

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

EXAMINATION REPORT
OF

WATER, WASTEWATER, ELECTRIC, AND GAS UTILITIES
CITY OF JASPER
DUBOIS COUNTY, INDIANA

January 1, 2012 to December 31, 2012



FILED
07/29/2013

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Juanita S. Boehm	01-01-12 to 12-31-15
Mayor	Terry Seitz	01-01-12 to 12-31-15
Presiding Officer of the Board of Public Works and Safety	Terry Seitz	01-01-12 to 12-31-15
Presiding Officer of the Common Council	Terry Seitz	01-01-12 to 12-31-15
Utilities' General Manager	Gerald Hauersperger	01-01-12 to 12-31-13
Water Utility Manager	Michael A. Oeding	01-01-12 to 12-31-13
Wastewater Utility Manager	Greg E. Hollinden	01-01-12 to 12-31-13
Electric Utility Generation Manager	Windell Toby	01-01-12 to 12-31-13
Electric Utility Distribution Manager	Jerald L. Schitter	01-01-12 to 12-31-13
Gas Utility Manager	Michael A. Oeding	01-01-12 to 12-31-13
Utility Controller	Linda McGovren	01-01-12 to 12-31-13
Chairman of the Utility Service Board	Wayne Schuetter	01-01-12 to 12-31-13



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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE WATER, WASTEWATER, ELECTRIC, AND
GAS UTILITIES, CITY OF JASPER, DUBOIS COUNTY, INDIANA

We have examined the financial statements presented herein of the Water, Wastewater, Electric, and Gas Utilities, departments of the City of Jasper, for the period of January 1, 2012 to December 31, 2012. The Utilities' management is responsible for the financial statements presented herein. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the financial statements presented herein and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

As discussed in Note I, the financial statements of the Water, Wastewater, Electric, and Gas Utilities, City of Jasper, are intended to present the financial position, and the changes in financial position and cash flows of only that portion of the business-type activities of the City that is attributable to the transactions of the Utilities. They do not purport to, and do not, present fairly the financial position of the City of Jasper as of December 31, 2012, and the changes in its financial position and its cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities for the Water, Wastewater, Electric, and Gas Utilities, as of December 31, 2012, and the respective changes in the financial position and cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Utilities' response to the Examination Result and Comment identified in our examination is described in the accompanying section of the report entitled Official Response. We did not examine the Utilities' response and, accordingly, we express no opinion on it.

STATE BOARD OF ACCOUNTS

July 3, 2013

WATER, WASTEWATER, ELECTRIC, AND GAS UTILITIES
CITY OF JASPER
STATEMENT OF NET POSITION
December 31, 2012

<u>Assets</u>	2012			
	Water	Wastewater	Electric	Gas
Current assets:				
Cash and cash equivalents	\$ 739,382	\$ 765,207	\$ 12,317,346	\$ 779,169
Accounts receivable (net of allowance)	254,899	199,024	1,673,704	497,031
Accounts receivable - other	7,425	5,026	46,573	1,945
Interfund receivables:				
Interfund loans	-	-	1,560,351	-
Interfund services provided and used	-	-	2,023	-
Grants receivable	6,000	-	-	-
Inventories	176,829	156,744	1,277,899	246,167
Prepaid items	61,899	77,542	181,706	15,374
Other current assets (class action settlement proceeds)	110,466	-	-	-
Total current assets	1,356,900	1,203,543	17,059,602	1,539,686
Noncurrent assets:				
Restricted cash, cash equivalents and investments:				
Bond and Interest	499,059	-	-	-
Debt service reserve	766,500	74,063	-	-
Depreciation	1,025,207	437,814	3,151,336	227,610
Computer	43,964	42,682	39,018	8,612
In lieu of taxes reserve	319,630	70,896	244,890	64,316
Self-insurance liability reserve	200,000	309,750	1,027,533	-
Industrial pretreatment	-	244,003	-	-
Plant expansion	-	1,253,688	-	-
Interceptor improvement	-	362,167	-	-
Customer deposits	75,716	118,314	427,078	122,295
Contractor retainage	4,000	-	-	-
Total restricted assets	2,934,076	2,913,377	4,889,855	422,833
Intangible assets - pipeline rights	-	-	-	560,351
Capital assets:				
Land, improvements to land and construction in progress	4,242,785	1,202,626	1,351,951	16,904
Other capital assets (net of accumulated depreciation)	19,646,576	19,529,090	13,906,092	3,907,458
Total capital assets	23,889,361	20,731,716	15,258,043	3,924,362
Unamortized bond issuance costs	29,072	-	-	-
Total noncurrent assets	26,852,509	23,645,093	20,147,898	4,907,546
Total assets	28,209,409	24,848,636	37,207,500	6,447,232
Liabilities				
Current liabilities:				
Contracts payable (including retainage payable)	4,000	47,159	-	-
Accounts payable	367,533	149,820	3,639,210	530,189
Interfund payables:				
Interfund services provided and used	946	285	-	792
Taxes payable	13,415	-	78,006	21,796
Current liabilities payable from restricted assets:				
Customer deposits	75,716	118,314	427,078	122,295
Performance deposits	-	-	-	450
Revenue bonds payable, including interest payable of \$79,059	924,059	-	-	-
Loans payable	-	25,000	-	-
Total current liabilities	1,385,669	340,578	4,144,294	675,522
Noncurrent liabilities:				
Bonds payable	6,820,000	-	-	-
Interfund loans	800,000	-	-	760,351
Loans payable	-	525,000	-	-
Total noncurrent liabilities	7,620,000	525,000	-	760,351
Total liabilities	9,005,669	865,578	4,144,294	1,435,873
Net Position				
Net investment in capital assets	15,453,433	20,181,716	15,258,043	3,164,011
Restricted for debt service	2,290,766	511,877	-	-
Unrestricted	1,459,541	3,289,465	17,805,163	1,847,348
Total net position	\$ 19,203,740	\$ 23,983,058	\$ 33,063,206	\$ 5,011,359

