

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

FINANCIAL STATEMENT EXAMINATION REPORT

OF

TOWN OF ST. JOE

DEKALB COUNTY, INDIANA

January 1, 2010 to December 31, 2011



FILED
10/30/2012

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OFFICIALS

Office

Official

Term

Clerk-Treasurer

Mary Simcox
Allison Heyman

01-01-08 to 12-31-11
01-01-12 to 12-31-15

President of the
Town Council

Steve Monroe
David Burns

01-01-10 to 12-31-11
01-01-12 to 12-31-12



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF ST. JOE, DEKALB COUNTY, INDIANA

We have examined the financial statements of the Town of St. Joe (Town), for the period of January 1, 2010 to December 31, 2011. The Town's management is responsible for the financial statements. 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 statements 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 Town prepares its financial statements 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the Town for the years ended December 31, 2010 and 2011, on the basis of accounting described in Note 1.

The Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, Schedule of Capital Assets, and Schedule of Debt, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statements. They have not been subjected to the examination procedures applied to the financial statements and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the Town's management, Town Council, and others within the entity, 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

October 3, 2012

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FINANCIAL STATEMENTS

The financial statements and accompanying notes were approved by management of the Town. The financial statements and notes are presented as intended by the Town.

TOWN OF ST. JOE
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For The Year Ended December 31, 2010

Fund	Cash and Investments 01-01-10	Receipts	Disbursements	Cash and Investments 12-31-10
General	\$ 186,390	\$ 151,741	\$ 165,846	\$ 172,285
Motor Vehicle Highway	151,148	47,989	71,173	127,964
Local Road And Street	11,651	2,323	251	13,723
Cemetery Operating	17,166	37,021	39,420	14,767
Riverboat	9,012	2,991	-	12,003
Rainy Day	55,581	62,925	33,524	84,982
Federal Grant	-	71,890	71,890	-
Cumulative Capital Improvement	10,841	1,400	8,478	3,763
County Economic Development Income Tax	33,925	14,537	7,407	41,055
Cemetery Permanent Maintenance	26,230	1,649	-	27,879
Payroll	277	53,779	53,779	277
Water Utility - Operating	62,103	80,792	98,108	44,787
Water Utility - Bond And Interest	6,479	26,877	20,525	12,831
Water Utility - Customer Deposit	4,690	350	-	5,040
Water Utility - Improvement	12,170	9,658	9,525	12,303
Water Utility - Debt Service Reserve	25,398	-	-	25,398
Totals	<u>\$ 613,061</u>	<u>\$ 565,922</u>	<u>\$ 579,926</u>	<u>\$ 599,057</u>

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

TOWN OF ST. JOE
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For The Year Ended December 31, 2011

Fund	Cash and Investments 01-01-11	Receipts	Disbursements	Cash and Investments 12-31-11
General	\$ 172,285	\$ 80,727	\$ 97,355	\$ 155,657
Motor Vehicle Highway	127,964	21,667	28,727	120,904
Local Road And Street	13,723	2,264	-	15,987
Riverboat	12,003	2,991	-	14,994
Rainy Day	84,982	25,052	150	109,884
Cumulative Capital Improvement	3,763	1,373	-	5,136
County Economic Development Income Tax	41,055	8,579	6,857	42,777
Unsafe Building	-	1,900	825	1,075
Cemetery Operating	14,767	24,625	17,936	21,456
Cemetery Permanent Maintenance	27,879	3,015	-	30,894
Payroll	277	59,104	59,025	356
Water Utility - Operating	44,787	81,239	89,021	37,005
Water Utility - Bond And Interest	12,831	20,363	20,440	12,754
Water Utility - Customer Deposit	5,040	250	50	5,240
Water Utility - Improvement	12,303	9,683	-	21,986
Water Utility - Debt Service Reserve	25,398	-	-	25,398
Totals	<u>\$ 599,057</u>	<u>\$ 342,832</u>	<u>\$ 320,386</u>	<u>\$ 621,503</u>

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

TOWN OF ST. JOE
NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The Town was established under the laws of the State of Indiana. The Town operates under a Town Council form of government and provides some or all of the following services: public safety (fire), highways and streets, culture and recreation, public improvements, planning and zoning, general administrative services, water and trash.

The accompanying financial statements present the financial information for the Town.

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 include 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 Town.

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, park rental fees, ordinance violations, and fines and fees.

TOWN OF ST. JOE
NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

Penalties which include fees received for late payments.

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 include 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 Town. It includes all expenditures for the reduction of the principal and interest of the Town'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 Town 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.

