

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

ANNUAL FINANCIAL REPORT

2010

CITY OF JASONVILLE

GREENE COUNTY, INDIANA



FILED
09/23/2011

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Independent Auditor's Report on Financial Statements and Supplementary Schedule of Expenditures of Federal Awards.....	3
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards	4-5
Financial Information: Bank Balances.....	8
Audit Results and Comments:	
Construction Contract Change Orders	9
Delinquent Accounts Receivable – Employees	9
Delinquent Wastewater Accounts.....	9-10
Annual Report.....	10
Condition of Records (Applies to City)	10
Financial Report Opinion Modifications.....	10-11
Capital Asset Records (Applies to City)	11
Internal Controls	11
Supplemental Audit of Federal Awards:	
Independent Auditor's Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133.....	14-15
Schedule of Expenditures of Federal Awards	16
Schedule of Findings and Questioned Costs	17-19
Auditee Prepared Schedules:	
Summary Schedule of Prior Audit Findings	20
Corrective Action Plan.....	21-22
Exit Conference.....	23

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Charlotte M. Thomas	01-01-08 to 12-31-11
Mayor	Roy L. Terrell, Jr.	01-01-08 to 12-31-11
President of the Board of Public Works and Safety	Roy L. Terrell, Jr.	01-01-08 to 12-31-11
President of the Common Council	Peggy Sluder	01-01-10 to 12-31-11
Superintendent of Utilities	Troy Fougrousse	01-01-10 to 12-31-11



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

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

TO: THE OFFICIALS OF THE CITY OF JASONVILLE, GREENE COUNTY, INDIANA

We were engaged to audit the accompanying financial information of the City of Jasonville (City), for the year ended December 31, 2010. The financial information is the responsibility of the City's management.

The City did not present a completed accounting ledger for audit. Since the City did not have a complete accounting ledger, we are unable to apply auditing procedures to ascertain if the financial information is fairly stated.

Since the City did not provide a completed accounting ledger and we were not able to apply other auditing procedures to satisfy ourselves as to whether the financial information is fairly stated, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on this financial information.

In accordance with Government Auditing Standards, we have also issued a report dated August 15, 2011, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the City's financial information. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the financial information. Because of the significance of the matters described in the second paragraph and because federal grant monies were not accurately and separately identified in the financial ledgers, it is inappropriate to and we do not express an opinion on the Schedule of Expenditures of Federal Awards referred to above.

This report is intended solely for the information and use of the City's management, Common Council, and federal awarding agencies and pass-through entities 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.

August 15, 2011

STATE BOARD OF ACCOUNTS



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

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

TO: THE OFFICIALS OF THE CITY OF JASONVILLE, GREENE COUNTY, INDIANA

We have audited the financial information of the City of Jasonville (City), for the year ended December 31, 2010, and have issued our report thereon dated August 15, 2011. Since the City did not provide a complete accounting ledger and we were not able to apply other auditing procedures to satisfy ourselves as to whether the financial information is fairly stated, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on the financial information.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial information, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial information will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items 2010-1 and 2010-2 to be material weaknesses.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial information is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial information amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2010-3.

The City's response to the findings identified in our audit is described in the accompanying section of the report entitled Corrective Action Plan. We did not audit the City's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the City's management, Common Council, and federal awarding agencies and pass-through entities 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

August 15, 2011

(This page intentionally left blank.)

FINANCIAL INFORMATION

CITY OF JASONVILLE
SCHEDULE OF BANK BALANCES
For the Year Ended December 31, 2010

	<u>2010</u>
City of Jasonville - General Account	\$ 415,560
City of Jasonville - Total Monies on Deposit	100,000
City of Jasonville - Disaster Relief	840
City of Jasonville - Wastewater	327,821
City of Jasonville - Water	276,353
City of Jasonville - Gas	<u>77,382</u>
 Total Funds in Bank	 <u><u>\$ 1,197,956</u></u>

CITY OF JASONVILLE
AUDIT RESULTS AND COMMENTS

CONSTRUCTION CONTRACT CHANGE ORDERS

Change Orders in the amount of \$85,756 were approved for the Jasonville Water Project. The original contract with Graves Plumbing was in the amount of \$414,414. Change orders exceeded 20 percent of the original contract and increased the scope of the project.