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

WATER, WASTEWATER, ELECTRIC, AND GAS UTILITIES
CITY OF JASPER
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
As of and for the Year Ended December 31, 2012

	2012			
	Water	Wastewater	Electric	Gas
Operating revenues:				
Metered water revenue:				
Residential	\$ 2,027,084	\$ -	\$ -	\$ -
Residential sales	-	-	6,612,553	1,410,263
Commercial and industrial sales	1,612,539	-	20,126,795	2,955,164
Public street and highway lighting	-	-	181,529	-
Fire protection revenue	190,480	-	-	-
Penalties	10,739	25,511	38,770	6,259
Measured revenue:				
Residential	-	1,699,360	-	-
Commercial	-	1,061,528	-	-
Other	76,402	194,808	24,292	34,270
Total operating revenues	<u>3,917,244</u>	<u>2,981,207</u>	<u>26,983,939</u>	<u>4,405,956</u>
Operating expenses:				
Source of supply and expense - operations and maintenance	120,379	-	-	-
Water treatment expense - operations and maintenance	500,585	-	-	-
Production and supply	-	-	-	3,028,967
Power production	-	-	22,264,448	-
Transmission and distribution	433,050	-	999,471	303,147
Collection system - operations and maintenance	-	334,532	-	-
Pumping - operations and maintenance	-	239,936	-	-
Treatment and disposal - operations and maintenance	-	739,352	-	-
Customer accounts	31,798	25,486	37,140	16,868
Administration and general	974,276	1,225,137	1,797,640	483,348
Depreciation and amortization	482,232	528,117	863,807	134,939
Total operating expenses	<u>2,542,320</u>	<u>3,092,560</u>	<u>25,962,506</u>	<u>3,967,269</u>
Operating income (loss)	<u>1,374,924</u>	<u>(111,353)</u>	<u>1,021,433</u>	<u>438,687</u>
Nonoperating revenues (expenses):				
Interest and investment revenue	3,577	5,108	20,913	1,086
Miscellaneous revenue (expense)	(11,242)	32,584	67,877	(7,912)
Interest expense	(223,716)	(20,563)	-	(1,709)
Total nonoperating revenues (expenses)	<u>(231,381)</u>	<u>17,129</u>	<u>88,790</u>	<u>(8,535)</u>
Income (loss) before contributions, transfers and extraordinary income	1,143,543	(94,224)	1,110,223	430,152
Capital contributions and grants	2,467,589	726,568	49,752	67,646
Transfers out	(209,792)	-	(163,914)	(43,377)
Extraordinary income (litigation damage award)	110,466	-	-	-
Change in net position	3,511,806	632,344	996,061	454,421
Total net position - beginning	<u>15,691,934</u>	<u>23,350,714</u>	<u>32,067,145</u>	<u>4,556,938</u>
Total net position - ending	<u>\$ 19,203,740</u>	<u>\$ 23,983,058</u>	<u>\$ 33,063,206</u>	<u>\$ 5,011,359</u>

