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

EXAMINATION REPORT

OF

CITY OF BICKNELL

KNOX COUNTY, INDIANA

January 1, 2010 to December 31, 2010

FILED
08/25/2011

TABLE OF CONTENTS

OFFICIALS

Office	Official	Term
Clerk-Treasurer	Rita Dupire	01-01-08 to 12-31-11
Mayor	Jon G. Flickinger	01-01-08 to 12-31-11
President of the Board of Public Works and Safety	Jon G. Flickinger	01-01-10 to 12-31-11
President of the Common Council	Greg Bourlard	01-01-10 to 12-31-11
Superintendent of Water Utility	Earl E. Horst	01-01-10 to 12-31-11
Superintendent of Wastewater Utility	Matt D. Brough	01-01-10 to 12-31-11
Utility Office Manager	Rebecca L. McGlone Jessica Kent	01-01-10 to 04-30-10 05-01-10 to 12-31-11
City Court Judge	Andrew D. Moreland	01-01-10 to 03-25-10
City Court Judge Pro Tempore	Michael D. Edwards	03-26-10 to 12-31-10
City Court Judge	Gareth Byrer	01-01-11 to 12-31-11

STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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INDIANAPOLIS, INDIANA 46204-2769

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INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the financial statement of City of Bicknell (City), for the period of January 1, 2010 to December 31, 2010. The City's management is responsible for the financial statement. 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 statement and performing such other procedures as we considered necessary in the circumstances. We believe that our examination 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. The basis noted above is a different basis than that used in the prior year.

The City's financial statement does not accurately reflect the activity and balances of the following funds: General, Donations, Parks and Recreation, Judicial, Golf Cart, Payroll Withholding, Wastewater Operating, Wastewater Deposit, Wastewater Depreciation, Water Operating, Water Bond and Interest, Water Depreciation, and Water Customer Deposit. Additionally, the City's financial statement does not include the City Court fund that is maintained in the financial records of the City. In our opinion, the inclusion and accuracy of this information is required by the reporting requirements established by the State Board of Accounts as allowed by state statute (IC 5-11-1-6).

In our opinion, except for the inaccuracy and omission of the information discussed in the preceding paragraph, 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, 2010, on the basis of accounting described in Note 1.

The Combining Schedule of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, Schedule of Capital Assets, and Schedule of Long-Term Debt, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statement. They have not been subjected to the examination procedures applied to 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, City Council, 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 11, 2011

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FINANCIAL STATEMENT(S)

CITY OF BICKNELL
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
REGULATORY BASIS
For The Year Ended December 31, 2010

	Cash and Investments 01-01-10	Receipts	Disbursements	Cash and Investments 12-31-10
General	$ 149,160	$ 857,688	$ 761,817	$ 245,031
Motor Vehicle Highway	98,116	139,927	112,817	125,226
Local Road And Street	56,566	16,970	8,028	65,508
Donations	49,378	21,394	28,531	42,241
Law Enforcement Continuing Ed	17,036	5,270	10,387	11,919
Riverboat	81,439	21,140	-	102,579
Parks And Recreation	59,179	38,141	74,408	22,912
Fire Donation	21,914	14,435	6,017	30,332
Park Donation	20,415	4,347	19,855	4,907
Community Services	175	-	-	175
Rainy Day	10,000	24,480	-	34,480
Sanitation-Street	45,208	88,084	87,443	45,849
Sanit-Tip	17,538	59,420	64,525	12,433
Water Bond & Int	117,120	-	-	117,120
Industry-Clinic	31,611	3,001	83	34,529
Judicial	640	-	176	464
Golfcart Fund	50	226	176	100
Debt Service - Other	1,120	-	-	1,120
Cedit Capital Projects	180,467	109,305	79,332	210,440
Capital Improvements	56,125	9,891	1,565	64,451
Park-Rink	8,158	9,975	13,297	4,836
Police Pension	35,172	45,354	44,886	35,640
Payroll	-	948,707	948,707	-
Payroll Withholding-Oasi	3,293	201,160	200,872	3,581
Park Donation Trust	6,695	29	-	6,724
Wastewater Utility-Operating	110,434	877,278	875,979	111,733
Wastewater Utility-Deprec/Improve	320,530	197,134	19,472	498,192
Wastewater Utility-Customer Deposit	8,218	9,265	7,935	9,548
Water Utility-Operating	57,824	657,712	605,940	109,596
Water Utility-Bond And Interest	117,120	90,133	137,100	70,153
Water Utility-Depreciation/Improve	19,863	42,941	30,989	31,815
Water Utility-Customer Deposit	6,989	4,950	4,837	7,102
Totals	$ 1,707,553	$ 4,498,357	$ 4,145,174	$ 2,060,736