TOWN OF ST. JOE
NOTES TO FINANCIAL STATEMENTS
(Continued)

G. Fund Accounting

Separate funds are established, maintained, and reported by the Town. 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 Town. 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 Town 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 Town 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 Town 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 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 ST. JOE
NOTES TO FINANCIAL STATEMENTS
(Continued)

Note 5. Risk Management

The Town 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 Town 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 Town by recording as a disbursement any replacement items purchased.

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SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the Town's 2010 Annual Report can be found on the Indiana Transparency Portal website: www.in.gov/itp/annual_reports/.

For additional financial information, the Town's 2011 Annual Report information can be found on the Gateway website: <https://gateway.ifionline.org/>.

Differences may be noted between the financial information presented in the financial statements contained in this report and the financial information presented in the Annual Reports of the Town which are referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the examination. This is a common occurrence in any financial statement examination. The financial information presented in this report is examined information, and the accuracy of such information can be determined by reading the opinion given in the Independent Accountant's Report.

The supplementary information presented was prepared and/or approved by management of the Town. It is presented as intended by the Town.

TOWN OF ST. JOE
 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	Cemetery Operating	Riverboat	Rainy Day
Cash and investments - beginning	\$ 186,390	\$ 151,148	\$ 11,651	\$ 17,166	\$ 9,012	\$ 55,581
Receipts:						
Taxes	51,938	13,525	-	14,681	-	-
Intergovernmental	7,502	13,052	2,323	629	2,991	20,400
Charges for services	19,253	-	-	1,650	-	-
Fines and forfeits	185	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	72,863	21,412	-	20,061	-	42,525
Total receipts	<u>151,741</u>	<u>47,989</u>	<u>2,323</u>	<u>37,021</u>	<u>2,991</u>	<u>62,925</u>
Disbursements:						
Personal services	37,778	1,577	251	1,615	-	-
Supplies	6,974	1,789	-	40	-	-
Other services and charges	50,990	46,404	-	15,878	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	1,375	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	68,729	21,403	-	21,887	-	33,524
Total disbursements	<u>165,846</u>	<u>71,173</u>	<u>251</u>	<u>39,420</u>	<u>-</u>	<u>33,524</u>
Excess (deficiency) of receipts over disbursements	<u>(14,105)</u>	<u>(23,184)</u>	<u>2,072</u>	<u>(2,399)</u>	<u>2,991</u>	<u>29,401</u>
Cash and investments - ending	<u>\$ 172,285</u>	<u>\$ 127,964</u>	<u>\$ 13,723</u>	<u>\$ 14,767</u>	<u>\$ 12,003</u>	<u>\$ 84,982</u>

TOWN OF ST. JOE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Federal Grant	Cumulative Capital Improvement	County Economic Development Income Tax	Cemetery Permanent Maintenance	Payroll	Water Utility - Operating
Cash and investments - beginning	\$ -	\$ 10,841	\$ 33,925	\$ 26,230	\$ 277	\$ 62,103
Receipts:						
Taxes	-	-	-	-	-	-
Intergovernmental	-	1,400	14,537	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	74,986
Penalties	-	-	-	-	-	1,337
Other receipts	71,890	-	-	1,649	53,779	4,469
Total receipts	71,890	1,400	14,537	1,649	53,779	80,792
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	7,407	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	8,478	-	-	-	-
Utility operating expenses	-	-	-	-	-	53,924
Other disbursements	71,890	-	-	-	53,779	44,184
Total disbursements	71,890	8,478	7,407	-	53,779	98,108
Excess (deficiency) of receipts over disbursements	-	(7,078)	7,130	1,649	-	(17,316)
Cash and investments - ending	\$ -	\$ 3,763	\$ 41,055	\$ 27,879	\$ 277	\$ 44,787

TOWN OF ST. JOE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Water Utility - Bond and Interest	Water Utility - Customer Deposit	Water Utility - Improvement	Water Utility - Debt Service Reserve	Totals
Cash and investments - beginning	\$ 6,479	\$ 4,690	\$ 12,170	\$ 25,398	\$ 613,061
Receipts:					
Taxes	-	-	-	-	80,144
Intergovernmental	-	-	-	-	62,834
Charges for services	-	-	-	-	20,903
Fines and forfeits	-	-	-	-	185
Utility fees	-	-	-	-	74,986
Penalties	-	-	-	-	1,337
Other receipts	26,877	350	9,658	-	325,533
Total receipts	26,877	350	9,658	-	565,922
Disbursements:					
Personal services	-	-	-	-	41,221
Supplies	-	-	-	-	8,803
Other services and charges	-	-	-	-	120,679
Debt service - principal and interest	20,525	-	-	-	20,525
Capital outlay	-	-	-	-	9,853
Utility operating expenses	-	-	-	-	53,924
Other disbursements	-	-	9,525	-	324,921
Total disbursements	20,525	-	9,525	-	579,926
Excess (deficiency) of receipts over disbursements	6,352	350	133	-	(14,004)
Cash and investments - ending	\$ 12,831	\$ 5,040	\$ 12,303	\$ 25,398	\$ 599,057

