excess (deficiency) of receipts over disbursements	<u>1,299</u>	<u>10,111</u>	<u>56,938</u>	<u>14,454</u>	<u>221</u>	<u>(306,704)</u>
Cash and investments - ending	<u>\$ 37,751</u>	<u>\$ 172,946</u>	<u>\$ 395,928</u>	<u>\$ 46,259</u>	<u>\$ 32,388</u>	<u>\$ 2,048,216</u>

CITY OF BICKNELL  
 SCHEDULE OF LEASES AND DEBT  
 December 31, 2011

Description of Debt		Ending Principal Balance	Principal and Interest Due Within One Year
Type	Purpose		
Wastewater:			
Notes and loans payable	WASTEWATER TREATMENT PLANT	\$ -	\$ -
Water:			
Notes and loans payable	WATER PLANT	734,000	113,700
Totals		<u>\$ 734,000</u>	<u>\$ 113,700</u>

CITY OF BICKNELL  
SCHEDULE OF CAPITAL ASSETS  
December 31, 2011

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.

	Ending Balance
Governmental activities:	
Land	\$ 447,028
Buildings	1,981,619
Improvements other than buildings	317,846
Machinery, equipment and vehicles	967,034
Total governmental activities	3,713,527
Wastewater:	
Land	44,063
Buildings	3,180,906
Improvements other than buildings	4,666,817
Machinery, equipment and vehicles	45,391
Books and other	1,688,477
Total Wastewater	9,625,654
Water:	
Land	6,750
Buildings	231,656
Improvements other than buildings	3,912,947
Machinery, equipment and vehicles	62,378
Books and other	118,853
Total Water	4,332,584
Total capital assets	\$ 17,671,765

CITY OF BICKNELL  
OTHER REPORTS

The annual report presented herein was prepared in addition to other official reports prepared for the individual City offices listed below:

City Court  
Clerk-Treasurer

CITY OF BICKNELL  
AUDIT RESULTS AND COMMENTS

**APPROPRIATIONS**

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

Fund	Excess Amount Expended
General	\$ 216,021
Local Road and Street	8,177
Police Pension	8,712
Parks and Recreation	86,284

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."

**SUPPORTING DOCUMENTATION**

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

CITY OF BICKNELL  
AUDIT RESULTS AND COMMENTS  
(Continued)

***OVERDRAWN CASH BALANCES***

The cash balance of the General Fund was overdrawn by \$120,249 and the Parks and Recreation Fund was overdrawn by \$15,862 as of December 31, 2011.

The cash balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

***INTERNAL CONTROLS***

Effective internal control over financial reporting requires the City Council to monitor and assess the quality of the City's system of internal control. The City Council has not performed either an ongoing or separate evaluation of their system of internal controls. Due to the lack of control, a claim was paid to Rita Dupire, former Clerk-Treasurer, for unused vacation leave. This payment was not in compliance with the City's personnel policy. The failure to exercise the Council's oversight responsibility places the City at risk that controls may not be designed or operating effectively to provide reasonable assurance that controls will prevent or detect material misstatements in a timely manner. Additionally, the Council has no process to identify or communicate corrective actions to improve controls.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control.

Controls over the receipting, disbursing, recording and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7).

SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



**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)

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT  
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND  
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

TO: THE OFFICIALS OF THE CITY OF BICKNELL, KNOX COUNTY, INDIANA

Compliance

We have audited the compliance of the City of Bicknell (City) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to its major federal program for the year ended December 31, 2011. The City's major federal program is identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2011.

Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT  
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND  
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133  
(Continued)

basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the City's management, Common Council, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

July 26, 2012

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## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The Schedule of Expenditures of Federal Awards and accompanying notes presented were approved by management of the City. The schedule and notes are presented as intended by the City.

CITY OF BICKNELL  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Year Ended December 31, 2011

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<u>U.S. Department of Housing and Urban Development</u>			
Pass-Through Indiana Office of Community and Rural Affairs			
CDBG – State-Administered CDBG Cluster			
Community Development Block Grants/State's Program			
and Non-Entitlement Grants in Hawaii			
	14.228		
Neighborhood Stabilization Program		NSP1-009-004	\$ 943,556
Disaster Recovery Fund		B11DC180001DR2-09-140	817,922
Downtown Revitalization Grant		DR2-09-055	<u>22,274</u>
Total for cluster			<u>1,783,752</u>
Total for federal grantor agency			<u>1,783,752</u>
Total federal awards expended			<u>\$ 1,783,752</u>

The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards.

CITY OF BICKNELL  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

**Note 1. Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Bicknell (City) and is presented in accordance with the cash and investment basis of accounting used in the preparation of the financial statement. Accordingly, the amount of federal awards expended is based on when the disbursement related to the award occurs except when the federal award is received on a reimbursement basis. In these instances the federal awards are considered expended when the reimbursement is received.

**Note 2. Subrecipients**

Of the federal expenditures presented in the schedule, the City provided federal awards to subrecipients as follows for the year ended December 31, 2011:

Program Title	Federal CFDA Number	2010
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	<u>\$ 943,556</u>



CITY OF BICKNELL  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

***Section II – Financial Statement Findings***

***FINDING 2011-1 - INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING***

Effective internal control over financial reporting requires the City Council to monitor and assess the quality of the City's system of internal control. The City Council has not performed either an ongoing or separate evaluation of their system of internal controls. The failure to exercise their oversight responsibility places the City at risk that controls may not be designed or operating effectively to provide reasonable assurance that controls will prevent or detect material misstatements in a timely manner. Additionally, the City has no process to identify or communicate corrective actions to improve controls.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control.

Controls over the receipting, disbursing, recording and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7).

***Section III – Federal Award Findings and Questioned Costs***

No matters are reportable.

CITY OF BICKNELL  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

## CITY OF BICKNELL

119 E. Second Street

P.O. Box 127

Bicknell, IN 47512

Phone 812-735-4636

Email bicknellct@yahoo.com

### Corrective Action Plans

Federal Finding Number 2011-1, Internal Controls over Financial Transactions and Reporting.

Auditee Contact Person: Rebecca McGlone

Title of Contact Person: Clerk – Treasurer

Phone Number: 812-735-4636

Expected Completion Date: July 27, 2012

Corrective Action: Due to the 2011 Audit, the City of Bicknell has set a plan to increase the oversight of internal controls with our Board of Works on day to day operations.

CITY OF BICKNELL  
EXIT CONFERENCE

The contents of this report were discussed on June 12, 2012, with Earl E. Horst, Superintendent of Water Utility; Matt D. Brough, Superintendent of Wastewater Utility; Richard Byrer, President of the Common Council; Jon G. Flickinger, Mayor; and Rebecca L. McGlone, Clerk-Treasurer. The officials concurred with our audit findings.