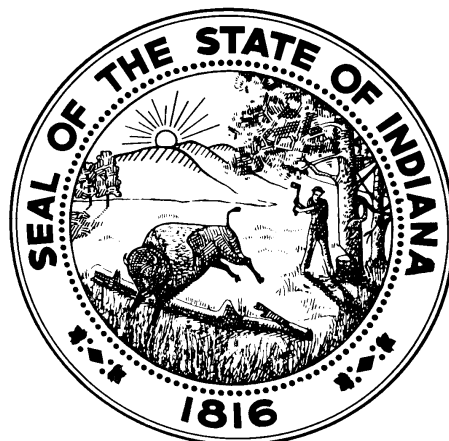


STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

EXAMINATION REPORT
OF
TOWN OF JONESVILLE
BARTHOLOMEW COUNTY, INDIANA
July 1, 2007 to January 10, 2008



FILED
04/11/2008

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Melissa L. Schultheis	01-01-04 to 01-10-08
	Vacant	01-11-08 to 02-07-08
	Amy Brown	02-08-08 to 12-31-11
President of the Town Council	Michelle Rodriguez	01-01-07 to 12-31-08



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF JONESVILLE, BARTHOLOMEW COUNTY, INDIANA

We have examined the financial information presented herein of the Town of Jonesville (Town), for the period of July 1, 2007 to January 10, 2008. The Town's management is responsible for the financial information presented herein. 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 information presented herein 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 financial information referred to above presents fairly, in all material respects, the financial information of the Town for the month ended January 10, 2008, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

February 28, 2008

TOWN OF JONESVILLE
 SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
 ALL GOVERNMENTAL FUND TYPES
 As Of And For The Periods Ended December 31, 2007 and January 10, 2008

	<u>Cash and Investments 7-1-07</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Cash and Investments 12-31-07</u>
Governmental Fund:	\$ <u>66</u>	\$ <u>13,142</u>	\$ <u>10,358</u>	\$ <u>2,850</u>
	<u>Cash and Investments 01-01-08</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Cash and Investments 1-10-08</u>
Governmental Fund: General	\$ <u>2,850</u>	\$ <u>1,489</u>	\$ <u>-</u>	\$ <u>4,339</u>

The accompanying notes are an integral part of the financial information.

TOWN OF JONESVILLE
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

The Town was established under the laws of the State of Indiana. The Town provides the following services: public safety 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 JONESVILLE
EXAMINATION RESULTS AND COMMENTS

EXPENDITURES WITHOUT SUPPORTING DOCUMENTATION

We observed checks written and cashed by Melissa L. Schultheis, former Clerk-Treasurer, totaling \$5,297.59 that were made out to "cash" to receive cash back. We observed checks written to Ms. Schultheis for salary that totaled \$2,595.00. However, Ms. Shultheis's salary earned for the examination period totaled \$2,080.00.

We examined invoices, marked paid, presented for examination totaling \$473.76 which were apparently paid in cash. Due to the lack of supporting information, the validity and accountability for some money disbursed could not be established. Therefore, we are asking Ms. Schultheis to repay \$5,338.83, the amount of unsupported cash payments. (See Summary, page 13)

	<u>2007</u>
Checks written to cash	\$ 5,297.59
Checks written to Clerk-Treasurer	2,595.00
Salary earned by Clerk-Treasurer	(2,080.00)
Cash payments to vendors	<u>(473.76)</u>
Total unsupported cash expenditures	<u>\$ 5,338.83</u>

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)

Disbursements, other than proper petty cash disbursements, shall be by check or warrant, not by cash or other methods unless specifically authorized by statute, federal or state rule. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

OVERDRAFT FEES

The Town was assessed \$102 by the bank for overdraft fees in October and December 2007. Therefore, we are asking Ms. Schultheis to repay \$102, the amount of overdraft fees charged by the bank. (See Summary, page 13)

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)

TOWN OF JONESVILLE
EXAMINATION RESULTS AND COMMENTS
(Continued)

BANK ACCOUNT RECONCILIATIONS

As stated in the prior examination report, depository reconciliations of the fund balances to the bank account balances were not presented for examination.

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."

TRANSACTION RECORDING

As stated in the prior examination report, the Town places all receipts into and disburses all expenses from the General Fund. Distributions from the State for Motor Vehicle Highway (MVH) and Local Road and Street (LRS) are receipted into the General Fund instead of in their own separate funds. As a result, we could not conclude that MVH and LRS distributions were disbursed for purposes authorized by statute.

Sources and uses of funds should be limited to those authorized by the enabling statute, ordinance, resolution, or grant agreement. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

CASH DISBURSEMENTS

As stated in the prior examination report, disbursements were not always made by check. There were numerous checks made out to cash and no supporting documentation was presented for examination.

Disbursements, other than proper petty cash disbursements, shall be by check or warrant, not by cash or other methods unless specifically authorized by statute, federal or state rule. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TIMELY RECORDKEEPING

As stated in the prior examination report, we noted instances of months from the time of the original date of the transactions until entry on the records.

All documents and entries to records should be done in a timely manner to ensure that accurate financial information is available to allow the governmental unit to make informed management decisions and to help ensure compliance with IC 5-15-1-1 et seq., commonly referred to as the Public Records Law. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TOWN OF JONESVILLE
EXAMINATION RESULTS AND COMMENTS
(Continued)

DEPOSITS

As stated in the prior examination report, in numerous instances, receipts were deposited later than the next business day. The Town did not present for examination an ordinance to designate depositories of Town funds.