The notes to the financial statement(s) are an integral part of this 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(s) present(s) 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 statements are 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 statements. 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.

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 statements. 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.

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.

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 statements. 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 and replacement items purchased.

Note 6. Pension Plan

Cost-Sharing Multiple-Employer Defined Benefit 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

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 of Bicknell's Annual Report can be found on the Indiana Transparency Portal website: www.in.gov/itp/annual_reports/.

CITY OF BICKNELL
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For The Year Ended December 31, 2010

	General	Motor Vehicle Highway	Local Road And Street	Donations	Law Enforcement Continuing Ed	Riverboat	Parks And Recreation
Cash and investments - beginning	$ 149,160	$ 98,116	$ 56,566	$ 49,378	$ 17,036	$ 81,439	$ 59,179
Receipts:							
Taxes	-	-	-	-	-	21,140	-
Intergovernmental	190,981	139,927	16,970	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	9,718	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	656,989	-	-	21,394	5,270	-	38,141
Total receipts	857,688	139,927	16,970	21,394	5,270	21,140	38,141
Disbursements:							
Personal services	-	-	-	28,531	-	-	-
Supplies	-	112,817	8,028	-	10,387	-	74,408
Other services and charges	761,817	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	761,817	112,817	8,028	28,531	10,387	-	74,408
Excess (deficiency) of receipts over disbursements	95,871	27,110	8,942	(7,137)	(5,117)	21,140	(36,267)
Cash and investments - ending	$ 245,031	$ 125,226	$ 65,508	$ 42,241	$ 11,919	$ 102,579	$ 22,912

CITY OF BICKNELL
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For The Year Ended December 31, 2010
(Continued)

	Fire Donation	Park Donation	Community Services	Rainy Day	Sanitation-Street	Sanit-Tip	Water Bond & Int
Cash and investments - beginning	$ 21,914	$ 20,415	$ 175	$ 10,000	$ 45,208	$ 17,538	$ 117,120
Receipts:							
Taxes	-	-	-	-	88,084	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	59,420	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	14,435	4,347	-	24,480	-	-	-
Total receipts	14,435	4,347	-	24,480	88,084	59,420	-
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	6,017	19,855	-	-	87,443	64,525	-
Other services and charges	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	6,017	19,855	-	-	87,443	64,525	-
Excess (deficiency) of receipts over disbursements	8,418	(15,508)	-	24,480	641	(5,105)	-
Cash and investments - ending	$ 30,332	$ 4,907	$ 175	$ 34,480	$ 45,849	$ 12,433	$ 117,120

CITY OF BICKNELL
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For The Year Ended December 31, 2010
(Continued)

	Industry-Clinic	Judicial	Golfcart Fund	Debt Service - Other	Cedit Capital Projects	Capital Improvements	Park-Rink
Cash and investments - beginning	$ 31,611	$ 640	$ 50	$ 1,120	$ 180,467	$ 56,125	$ 8,158
Receipts:							
Taxes	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	109,305	9,891	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	3,001	-	226	-	-	-	9,975
Total receipts	3,001	-	226	-	109,305	9,891	9,975
Disbursements:							
Personal services	83	176	176	-	-	-	-
Supplies	-	-	-	-	-	-	13,297
Other services and charges	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	79,332	1,565	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	83	176	176	-	79,332	1,565	13,297
Excess (deficiency) of receipts over disbursements	2,918	(176)	50	-	29,973	8,326	(3,322)
Cash and investments - ending	$ 34,529	$ 464	$ 100	$ 1,120	$ 210,440	$ 64,451	$ 4,836

