

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

COMPLIANCE ENGAGEMENT REPORT

OF

TOWN OF BIRDSEYE

DUBOIS COUNTY, INDIANA

January 1, 2019 to December 31, 2022



FILED
12/20/2023

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Brittany Schepers	01-01-19 to 12-31-23
President of the Town Council	Bret Eckert	01-01-19 to 12-31-23
Superintendent of Water and Wastewater Utility	Bob Morrow Joel Schwartz	01-01-19 to 05-31-20 06-01-20 to 12-31-23



STATE OF INDIANA
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TO: THE OFFICIALS OF THE TOWN OF BIRDSEYE, DUBOIS 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 Birdseye (Town), for the period of January 1, 2019 to December 31, 2022. 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.

Any Comments contained herein 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 Brittany Schepers, Clerk-Treasurer; Bret Eckert, President of the Town Council; Jerry Allstott, Town Council member; and Kelly Zehr, Town Council member, on December 14, 2023.



Beth Kelley, CPA, CFE
Deputy State Examiner

December 14, 2023

TOWN OF BIRDSEYE
COMMENTS

ANNUAL FINANCIAL REPORT

A similar comment also appeared in prior Reports B46933 and B54790.

Condition and Context

The Town did not report the correct beginning balance for two funds, Utility Collections and Water Utility Operating, in the Annual Financial Report on the Indiana Gateway for Government Units (Gateway) financial reporting system, which is the source of the financial statements. In addition, the receipts and disbursements were not reported for the Utilities Collections fund for 2020, 2021, and 2022 nor for the Payroll fund for 2020 and 2021. The Town had not properly reviewed the financial information prepared and submitted in Gateway to ensure all transactions of the Town had been properly recorded and reported.

Adjustments were proposed, accepted by the Town, and made to the Statements of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis.

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. . . ."

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](#)."

CAPITAL ASSETS

Condition and Context

The Town had not adopted a capital assets policy that detailed the threshold at which an item is considered a capital asset. In addition, the Town had not maintained a complete detailed listing of all capital assets which reflected their acquisition value. A complete physical inventory had not been taken at least every two years.

TOWN OF BIRDSEYE
COMMENTS
(Continued)

Criteria

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)

MOTOR VEHICLE HIGHWAY (MVH) - RESTRICTED FUND

Condition and Context

The Town did not establish a Motor Vehicle Highway (MVH) Restricted sub-fund and allocate 50 percent of the distributions from the State Motor Vehicle Highway Account to the sub-fund. All monies received from the State Motor Vehicle Highway Account were posted to the Motor Vehicle Highway fund.

Criteria

Starting on January 1, 2019, the political subdivision must post at the time of the receipt of the distribution from the State Motor Vehicle Highway Account fifty percent (50%) of the distribution to MVH Restricted. (State Examiner Directive 2018-2)

Indiana Code 8-14-1-5(c) states: "For funds distributed to a city or town from the motor vehicle highway account, the city or town shall use at least fifty percent (50%) of the money for the construction, reconstruction, and preservation of the city's or town's highways."

Units are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings, court decisions and filing requirements concerning reports and other procedural matters of federal and state agencies. Units must file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

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

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

Fund	Cash and Investments			Cash and Investments			Cash and Investments
	01-01-19	Receipts	Disbursements	12-31-19	Receipts	Disbursements	
General	\$ 64,512	\$ 66,768	\$ 59,861	\$ 71,419	\$ 80,194	\$ 60,734	\$ 90,879
Motor Vehicle Highway	46,788	27,324	12,614	61,498	23,813	3,211	82,100
Local Road And Street	19,659	4,920	-	24,579	4,765	-	29,344
Fire Department Grant	-	-	-	-	195,669	58,386	137,283
Law Enforcement Continuing Ed	1,002	-	-	1,002	105	-	1,107
Riverboat	13,179	2,464	3,000	12,643	2,464	3,000	12,107
Rainy Day	8,721	3,000	-	11,721	3,000	-	14,721
Cedit Special Revenue	35,190	10,782	4,326	41,646	13,210	1,280	53,576
Utility Collection	500	185,426	185,426	500	197,023	197,023	500
Payroll	3,117	88,346	88,448	3,015	85,809	85,698	3,126
Park Donation	23,542	18,432	19,619	22,355	13,801	24,911	11,245
Wastewater Utility-Operating	74,763	60,564	70,777	64,550	64,947	82,110	47,387
Utility Cash Drawer	200	-	-	200	-	-	200
Water Utility-Operating	37,105	134,404	115,643	55,866	140,471	121,718	74,619
Totals	<u>\$ 328,278</u>	<u>\$ 602,430</u>	<u>\$ 559,714</u>	<u>\$ 370,994</u>	<u>\$ 825,271</u>	<u>\$ 638,071</u>	<u>\$ 558,194</u>

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

TOWN OF BIRDSEYE
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	\$ 90,879	\$ 152,186	\$ 107,264	\$ 135,801	\$ 106,474	\$ 61,802	\$ 180,473
Motor Vehicle Highway	82,100	23,513	10,000	95,613	23,460	1,848	117,225
Local Road And Street	29,344	5,189	200	34,333	5,500	10,000	29,833
Fire Department Grant	137,283	457,568	594,851	-	-	-	-
Law Enforcement Continuing Ed	1,107	100	-	1,207	150	-	1,357
Riverboat	12,108	2,461	7,585	6,984	2,346	3,000	6,330
Rainy Day	14,721	-	-	14,721	3,000	-	17,721
Cedit Special Revenue	53,576	11,665	12,725	52,516	10,502	2,779	60,239
State Road 64 Project	-	67,505	67,505	-	-	-	-
Utility Collection	500	208,307	208,307	500	213,719	213,517	702
Payroll	3,126	104,485	103,759	3,852	105,936	106,012	3,776
Park Donation	11,245	18,607	6,691	23,161	18,010	9,976	31,195
Wastewater Utility-Operating	47,387	74,704	87,816	34,275	72,951	52,258	54,968
Utility Cash Drawer	200	-	-	200	-	-	200
Water Utility-Operating	74,619	179,981	168,431	86,169	202,497	168,966	119,700
Totals	<u>\$ 558,195</u>	<u>\$ 1,306,271</u>	<u>\$ 1,375,134</u>	<u>\$ 489,332</u>	<u>\$ 764,545</u>	<u>\$ 630,158</u>	<u>\$ 623,719</u>

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