Indiana Code 5-13-6-1(d) states: "A city (other than a consolidated city) or a town shall deposit funds not later than the next business day following the receipt of the funds in depositories (1) selected by the city or town as provided in an ordinance adopted by the city or the town; and (2) approved as depositories of state funds."

PRESCRIBED FORMS

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

Ledger of Receipts, Disbursements, and Balances (Town Form 208)
Ledger of Appropriations, Encumbrances, Disbursements,
and Balances (Town Form 209)
Receipts (General Form 352)
Accounts Payable Voucher (Town Forms 39)
Payroll Schedule and Voucher (General Form 39)
Capital Asset Records (General Form 211)

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)

PUBLIC RECORDS RETENTION

The following records were not presented for examination for 2007 and January of 2008:

1. Ledger of Receipts, Disbursements and Balances;
2. Ledger of Appropriations, Encumbrances, Disbursements, and Balances;
3. Receipts;
4. Numerous vendor and payroll claims;
5. Supporting documentation for disbursements, such as invoices, bills, contracts, etc.; and
6. Salary ordinance.

Indiana Code 5-15-6-3(f) concerning destruction of public records, states in part: "Original records may be disposed of only with the approval of the commission according to guidelines established by the commission."

TOWN OF JONESVILLE
EXAMINATION RESULTS AND COMMENTS
(Continued)

Supporting documentation such as receipts, canceled checks, 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)

APPROPRIATIONS

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

<u>Fund</u>	<u>Year</u>	<u>Excess Amount Expended</u>
General Fund	2007	<u>\$ 27,959</u>

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."

PAYROLL DEDUCTIONS

Payments were made to the Clerk-Treasurer without payroll deductions for taxes.

Political subdivisions are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings, and filing requirements concerning reports and other procedural matters of federal and state agencies, including opinions of the Attorney General of the State of Indiana, and court decisions. Governmental units should 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 7)

CAPITAL ASSET RECORDS

As stated in the prior examination report, an inventory or record of fixed assets was not presented for examination.

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. 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)

TOWN OF JONESVILLE
EXAMINATION RESULTS AND COMMENTS
(Continued)

COLLECTION OF AMOUNTS DUE

At the March 1, 2004, meeting, the Town Council approved and signed a rental contract for the rental of the Jonesville post office that raised the rate from \$10 to \$100. However, the post office continued to pay \$10 per month through the end of this examination period. Therefore, the Town has not collected the full amount due for April 2004 to January 2008.

Governmental units have a responsibility to collect amounts owed to the governmental unit pursuant to procedures authorized by statute. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

BOARD MINUTES

Not all minutes of meetings of the governing body were available for examination for 2007.

Indiana Code 5-14-1.5-4 states in part:

"(b) As the meeting progresses, the following memoranda shall be kept:

- (1) The date, time, and place of the meeting.
- (2) The members of the governing body recorded as either present or absent.
- (3) The general substance of all matters proposed, discussed, or decided.
- (4) A record of all votes take, by individual members if there is a roll call.
- (5) Any additional information required under IC 5-1.5-2-2.5 or IC 20-12-63-7."

OFFICIAL BOND

As stated in the prior examination report, an official bond was not presented for examination or recorded in the County Recorder's Office.

Indiana Code 5-4-1-5.1(b) states in part: "Every elected or appointed officer, official, deputy, or employee of a political subdivision . . . shall file the bond in the office of the county recorder. . . ."

LIST OF EMPLOYEES NOT FILED WITH COUNTY TREASURER

Some officials or employees of the Town had money due from the Town, but a list of such 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."

TOWN OF JONESVILLE
EXAMINATION RESULTS AND COMMENTS
(Continued)

TRAVEL POLICY

As reported in the prior examination report, a travel policy was not presented for examination.

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)

Reimbursement for lodging and meals should be based upon actual receipts for amounts paid unless otherwise authorized by statute. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TOWN OF JONESVILLE
EXIT CONFERENCE

The contents of this report were discussed on February 28, 2008, with Michelle Rodriguez, President of the Town Council. The official concurred with our findings.

The contents of this report were discussed on March 13, 2008, with Melissa L. Schultheis, former Clerk-Treasurer; and Dominic Glover, Attorney.

TOWN OF JONESVILLE
SUMMARY

	Charges	Credits	Balance Due
Melissa L. Schultheis, former Clerk-Treasurer:			
Expenditures Without Supporting Documentation, page 6	\$ 5,338.83	\$ -	\$ 5,338.83
Overdraft Fees, page 6	102.00	-	102.00
Totals	\$ 5,440.83	\$ -	\$ 5,440.83

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AFFIDAVIT

STATE OF INDIANA)
TOWN OF JONESVILLE)
Jackson COUNTY)

I, Ryan Preston, Field Examiner, being duly sworn on my oath, state that the foregoing report based on the official records of the Town of Jonesville, Bartholomew County, Indiana, for the period from July 1, 2007 to January 10, 2008, is true and correct to the best of my knowledge and belief.

Ryan Preston
Field Examiner

Subscribed and sworn to before me this 20th day of March, 2008.

Rina Carter
Notary Public

My Commission Expires: 01/21/09
County of Residence: Jackson