

**STATE BOARD OF ACCOUNTS**  
**302 West Washington Street**  
**Room E418**  
**INDIANAPOLIS, INDIANA 46204-2765**

EXAMINATION REPORT

OF

TOWN OF BIRDSEYE

DUBOIS COUNTY, INDIANA

January 1, 2004 to December 31, 2005



**FILED**  
09/28/2006



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OFFICIALS

Office

Official

Term

Clerk-Treasurer

Donna King

01-01-04 to 12-31-07

President of the Town Council

Larry A. Wehr

01-01-04 to 12-31-06



**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 schedules of receipts, disbursements, and cash and investment balances of the Town of Birdseye (Town), for the period of January 1, 2004 to December 31, 2005. The Town's management is responsible for the schedules. 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 schedule of receipts, disbursements, and cash and investment balances 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 schedules referred to above present fairly, in all material respects, the cash transactions of the Town for the years ended December 31, 2004 and 2005, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

August 24, 2006

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, 2004 And 2005

|  | Cash and<br>Investments<br>01-01-04 | Receipts          | Disbursements     | Cash and<br>Investments<br>12-31-04 |
|--|-------------------------------------|-------------------|-------------------|-------------------------------------|
| Governmental Funds:                    |                                     |                   |                   |                                     |
| General                                | \$ 113,994                          | \$ 54,300         | \$ 66,155         | \$ 102,139                          |
| Motor Vehicle Highway                  | 25,847                              | 19,196            | 27,460            | 17,583                              |
| Local Road and Street                  | 7,147                               | 2,918             | -                 | 10,065                              |
| Law Enforcement Continuing Education   | 1,645                               | 183               | 119               | 1,709                               |
| Riverboat                              | 2,940                               | 2,927             | -                 | 5,867                               |
| Rainy Day                              | -                                   | 2,376             | -                 | 2,376                               |
| Park Donation                          | 3,689                               | 10,339            | 4,351             | 9,677                               |
| County Economic Development Income Tax | 24,350                              | 7,908             | -                 | 32,258                              |
| Proprietary Funds:                     |                                     |                   |                   |                                     |
| Water Utility - Operating              | 133,626                             | 122,643           | 107,521           | 148,748                             |
| Water Utility - Customer Deposit       | 3,000                               | 1,125             | 1,375             | 2,750                               |
| Wastewater Utility - Operating         | 34,018                              | 63,123            | 44,151            | 52,990                              |
| Fiduciary Funds:                       |                                     |                   |                   |                                     |
| Utility Collections                    | 496                                 | 169,312           | 168,572           | 1,236                               |
| Payroll                                | -                                   | 58,280            | 58,280            | -                                   |
| Totals                                 | <u>\$ 350,752</u>                   | <u>\$ 514,630</u> | <u>\$ 477,984</u> | <u>\$ 387,398</u>                   |

|  | Cash and<br>Investments<br>01-01-05 | Receipts          | Disbursements     | Cash and<br>Investments<br>12-31-05 |
|--|-------------------------------------|-------------------|-------------------|-------------------------------------|
| Governmental Funds:                    |                                     |                   |                   |                                     |
| General                                | \$ 102,139                          | \$ 51,394         | \$ 89,839         | \$ 63,694                           |
| Motor Vehicle Highway                  | 17,583                              | 18,803            | 9,331             | 27,055                              |
| Local Road and Street                  | 10,065                              | 2,950             | -                 | 13,015                              |
| Law Enforcement Continuing Education   | 1,709                               | 110               | 204               | 1,615                               |
| Riverboat                              | 5,867                               | 2,932             | -                 | 8,799                               |
| Rainy Day                              | 2,376                               | -                 | -                 | 2,376                               |
| Park Donation                          | 9,677                               | 5,899             | 3,159             | 12,417                              |
| County Economic Development Income Tax | 32,258                              | 6,681             | 20,021            | 18,918                              |
| Levy Excess                            | -                                   | 2,130             | 2,130             | -                                   |
| Proprietary Funds:                     |                                     |                   |                   |                                     |
| Water Utility - Operating              | 148,748                             | 129,058           | 104,075           | 173,731                             |
| Water Utility - Customer Deposit       | 2,750                               | 1,000             | 1,250             | 2,500                               |
| Wastewater Utility - Operating         | 52,990                              | 61,400            | 36,300            | 78,090                              |
| Fiduciary Funds:                       |                                     |                   |                   |                                     |
| Utility Collections                    | 1,236                               | 171,247           | 172,216           | 267                                 |
| Payroll                                | -                                   | 60,821            | 60,001            | 820                                 |
| Totals                                 | <u>\$ 387,398</u>                   | <u>\$ 514,425</u> | <u>\$ 498,526</u> | <u>\$ 403,297</u>                   |

The accompanying notes are an integral part of the schedules.

TOWN OF BIRDSEYE  
NOTES TO SCHEDULES

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.

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 SCHEDULES  
(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  
EXAMINATION RESULTS AND COMMENTS

INVESTMENTS IN CERTIFICATES OF DEPOSIT

Interest earned on investments was automatically added to the principal and not recorded in the records.

The governmental unit purchased investments which have a stated maturity in excess of two years.

Interest on investments should not be automatically added onto the investment. Instead, interest on investments should be paid to the governmental unit at each maturity date and posted to the appropriate fund. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Indiana Code 5-13-9-5.6 states: "Investments made under IC 5-13-9 must have a final maturity of not more than two years after the date of purchase or entry into a repurchase agreement."

CONTRACTS

Payments were made for snow removal, road repairs, engineering work on storm sewers, and a sidewalk project without a contract.

Payments made or received for contractual services should be supported by a written contract. Each governmental unit is responsible for complying with the provisions of its contracts. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

A similar comment appeared in prior audit reports.

TOWN OF BIRDSEYE  
EXIT CONFERENCE

The contents of this report were discussed on August 28, 2006, with Donna King, Clerk-Treasurer; and Emmett W. Wiseman, Town Council member. The officials concurred with our findings.