TOWN OF ST. JOE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011

	General	Motor Vehicle Highway	Local Road And Street	Riverboat	Rainy Day	Cumulative Capital Improvement
Cash and investments - beginning	\$ 172,285	\$ 127,964	\$ 13,723	\$ 12,003	\$ 84,982	\$ 3,763
Receipts:						
Taxes	47,981	8,122	-	-	-	-
Intergovernmental	11,804	13,545	2,264	2,991	22,447	1,373
Charges for services	605	-	-	-	75	-
Fines and forfeits	190	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	20,147	-	-	-	2,530	-
Total receipts	<u>80,727</u>	<u>21,667</u>	<u>2,264</u>	<u>2,991</u>	<u>25,052</u>	<u>1,373</u>
Disbursements:						
Personal services	35,477	2,678	-	-	-	-
Supplies	7,781	2,769	-	-	-	-
Other services and charges	49,784	23,280	-	-	150	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	4,313	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	<u>97,355</u>	<u>28,727</u>	<u>-</u>	<u>-</u>	<u>150</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(16,628)</u>	<u>(7,060)</u>	<u>2,264</u>	<u>2,991</u>	<u>24,902</u>	<u>1,373</u>
Cash and investments - ending	<u>\$ 155,657</u>	<u>\$ 120,904</u>	<u>\$ 15,987</u>	<u>\$ 14,994</u>	<u>\$ 109,884</u>	<u>\$ 5,136</u>

TOWN OF ST. JOE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011
 (Continued)

	County Economic Development Income Tax	Unsafe Building	Cemetery Operating	Cemetery Permanent Maintenance	Payroll	Water Utility - Operating
Cash and investments - beginning	\$ 41,055	\$ -	\$ 14,767	\$ 27,879	\$ 277	\$ 44,787
Receipts:						
Taxes	-	-	13,839	-	-	5,776
Intergovernmental	8,579	-	1,542	-	-	-
Charges for services	-	1,900	7,725	3,015	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	74,032
Penalties	-	-	-	-	-	1,399
Other receipts	-	-	1,519	-	59,104	32
Total receipts	<u>8,579</u>	<u>1,900</u>	<u>24,625</u>	<u>3,015</u>	<u>59,104</u>	<u>81,239</u>
Disbursements:						
Personal services	-	-	1,621	-	47,259	-
Supplies	-	-	-	-	-	-
Other services and charges	6,857	825	16,315	-	-	-
Debt service - principal and interest	-	-	-	-	-	20,340
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	47,310
Other disbursements	-	-	-	-	11,766	21,371
Total disbursements	<u>6,857</u>	<u>825</u>	<u>17,936</u>	<u>-</u>	<u>59,025</u>	<u>89,021</u>
Excess (deficiency) of receipts over disbursements	<u>1,722</u>	<u>1,075</u>	<u>6,689</u>	<u>3,015</u>	<u>79</u>	<u>(7,782)</u>
Cash and investments - ending	<u>\$ 42,777</u>	<u>\$ 1,075</u>	<u>\$ 21,456</u>	<u>\$ 30,894</u>	<u>\$ 356</u>	<u>\$ 37,005</u>

TOWN OF ST. JOE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011
 (Continued)

