

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

TOWN OF BIRDSEYE

DUBOIS COUNTY, INDIANA

January 1, 2012 to December 31, 2015



FILED

09/23/2016

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Transmittal Letter	3
Clerk-Treasurer:	
Examination Results and Comments:	
Errors on Claims	6
Annual Financial Reports	6
Official Bond.....	7
Record of Hours Worked.....	7
Exit Conference	8
Town Council:	
Examination Result and Comment:	
Travel Policy.....	10
Exit Conference	11

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Donna King	01-01-11 to 12-31-14
	Brittany Schepers	01-01-15 to 12-31-18
President of the Town Council	Emmett Wiseman	01-01-12 to 08-26-13
	Jerry Allstott	08-27-13 to 12-31-16
Superintendent of Water and Wastewater Utilities	Joseph Nordoff	01-01-12 to 08-31-12
	Glenn Bayer	09-01-12 to 04-26-16
	(Vacant)	04-27-16 to 05-05-16
	Tom Nalley	05-06-16 to 06-09-16
	(Vacant)	06-10-16 to 06-13-16
	Bob Morrow	06-14-16 to 12-31-16



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 BIRDSEYE, DUBOIS COUNTY, INDIANA

This report is supplemental to our examination report of the Town of Birdseye (Town), for the period from January 1, 2012 to December 31, 2015. 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 Statements 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/.

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

August 3, 2016

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CLERK-TREASURER
TOWN OF BIRDSEYE

CLERK-TREASURER
TOWN OF BIRDSEYE
EXAMINATION RESULTS AND COMMENTS

ERRORS ON CLAIMS

A test of claims identified the following deficiencies: 7 of the 48 claims tested did not have proper approval by the Fiscal Officer. This oversight resulted in \$1,341 of expenditures which did not have proper approval by the Fiscal Officer.

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 governmental entity for goods or services.

(c) The fiscal officer of a governmental entity 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;
- (2) the invoice or bill is approved by the officer or person receiving the goods and services;
- (3) the invoice or bill is filed with the governmental entity's fiscal officer;
- (4) the fiscal officer audits and certifies before payment that the invoice or bill is true and correct; and
- (5) payment of the claim is allowed by the governmental entity's legislative body or the board or official having jurisdiction over allowance of payment of the claim."

ANNUAL FINANCIAL REPORTS

The Annual Financial Reports filed for the years 2013, 2014, and 2015 did not reflect all the financial activity of the Town. The Old School Grant fund (2013), the Library Grant fund (2014 and 2015), the Police Grant fund (2015), and the Water/Sewer Grant fund (2015) were not reported for the years indicated. In addition, the receipts and disbursements of the Utility Collection fund were not reported for the years 2013, 2014, and 2015. Examination adjustments were proposed, accepted by management, and made to the financial statements presented for examination.

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every municipality and every state or local governmental unit, entity, or instrumentality 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."

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

OFFICIAL BOND

The Clerk-Treasurer was not covered by an individual Surety Bond, blanket bond or crime insurance policy for the years 2013 or 2014.

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. . . .

(b) The fiscal body of a city, town, county, or township may by ordinance authorize the purchase of a blanket bond or a crime insurance policy endorsed to include faithful performance to cover the faithful performance of all employees, commission members, and persons acting on behalf of the local government unit, including those officers described in subsection (a).

(c) Except as provided in subsections (h) and (i), the fiscal bodies of the respective units shall fix the amount of the bond of . . . town clerk-treasurers . . . 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. . . ."

RECORD OF HOURS WORKED

Testing of payroll disbursements indicated that records were not being maintained to document the hours worked by the Utility Superintendent or the Town Marshal during the period examined.

The federal Fair Labor Standards Act (FLSA) requires that records of wages paid, daily, and weekly hours of work, and the time of day and day of week on which the employee's work week begins be kept for all employees. These requirements can be met by use of the following prescribed general forms:

- General Form 99A, Employees' Service Record
- General Form 99B, Employee's Earnings Record
- General Form 99C, Employee's Weekly Earnings Record

General Form 99C is required only for employees who are not exempt from FLSA, are not on a fixed work schedule, and are not paid weekly.

Additional information regarding FLSA rules and regulations may be obtained from the Department of Labor.

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

CLERK-TREASURER
TOWN OF BIRDSEYE
EXIT CONFERENCE

The contents of this report were discussed on August 3, 2016, with Brittany Schepers, Clerk-Treasurer; Jerry Allstott, President of the Town Council; and Clyde Huff, Town Council member.

TOWN COUNCIL
TOWN OF BIRDSEYE

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TOWN OF BIRDSEYE
EXAMINATION RESULT AND COMMENT

TRAVEL POLICY

The Town paid for travel expenses without an approved travel policy being adopted.

Each governmental unit should adopt a written travel policy in conformity with applicable statutes.
(Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TOWN COUNCIL
TOWN OF BIRDSEYE
EXIT CONFERENCE

The contents of this report were discussed on August 3, 2016, with Brittany Schepers, Clerk-Treasurer; Jerry Allstott, President of the Town Council; and Clyde Huff, Town Council member.