Indiana Code 36-1-12-18(d) states: "The total of all change orders issued that increase the scope of the project may not exceed twenty percent (20%) of the amount of the original contract. A change order issued as a result of circumstances that could not have been reasonably foreseen does not increase the scope of the project.

DELINQUENT ACCOUNTS RECEIVABLE-EMPLOYEES

Four employees or administrative officials had past due utility bills as of August 9, 2011.

Ordinance 1987-3 states: "City employees are expected to maintain personal finances consistent with normal business practices. As part of this policy, they should keep utility bills and other obligations to the City on a current basis." Each governmental unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

DELINQUENT WASTEWATER ACCOUNTS

Delinquent wastewater fees and penalties had not been recorded with the County Recorder nor were they certified to the County Auditor which would result in a lien against the property.

Indiana Code 36-9-23-33 states in part:

"(b) Except as provided in subsection (l), the officer charged with the collection of fees and penalties assessed under this chapter shall enforce their payment. As often as the officer determines is necessary in a calendar year, the officer shall prepare either of the following:

- (1) a list of the delinquent fees and penalties that are enforceable under this section, which must include the following:
 - (A) the name or names of the owner or owners of each lot or parcel of real property on which fees are delinquent;
 - (B) a description of the premises, as shown by the records of the county auditor; and
 - (C) the amount of the delinquent fees, together with the penalty; or
- (2) an individual instrument for each lot or parcel of real property on which the fees are delinquent.

(c) The officer shall record a copy of each list or each individual instrument with the county recorder. . . .

CITY OF JASONVILLE
AUDIT RESULTS AND COMMENTS
(Continued)

(e) Using the lists and instruments prepared under subsection (b) and recorded under subsection (c), the officer shall, not later than ten (10) days after the list or each individual instrument is recorded under subsection (c), certify to the county auditor a list of the liens that remain unpaid for collection in the next May . . ."

A similar comment has appeared in prior reports.

ANNUAL REPORT

An Annual Report for 2010 was not presented for audit.

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 filed electronically, in a manner prescribed by the state examiner that is compatible with the technology employed by the political subdivision."

CONDITION OF RECORDS (Applies to City)

The following deficiencies, relating to the recordkeeping, were present during our period of audit:

1. The ledger of receipts, disbursements, and balances was not presented for audit.
2. Depository reconciliations were not presented for audit.

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)

At all times, the manual and 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)

Indiana Code 5-13-6-1(e) states: "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."

FINANCIAL REPORT OPINION MODIFICATIONS

The ledger of receipts, disbursements, and balances for the year 2010 was not presented for audit. Therefore, the State Board of Accounts was unable to provide an unqualified opinion on the Independent Auditor's Report for the financial statements or the Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133.

CITY OF JASONVILLE
AUDIT RESULTS AND COMMENTS
(Continued)

Accounting records and other public records must be maintained in a manner that will support accurate financial statements. Anything other than an unqualified opinion on the Independent Auditor's Report on the financial statements may have adverse financial consequences with the possibility of an increase in interest rate cost to the taxpayers of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

CAPITAL ASSET RECORDS (Applies to City)

The City/Town General Fixed Asset Ledger does not contain infrastructure values.

Every governmental unit should have a complete inventory of all capital assets owned which reflects 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)

A similar comment appeared in prior reports.

INTERNAL CONTROLS

Controls over the receipting, disbursing, recording, and accounting for the financial activities were insufficient to adequately provide an audit trail. The following exceptions were noted:

1. Ledger of Receipts, Disbursements, and Balances was not presented for audit.
2. Monthly reconciliations were not presented.
3. Annual Report was not filed.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

(This page intentionally left blank.)

SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



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

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

TO: THE OFFICIALS OF THE CITY OF JASONVILLE, GREENE COUNTY, INDIANA

Compliance

We have audited the compliance of the City of Jasonville (City) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal program(s) for the year ended December 31, 2010. The City's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2010. The results of our auditing procedures also disclosed other instances of noncompliance with those requirements which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2010-4.

Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133
(Continued)

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there is no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

A deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2010-4 to be material weaknesses.

The City's response to the findings identified in our audit is described in the accompanying Corrective Action Plan. We did not audit the City's response and, accordingly, we express no opinion on the response.

This report is intended solely for the information and use of the City's management, Common Council, others within the entity, federal awarding agencies, and pass-through entities 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

August 15, 2011

CITY OF JASONVILLE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended December 31, 2010

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
Pass-Through Indiana Office of Community and Rural Affairs			
CDBG-State Administered Small Cities Program Cluster			
Community Development Block Grants/State's	14.228		
Program and Non-Entitlement Grants in Hawaii			
B10DC180001CF-09-112			\$ 426,019
B10DC180001DR2-09-046			<u>384,209</u>
Total for cluster			<u>810,227</u>
Total for federal grantor agency			<u>810,227</u>
Total federal awards expended			<u>\$ 810,227</u>

CITY OF JASONVILLE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statement:

Type of auditor's report issued:	Disclaimer
Internal control over financial reporting:	
Material weaknesses identified?	yes
Significant deficiency identified?	none reported
Noncompliance material to financial statements noted?	yes

Federal Awards:

Internal control over major program:	
Material weaknesses identified?	yes
Significant deficiency identified?	none reported
Type of auditor's report issued on compliance for major programs:	unqualified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	yes

Identification of Major Program:

CFDA Number	Name of Federal Program or Cluster
14.228	Community Development Block Grant – State's Program and Non-Entitlement Grants in Hawaii

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? no

Section II – Financial Statement Findings

FINDING 2010-1 - INTERNAL CONTROLS OVER FINANCIAL ACTIVITIES

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control.

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

CITY OF JASONVILLE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

FINDING 2010-2 - ANNUAL REPORT

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 filed electronically, in a manner prescribed by the state examiner that is compatible with the technology employed by the political subdivision."

The City did not prepare an Annual Report for 2010.

Financial statements could not be prepared since the Annual Report was not presented for audit; nor did the City present us with prepared financial statements to audit.

We recommended that steps be taken to assure the preparation of the Annual Report.

FINDING 2010-3 - FEDERAL OPINION MODIFICATION

In accordance with 24CFR85.2:

"A State must expand and account for grant funds in accordance with State laws and procedures for expending and accounting for its own funds. Fiscal control and accounting procedures of the State, as well as its subgrantees and cost-type contractors, must be sufficient to . . . (2) Permit the tracing of funds to a level of expenditures adequate to establish that such funds have not been used in violation of the restrictions and prohibitions of applicable statutes. (b) The financial management systems of other grantees and subgrantees must meet the following standards:

- (1) Financial reporting. Accurate, current and complete disclosure of the financial results of financially assisted activities must be made in accordance with the financial reporting requirements of the grant or subgrant.
- (2) Accounting records. Grantees and subgrantees must maintain records which adequately identify the source and application of funds provided for financially-assisted activities. These records must contain information pertaining to grant and subgrant awards and authorizations, obligations, unobligated balances, assets, liabilities, outlays or expenditures, and income."

The ledger of receipts, disbursements and balances and the Annual Report were not presented for audit for the City. However, the ledgers of the utilities were maintained. Therefore, we were able to apply other accounting procedures to verify and test the compliance requirements applicable to the City's only federal program.

We recommended that the financial reporting and accounting records be properly maintained in order to provide sufficient information so that the accuracy or correctness of the transactions can be determined and presented for audit.