	Water Utility - Bond And Interest	Water Utility - Customer Deposit	Water Utility - Improvement	Water Utility - Debt Service Reserve	Totals
Cash and investments - beginning	\$ 12,831	\$ 5,040	\$ 12,303	\$ 25,398	\$ 599,057
Receipts:					
Taxes	-	-	-	-	75,718
Intergovernmental	-	-	-	-	64,545
Charges for services	-	-	-	-	13,320
Fines and forfeits	-	-	-	-	190
Utility fees	-	-	9,683	-	83,715
Penalties	-	-	-	-	1,399
Other receipts	20,363	250	-	-	103,945
Total receipts	<u>20,363</u>	<u>250</u>	<u>9,683</u>	<u>-</u>	<u>342,832</u>
Disbursements:					
Personal services	-	-	-	-	87,035
Supplies	-	-	-	-	10,550
Other services and charges	-	-	-	-	97,211
Debt service - principal and interest	20,440	-	-	-	40,780
Capital outlay	-	-	-	-	4,313
Utility operating expenses	-	-	-	-	47,310
Other disbursements	-	50	-	-	33,187
Total disbursements	<u>20,440</u>	<u>50</u>	<u>-</u>	<u>-</u>	<u>320,386</u>
Excess (deficiency) of receipts over disbursements	<u>(77)</u>	<u>200</u>	<u>9,683</u>	<u>-</u>	<u>22,446</u>
Cash and investments - ending	<u>\$ 12,754</u>	<u>\$ 5,240</u>	<u>\$ 21,986</u>	<u>\$ 25,398</u>	<u>\$ 621,503</u>

TOWN OF ST. JOE
 SCHEDULE OF CAPITAL ASSETS
 December 31, 2011

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.

	<u>Ending Balance</u>
Governmental activities:	
Land	\$ 1,278
Infrastructure	71,424
Buildings	135,695
Improvements other than buildings	25,515
Machinery, equipment and vehicles	<u>89,644</u>
Total governmental activities	<u>323,556</u>
Water:	
Land	4,450
Improvements other than buildings	873,828
Machinery, equipment and vehicles	<u>140,779</u>
Total water	<u>1,019,057</u>
Total capital assets	<u><u>\$ 1,342,613</u></u>

TOWN OF ST. JOE
 SCHEDULE OF DEBT
 December 31, 2011

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Water: State Revolving Fund Loan	Upgrade Water System & install new Water Tower	<u>\$ 155,200</u>	<u>\$ 2,716</u>

TOWN OF ST. JOE
EXAMINATION RESULTS AND COMMENTS

CONDITION OF RECORDS

Transaction Recording

In July of 2010, the Town converted from manual to computer records using Keystone Software. We had difficulty determining the accuracy and correctness of beginning balances, receipts, disbursements and ending balances. It appears monthly and yearly closing procedures in the Keystone Software were not followed. We noted when performing examination procedures, beginning monthly and yearly balances can be changed in subsequent periods when an "update" is posted in Keystone and the prior year or month is not closed out.

Financial records presented for examination did not reflect the activity of the Town and Water Utility. The computerized printouts presented for examination period were incorrect. We noted numerous transactions not posted to the computerized records and others made in error. Some of the posting errors noted during our examination of the Town's records were as follows:

1. A 2010 property tax distribution from the county for \$6,063.51 was posted to the CEDIT Fund in error. The Clerk-Treasurer made a correcting adjustment to the 2010 Annual Financial Report but did not make one in the ledger.
2. Payments of \$9,525.35 and \$17,214.75 to the St. Joe Waterworks were made from the water utility bank account for the State Revolving Fund Loan but were not receipted into the unit's computerized ledger.
3. An EFT payment to the Bank of New York and Trust for \$17,214.80 was not posted to the ledger.
4. A bank transfer of \$17,469.75 made from one water utility bank account to another was not posted to the unit's computerized ledger.
5. The Check Register showed check number 8601 was paid to Waste Management for \$1,470.75 when actually check number 8601 cleared the bank in July of 2011 and was paid to Indiana Department of Revenue for \$220.92.

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)

Records Retention

Monthly and yearly computerized detail reports were not printed out to reflect adjustments made. We noted that 2010 adjustments were made in subsequent periods and we could not obtain printed detail because backup tapes were not retained. Yearly 2011 computerized detail reports provided for examination did not include adjustments made. In addition, we were not provided with Water Utility Total Billings for the month of September of 2010 and April 2011.

TOWN OF ST. JOE
EXAMINATION RESULTS AND COMMENTS
(Continued)

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)

ANNUAL FINANCIAL REPORTS

Annual Financial Reports for 2010 and 2011 were presented for audit, but were either incomplete or contained errors. We found transactions, which included \$111,131 of transfers, reported on the 2010 Annual Financial Report that could not be found in the Town's official computerized ledger and federal grants of \$71,900 reported in the ledger not on the 2010 Annual Financial Report. For 2011, the Schedule of Debt reported an ending principal balance of \$169,700 but the actual balance was \$155,200.

A similar comment was made in prior examinations B38166 and B30795.

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)

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BANK ACCOUNT RECONCILIATIONS

Depository reconciliations of the fund balances to the bank account balances were incorrect for December 31, 2010 and 2011. Some reconcilements were not prepared on a timely basis. In addition, we did not note any adjustments in the records for prior examination period's long balance of \$1,530.87.

