

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

FINANCIAL STATEMENTS EXAMINATION REPORT

OF

TOWN OF JONESVILLE

BARTHOLOMEW COUNTY, INDIANA

January 1, 2010 to December 31, 2011



**FILED**  
04/10/2013



## TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials .....	2
Independent Accountant's Report.....	3
Financial Statements:	
Statements of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis .....	6-7
Notes to Financial Statements .....	8-10
Supplementary Information - Unaudited:	
Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis .....	12-13
Schedule of Capital Assets.....	14
Examination Results and Comments:	
Town Council Performing Duties of Clerk-Treasurer.....	15
Receipt Issuance .....	16
Appropriations.....	16
Compensation and Benefits .....	16
Exit Conference.....	17

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	(Vacant)	01-01-10 to 12-31-13
President of the Town Council	Michele Rodriquez	01-01-10 to 12-31-13



**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](http://www.in.gov/sboa)

INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the accompanying financial statements of the Town of Jonesville (Town), for the period of January 1, 2010 to December 31, 2011. The financial statements are the responsibility of the Town's management. Our responsibility is to express an opinion on the financial statements 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 effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position and results of operations of the Town for the period of January 1, 2010 to December 31, 2011.

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 period of January 1, 2010 to December 31, 2011, on the basis of accounting described in Note 1.

Our examination was conducted for the purpose of forming an opinion on the Town's financial statements. The Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis and Schedule of Capital Assets, 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.

STATE BOARD OF ACCOUNTS

March 13, 2013

(This page intentionally left blank.)

## 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 JONESVILLE  
 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	<u>\$ 35,575</u>	<u>\$ 37,965</u>	<u>\$ 33,676</u>	<u>\$ 39,864</u>

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

TOWN OF JONESVILLE  
 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	<u>\$ 39,864</u>	<u>\$ 32,750</u>	<u>\$ 12,281</u>	<u>\$ 60,333</u>

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

TOWN OF JONESVILLE  
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 (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 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.

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.

TOWN OF JONESVILLE  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

*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.

Capital outlay which include all outflows for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

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.

*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

TOWN OF JONESVILLE  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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.

**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.

## SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the Town's Annual Reports for years prior to 2011 can be found on the Indiana Transparency Portal website: [www.in.gov/itp/annual\\_reports/](http://www.in.gov/itp/annual_reports/).

For additional financial information, the Town's Annual Report information for years 2011 and later 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 approved by management of the Town. It is presented as intended by the Town.

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

	General
Cash and investments - beginning	\$ <u>35,575</u>
Receipts:	
Taxes	5,725
Intergovernmental	28,522
Other receipts	<u>3,718</u>
Total receipts	<u>37,965</u>
Disbursements:	
Personal services	2,216
Supplies	458
Capital outlay	24,259
Other disbursements	<u>6,743</u>
Total disbursements	<u>33,676</u>
Excess (deficiency) of receipts over disbursements	<u>4,289</u>
Cash and investments - ending	<u><u>\$ 39,864</u></u>

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

	General
Cash and investments - beginning	\$ <u>39,864</u>
Receipts:	
Taxes	15,836
Intergovernmental	14,716
Other receipts	<u>2,198</u>
Total receipts	<u>32,750</u>
Disbursements:	
Personal services	2,281
Supplies	1,543
Other services and charges	8,457
Other disbursements	<u>-</u>
Total disbursements	<u>12,281</u>
Excess (deficiency) of receipts over disbursements	<u>20,469</u>
Cash and investments - ending	<u><u>\$ 60,333</u></u>

TOWN OF JONESVILLE  
 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.

	Ending Balance
Governmental activities:	
Land	\$ 30,000
Infrastructure	210,000
Buildings	25,000
Improvements other than buildings	500
Total governmental activities	265,500
Total capital assets	\$ 265,500

TOWN OF JONESVILLE  
EXAMINATION RESULTS AND COMMENTS

**TOWN COUNCIL PERFORMING DUTIES OF CLERK-TREASURER**

As stated in the prior report, the office of Jonesville Clerk-Treasurer has been vacant since September 9, 2008. No caucus has been held to select a person to fill the vacancy, as required by Indiana Code 3-13-9-1. Additionally, the Town Council has failed to appoint a person to fill the vacancy until a person is selected by caucus, as required by Indiana Code 3-13-11-16.

Without the authority to do so, the Town Council has assumed the duties of the Clerk-Treasurer's office during the vacancy. Members of the Town Council have issued claims and checks, received and deposited money, posted and maintained the records of the Town, and created the budget estimates and proposed tax rates.

Indiana Code 36-5-6-6 states in part:

"(a) The clerk-treasurer shall do the following: (1) Receive and care for all town money and pay the money out only on the order of the town legislative body. (2) Keep accounts showing when and from what sources the clerk-treasurer has received town money and when and to whom the clerk-treasurer has paid out town money. . . . (4) Prescribe the manner in which creditors, officers, and employees shall be paid. . . . (6) Prepare for the legislative body the budget estimates of miscellaneous revenue, financial statements, and the proposed tax rate. (7) Maintain custody of the town seal and the records of the legislative body. . . ."

Indiana Code 3-13-9-1 states: "Sec. 1. A vacancy in a town office that was last held by a person elected or selected as a candidate of a major political party of the state shall be filled by a caucus under IC 3-13-11."

Indiana Code 3-13-11-16 states in part:

". . . if a chief deputy employee does not exist in the office of clerk or clerk-treasurer of a city or town, or the chief deputy employee declines or is ineligible to serve, the mayor of the city or the president of the town council shall appoint, as soon as is reasonably possible, a person to assume the duties of the office until the office is filled under this chapter."

TOWN OF JONESVILLE  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

**RECEIPT ISSUANCE**

As stated in the prior report, the Town did not issue receipts for money received during the examination period.

Receipts shall be issued and recorded at the time of the transaction; for example, when cash or a check is received, a receipt is to be immediately prepared and given to the person making payment. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

**APPROPRIATIONS**

The Town budget for 2010 was not approved by the Department of Local Government Finance. The Town had expenditures of \$33,676 for the year 2010.

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."

Indiana Code 36-5-4-2 states in part: "Unless a statute provides otherwise, town monies may be disbursed only after an appropriation made by ordinance of the town legislative body and recorded in a book kept for that purpose by the legislative body."

**COMPENSATION AND BENEFITS**

Michele Rodriguez, Audrey McFarlane, and Stacy Bennett each received \$800 in payments for the year 2010. A salary ordinance was presented for examination; however it was not signed by the Town Council, nor was it referenced as being approved in the Council minutes.

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 Townships, Chapter 17)

TOWN OF JONESVILLE  
EXIT CONFERENCE

The contents of this report were discussed on March 13, 2013, with Michele Rodriguez, President of the Town Council. The official concurred with our findings.

The contents of this report were discussed on March 13, 2013, with Audrey McFarlane, Council member. The official concurred with our findings.