CITY OF JASONVILLE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Section III – Federal Award Findings and Questioned Costs

FINDING 2010-4 - CHANGE ORDERS ON CONSTRUCTION CONTRACTS

Federal Agency: U.S. Department of Housing and Urban Development
Federal Program: Community Development Block Grant - State's Program and Non-Entitlement
Grants in Hawaii

CFDA Number: 14.228

Pass-Through Entity: Indiana Office of Community and Rural Affairs

Award Number: B10DC180001CF-09-112

24CRF85.36(b)(1): "Grantees and subgrantees will use their own procurement procedures which reflect applicable State and local laws and regulations, provided that the procurements conform to applicable Federal law and the standards identified in this section."

Indiana Code 36-1-12-18(d) states in part: "The total of all change orders issued that increase the scope of the project may not exceed 20% of the amount of the original contract."

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control.

The original construction contract, pertaining to the City's CDBG project, was awarded in the amount of \$414,414. Total change orders pertaining to this contract were \$85,756 which exceeds the 20 percent modification allowed by state statute.

We recommended that procedures are put in place to monitor change orders to ensure compliance with state statute and federal guidelines.

CITY OF JASONVILLE
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

Corrective Action Plan

Finding Number 2010-1 INTERNAL CONTROLS OVER FINANCIAL ACTIVITIES

Federal Agency: US Department of Housing and Urban Development
Federal Program: Community Development Block Grant – State's Program and Non-Entitlement Grants in Hawaii
CFDA Number: 14.228
Pass-Through Entity: Indiana Office of Community and Rural Affairs
Auditee Contact Person: Charlotte Thomas
Title of Contact Person: Clerk-Treasurer
Phone Number: 812-665-3622
Expected Completion Date: *Done*

Corrective Action: *For the present time a part-time person is available. I did this without council approval. They would not hire extra help for my office. Someone needs to be in here if I cannot be in because of illness etc.*

FEDERAL FINDING 2010-2, ANNUAL REPORT

Federal Agency: US Department of Housing and Urban Development
Federal Program: Community Development Block Grant – State's Program and Non-Entitlement Grants in Hawaii
CFDA Number: 14.228
Pass-Through Entity: Indiana Office of Community and Rural Affairs
Auditee Contact Person: Charlotte Thomas
Title of Contact Person: Clerk-Treasurer
Phone Number: 812-665-3622
Expected Completion Date: *Done*

Corrective Action: *Computer software was fixed.*

FEDERAL FINDING 2010-3, FEDERAL OPINION MODIFICATION

Federal Agency: US Department of Housing and Urban Development
Federal Program: Community Development Block Grant – State's Program and Non-Entitlement Grants in Hawaii
CFDA Number: 14.228
Pass-Through Entity: Indiana Office of Community and Rural Affairs
Auditee Contact Person: Charlotte Thomas
Title of Contact Person: Clerk-Treasurer
Phone Number: 812-665-3622
Expected Completion Date: *Done*

Corrective Action: *No one knew how to balance the bank statements except me and I was in the hospital. I am back at work now and am doing well. Am behind because of software problems but expect to be caught up soon.*

FINDING 2010-4 CHANGE ORDERS ON CONSTRUCTION CONTRACTS

Federal Agency: US Department of Housing and Urban Development
Federal Program: Community Development Block Grant – State's Program and Non-Entitlement Grants in Hawaii
CFDA Number: 14.228
Pass-Through Entity: Indiana Office of Community and Rural Affairs
Auditee Contact Person: Charlotte Thomas
Title of Contact Person: Clerk-Treasurer
Phone Number: 812-665-3622
Expected Completion Date:

Corrective Action: *Don't have any information on this. It was signed at a council meeting and I was not given a copy.*

CITY OF JASONVILLE
EXIT CONFERENCE

The contents of this report were discussed on August 15, 2011, with Charlotte Thomas, Clerk-Treasurer, and Roy L. Terrell, Jr., Mayor. The officials concurred with our audit findings.

The contents of this report were discussed on August 15, 2011, with Peggy Sluder, President of Common Council.