CITY OF BICKNELL
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For The Year Ended December 31, 2010
(Continued)

	Police Pension	Payroll	Payroll Withholding-Oasi	Park Donation Trust	Wastewater Utility-Operating	Wastewater Utility-Deprec/Improve
Cash and investments - beginning	$ 35,172	$ -	$ 3,293	$ 6,695	$ 110,434	$ 320,530
Receipts:						
Taxes	45,354	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	877,278	-
Other receipts	-	948,707	201,160	29	-	197,134
Total receipts	45,354	948,707	201,160	29	877,278	197,134
Disbursements:						
Personal services	44,886	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	19,472
Utility operating expenses	-	-	-	-	875,979	-
Other disbursements	-	948,707	200,872	-	-	-
Total disbursements	44,886	948,707	200,872	-	875,979	19,472
Excess (deficiency) of receipts over disbursements	468	-	288	29	1,299	177,662
Cash and investments - ending	$ 35,640	$ -	$ 3,581	$ 6,724	$ 111,733	$ 498,192

CITY OF BICKNELL
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For The Year Ended December 31, 2010
(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	$ 8,218	$ 57,824	$ 117,120	$ 19,863	$ 6,989	$ 1,707,553
Receipts:						
Taxes	-	-	-	-	-	154,578
Intergovernmental	-	-	-	-	-	467,074
Charges for services	-	-	-	-	-	59,420
Fines and forfeits	-	-	-	-	-	9,718
Utility fees	-	657,712	-	-	-	1,534,990
Other receipts	9,265	-	90,133	42,941	4,950	2,272,577
Total receipts	9,265	657,712	90,133	42,941	4,950	4,498,357
Disbursements:						
Personal services	-	-	-	-	-	73,852
Supplies	-	-	-	-	-	396,777
Other services and charges	-	-	-	-	-	761,817
Capital outlay	-	-	-	30,989	-	131,358
Utility operating expenses	7,935	605,940	-	-	-	1,489,854
Other disbursements	-	-	137,100	-	4,837	1,291,516
Total disbursements	7,935	605,940	137,100	30,989	4,837	4,145,174
Excess (deficiency) of receipts over disbursements	1,330	51,772	(46,967)	11,952	113	353,183
Cash and investments - ending	$ 9,548	$ 109,596	$ 70,153	$ 31,815	$ 7,102	$ 2,060,736

CITY OF BICKNELL
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS
December 31, 2010

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.

Primary Government	Ending Balance
Governmental activities:	
Capital assets, not being depreciated:	
Land	$ 501,028
Buildings	1,981,619
Improvements other than buildings	317,846
Machinery and equipment	1,060,616
Total governmental activities, capital assets not being depreciated	$ 3,861,109

Primary Government	Ending Balance
Business-type activities:	
Water Utility:	
Capital assets, not being depreciated:	
Land	$ 6,750
Buildings	231,656
Improvements other than buildings	3,912,947
Machinery and equipment	181,231
Total Water Utility capital assets	4,332,584
Wastewater Utility:	
Capital assets, not being depreciated:	
Land	44,063
Buildings	3,180,906
Improvements other than buildings	4,666,817
Machinery and equipment	1,682,298
Construction in progress	1,227,434
Total Wastewater Utility capital assets	10,801,518
Total business-type activities capital assets	$ 15,134,102

CITY OF BICKNELL
SUPPLEMENTARY INFORMATION
SCHEDULE OF LONG-TERM DEBT
December 31, 2010

The City has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:		
Capital lease:		
2008 Police Cars (3)	$ 20,985	$ 21,621
Total governmental activities debt	$ 20,985	$ 21,621
Business-type activities:		
Water Utility:		
Revenue bonds:		
1979 water revenue bonds for improvements	$ 807,000	$ 111,525
Total Water Utility	807,000	111,525
Wastewater Utility:		
Loan Payable:		
2006 SRF loan for wastewater improvements	3,741,996	272,391
Total Wastewater Utility	3,741,996	272,391
Total business-type activities debt	$ 4,548,996	$ 383,916

POLICE DEPARTMENT RECEIPTS AND FEES

Receipts and fees collected by the Police Department are immediately put into a lockbox. The Clerk-Treasurer is the only person with the key to the box. The Clerk-Treasurer is responsible for unlocking the box and taking out the receipts to be deposited on the next business day. Receipts remained in the lockbox up to a maximum of 18 days before the Clerk-Treasurer collected and deposited these receipts.