We noted the following errors when performing procedures on the December 31, 2010 and 2011, unit prepared Cash Reconcilements:

December 2010

1. A posting error of \$17,214.75 was not listed as a reconciling item on the Cash Reconcilement.
2. December 2010 outstanding checks of \$499.97 could not be verified.
3. A check for \$88.00 was listed twice on the December 2010 outstanding check listing.
4. There was no Cash Reconcilement provided for the Town accounts for the month of December 2010.

TOWN OF ST. JOE
EXAMINATION RESULTS AND COMMENTS
(Continued)

December 2011

1. A reconciling item for \$147.22 could not be found or verified.
2. December 2011 outstanding checks for \$648.75 could not be verified.

There was a similar comment concerning bank account reconciliations made in prior examination Report B38166.

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 responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

DEPOSITS

We noted that out of 43 receipts tested, 4 were deposited longer than the next business day and 1 was 17 days. Also, 1 receipt was issued after the deposit date.

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."

SUPPORTING DOCUMENTATION

Out of sixty four claims tested, three did not have sufficient supporting documentation. One claim was to an engineering firm for \$5,277.41 and the other two were to Staples Credit Plan for \$66.35 each. Due to the lack of supporting information, the validity and accountability for some money disbursed could not be established.

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)

PAYROLL CALCULATIONS

Overpayment of Payroll Taxes

We noted that federal and state payroll taxes were overpaid by \$85.39 in 2010.

TOWN OF ST. JOE
EXAMINATION RESULTS AND COMMENTS
(Continued)

Miscalculation of W-2

We noted a town employee's gross wages reported on the W-2 was \$302.25 more than what was actually paid.

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)

CUSTOMER DEPOSIT REGISTER

A customer deposit register was not printed out at the end of the years being examined. We had the Clerk-Treasurer print a register out as of August 1, 2012, but we could not determine what the balance should be at the end of the examination period because the deposit refunding dates were not reported.

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)

HYDRANT RENTAL

In the prior Report B38166, the Town under paid hydrant rental charges of \$1,575 in 2008 and over paid them by \$4,725 in 2009. The amount over paid was not refunded back to the Town's General Fund.

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)

UTILITY RECEIPTS TAX

The 2011 Indiana Utility Receipts Tax Return (Form URT-1) was filed and tax due was paid after April 15, 2012.

A taxpayer who used a taxable year that ends on December 31 shall file the taxpayer's annual return on or before April 15 of the immediately succeeding year. A taxpayer, whose taxable year does not end on December 31, shall file the annual return on or before the fifteenth day of the fourth month after the close of the taxpayer's tax year. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

PENALTIES AND INTEREST

Penalties and interest totaling \$29.06 were paid to the Indiana Department of Revenue on April 20, 2011, for late payment of sales tax due January of 2011.

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.

TOWN OF ST. JOE
EXAMINATION RESULTS AND COMMENTS
(Continued)

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 Libraries, Chapter 4)

OVERPAYMENT OF SALES TAX

Sanitation charges were included in calculation of April 2010 sales tax due and Indiana Department of Revenue was overpaid by \$122.89.

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)

ORDINANCES AND RESOLUTIONS

Sufficient transfers were not made to the bond and interest fund to meet payments due on the next payment due date for 2012. The Debt Service Reserve Fund was over funded by \$5,353.25 in 2011. In addition, penalties on utility billings were not being calculated correctly for several customers.

Each governmental unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 4)

SUBSEQUENT EVENT – BANK RECONCILEMENTS

The current Clerk-Treasurer has not cleared bank transactions in the Keystone computer software since April of 2012 which is part of their reconciling procedures. Also, reconciled bank balances from January 2012 to April 2012 do not agree with monthly fund balances because total fund balances at the end of the month have not been compared to reconciled bank balances. Differences between the monthly fund balances and the reconciled bank balances could not be identified because the proper closing procedures were not followed causing beginning monthly balances and transactions to change as explained in "Condition of Records".

We have discussed the above issue with the Clerk-Treasurer and recommended that she obtain assistance from Keystone to properly close out each month. We also communicated that receipt and disbursement transactions should be posted or "updated" timely and reconcile.

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)

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TOWN OF ST. JOE
EXIT CONFERENCE

The contents of this report were discussed on September 25, 2012, with David Burns, President of the Town Council, and Allison Heyman, Clerk-Treasurer. The officials concurred with our findings.

The contents of this report were discussed on October 3, 2012, with Mary Simcox, former Clerk-Treasurer and she concurred with our findings.