Receipts and fees collected by a police department should be remitted to the clerk-treasurer or city controller at least once each week. (Cities and Towns Bulletin and Uniform Compliance Guidelines, September 2003)

A similar comment appeared in prior reports.

APPROPRIATIONS

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

Fund	Year	Excess Amount Expended
Park and Recreation	2010	$ 2,110

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."

PRESCRIBED FORMS

The following prescribed or approved forms were not always in use:

Register of Investments (General Form Number 350)

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

OPTICAL IMAGES OF WARRANTS

Regions Bank did not return the actual cancelled checks with the monthly bank statements, but instead returned only an optical image of the front side of the checks.

Indiana Code 5-15-6-3 concerning optical imaging of checks states in part:

"(a) . . . 'original records' . . . includes the optical image of a check or deposit document when:

(1) the check or deposit document is recorded, copied, or reproduced by an optical imaging process . . . ; and

(2) the drawer of the check receives an optical image of the check after the check is processed for payment . . . "

Further, Indiana Code 26-2-8-111 states in part:

"(a) If a law requires that certain records be retained, that requirement is met by retaining an electronic record of the information in the record that:

(1) accurately reflects the information set forth in the record after it was first generated in its final form as an electronic record or otherwise: and

(2) remains accessible for later reference."

"(e) If a law requires retention of a check, that requirement is satisfied by retention of an electronic record of the information on the front and back of the check in accordance with subsection (a)."

DEPOSITING OF UTILITY RECEIPTS

During the review of utility receipts, it was noted that all entries to the daily receipts ledger were classified as cash. The deposit slips stated that deposits were made by check and cash. Since all entries to the ledger were not properly classified, it was not possible to prove if receipts are deposited intact.

Indiana Code 5-13-6-1(d) states in part: "A city or a town shall deposit funds not later than the next business day following the receipt of the funds in depositories selected by the city or town as provided in an ordinance adopted by the city or the town and approved as depositories of state funds."

Public funds shall be deposited in the same form in which they were received. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

CERTIFICATION OF CLAIMS BY FISCAL OFFICER

All claims tested during the examination period were not certified by the Clerk-Treasurer, who is the Fiscal Officer of the City. Instead, all claims were certified by the Deputy Clerk-Treasurer or City Court Clerk. No certification of claims by the Fiscal Officer was noted on the claims register during the year.

Indiana Code 36-4-8-7 states in part:

"(a) As used in this section, 'claim' means a bill or an invoice submitted for goods or services."

"(b) Except as provided in section 14 of this chapter, a warrant for payment of a claim against a city may be issued only if the claim is:

(1) supported by a fully itemized invoice or bill under IC 5-11-10-1.6;

(2) approved by the officer or person receiving the goods or services;

(3) filed with the city fiscal officer;

(4) audited and certified by the fiscal officer before payment that each invoice or bill is true and correct; and

(5) allowed by the city legislative body or the city board having jurisdiction over allowance of the claim."

PHYSICAL AND MENTAL FITNESS EXAMINATIONS

During 2009 and 2010, the City paid for the required physical examinations and mental fitness examinations for four individuals who were later hired as police officers. The City entered into an agreement with the individuals which required that they reimburse the City for these examinations through payroll deductions when hired. The total amount paid from the Local Law Enforcement Continuing Education Fund for these examinations was $3,495. As of December 31, 2010, the balance owed by the officers to the City was $1,270. All four officers resigned in 2010 leaving a balance owed to the City of $1,220 as of May 5, 2011. Letters were sent to each of the four individuals on May 6, 2011, to obtain monies owed by the former police officers.

Indiana Code 5-2-8-6 states:

"Funds received by a law enforcement agency under this chapter shall be used for the continuing education and training of law enforcement officers employed by the agency and for equipment and supplies for law enforcement purposes."

In addressing the payment of the cost of physical and mental fitness examinations, IC 36-8-8-19(d) states: "The employer shall pay for no less than one-half (1/2) of the cost of the examinations."

COMPENSATION AND BENEFITS

Greg Bourlard, President of the Common Council, and Matt D. Brough, Superintendent of Wastewater Utility, received $120 and $600, respectively, in 2010 for per diem to attend Knox County Area Plan Commission meetings. These payments were not included in the payroll system or on the salary ordinance or resolution.

The City Court Clerk was included in the payroll system for 2010. This position was not included in the salary ordinance for 2010.

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, resolution or salary schedule adopted by the governing body unless otherwise authorized by statute. Compensation should be made in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

LIST OF EMPLOYEES NOT FILED WITH COUNTY TREASURER

A list of employees was not certified to the County Treasurer.

Indiana Code 6-1.1-22-14(a) states in part:

> "On or before June 1 and December 1 of each year . . . the disbursing officer of each political subdivision . . . shall certify the names and addresses of each person who has money due from the political subdivision to the treasurer of each county in which the political subdivision is located."

PENALTIES, INTEREST, AND OTHER CHARGES

Interest totaling $3.89 were paid to the Internal Revenue Service on December 13, 2010, for the period ending March 31, 2010.

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Failure to pay claims or remit taxes in a timely manner could be an indicator of serious financial problems which should be investigated by the governmental unit.

Additionally officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the governmental unit.

Any penalties, interest or other charges paid by the governmental unit may be the personal obligation of the responsible official or employee.

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

LOCAL LAW ENFORCEMENT CONTINUING EDUCATION FUND RECEIPTS

A donation of $1,000 from Local Coordinating Council for a Drug Free Knox County was recorded in the Local Law Enforcement Continuing Education Fund in 2010.

The following types of revenue shall be deposited into the Local Law Enforcement Continuing Education Fund established under IC 5-2-8-2:

1. Law Enforcement Continuing Education Fees (IC 33-3-5-8 and IC 33-37-8-3)

2. Inspection of motor vehicle fees (IC 9-29-4-2)

3. Vehicle accident report fees (IC 35-47-2-3)

4. Handgun license fees (IC 35-4-2-3)

5. Proceeds from the sale of confiscated weapons (IC 35-47-3-2)

BANK ACCOUNT RECONCILIATIONS - SUBSEQUENT EVENTS

Depository reconciliations of the fund balances to the bank account balances were not up-to-date for the City funds.

Indiana Code 5-13-6-1(e) states in part: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsibility for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

ANNUAL REPORT NOT FILED TIMELY

The 2010 Annual Financial Report for the City of Bicknell was not filed timely.

Indiana Code 5-11-1-4 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 filed electronically, in a manner prescribed by the state examiner that is compatible with the technology employed by the political subdivision."

CAPITAL ASSET RECORDS

The City did not maintain capital asset records for 2010.

Every governmental unit should have a complete inventory of all capital assets owned which reflect their acquisition value. Such inventory should be recorded in the Capital Assets Ledger form. A complete inventory should be taken every year for good internal control and for verifying account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

ANNUAL FINANCIAL REPORT

The 2010 annual financial report presented for examination contained the following errors:

1. The beginning balances used in the report did not agree with prior year ending balances.

2. Amounts reported in the annual report did not agree with the ledger.

3. Investments were not classified in correct funds.

4. Some report ending fund balances did not agree with reconciled ledger balances.

The Funds Ledger and the City bank reconcilements were not up-to-date for the current examination period.

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

A similar comment appeared in prior reports.

CITY OF BICKNELL
EXIT CONFERENCE

The contents of this report were discussed on July 11, 2011, with Jon G. Flickinger, Mayor; Rita Dupire, Clerk-Treasurer; and Terri Carie, Common Council member. The officials concurred with our findings.