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

WATER, WASTEWATER, ELECTRIC, AND GAS UTILITIES
CITY OF JASPER
STATEMENT OF CASH FLOWS
As of and for the Year Ended December 31, 2012

	2012			
	Water	Wastewater	Electric	Gas
Cash flows from operating activities:				
Receipts from customers and users	\$ 3,894,048	\$ 2,971,320	\$ 26,862,284	\$ 4,315,814
Payments to suppliers and contractors	(1,568,586)	(916,830)	(23,802,863)	(3,367,191)
Payments to employees	(934,203)	(1,598,505)	(1,189,789)	(402,032)
Interfund services provided (used)	(1,546)	(645)	1,311	881
Other receipts	28,429	7,239	64,734	6,300
Net cash provided (used) by operating activities	1,418,142	462,579	1,935,677	553,772
Cash flows from noncapital financing activities:				
Transfer to other funds	(209,792)	-	(163,914)	(43,377)
Interfund loans repayments	-	-	124,880	(124,880)
Interest on interfund loans	-	-	908	(908)
Net cash used by noncapital financing activities	(209,792)	-	(38,126)	(169,165)
Cash flows from capital and related financing activities:				
Capital contributions and grants	2,659,599	726,568	49,752	67,646
Proceeds from long-term bonds	7,665,000	-	-	-
Interfund loans	800,000	-	(800,000)	-
Proceeds from the sale of capital assets	78,479	28,229	15,000	-
Acquisition and construction of capital assets	(3,346,878)	(1,318,476)	(1,394,641)	(73,746)
Debt issuance cost	(30,889)	-	-	-
Principal paid on capital debt	(8,366,000)	(50,000)	-	-
Interest paid on capital debt	(143,973)	(20,563)	-	-
Net cash used by capital and related financing activities	(684,662)	(634,242)	(2,129,889)	(6,100)
Cash flows from investing activities:				
Interest received	3,577	5,108	18,519	1,086
Net increase in cash and cash equivalents	527,265	(166,555)	(213,819)	379,593
Cash and cash equivalents, January 1	3,146,193	3,845,139	17,421,020	822,409
Cash and cash equivalents, December 31	\$ 3,673,458	\$ 3,678,584	\$ 17,207,201	\$ 1,202,002
Reconciliation of operating income to net cash provided (used) by operating activities:				
Operating income (loss)	\$ 1,374,924	\$ (111,353)	\$ 1,021,433	\$ 438,687
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation expense	480,415	528,117	863,807	134,939
Amortization expense (see Note II.B.)	1,817	-	-	124,880
Bad debt expense	5,380	(697)	7,304	367
Nonoperating revenue and expense	28,429	7,239	64,734	6,300
Extraordinary income - Atrazine lawsuit proceeds	110,466	-	-	-
(Increase) decrease in assets:				
Accounts receivable	(23,196)	(9,887)	(121,655)	(90,142)
Interfund services provided or used	991	1,309	2,710	1,721
Inventories	2,743	(22,575)	(20,677)	(36,955)
Prepaid items	(5,066)	(6,759)	10,320	(3,816)
Litigation settlement receivable	(110,466)	-	-	-
Increase (decrease) in liabilities:				
Contracts payable	(408,461)	47,159	-	-
Accounts payable	(43,713)	27,813	53,990	(38,476)
Interfund payables	(2,537)	(1,954)	(1,399)	(840)
Taxes payable	2,394	-	10,461	9,952
Performance deposits	-	-	-	(950)
Customer deposits	4,022	4,167	44,649	8,105
Total adjustments	43,218	573,932	914,244	115,085
Net cash provided (used) by operating activities	\$ 1,418,142	\$ 462,579	\$ 1,935,677	\$ 553,772

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

WATER, WASTEWATER, ELECTRIC, AND GAS UTILITIES
CITY OF JASPER
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

The financial statements reflect only the activity of the Utilities and are not intended to present fairly the position of the City of Jasper (City), and the results of its operations and cash flows of its enterprise funds. The Utilities, whose operations are controlled by the City, represents a substantial portion of the City's enterprise funds.

B. Fund Financial Statements

Business-type activity financial statements consist of the Statement of Net Position; Statement of Revenues, Expenses, and Changes in Net Position; and the Statement of Cash Flows. Business-type activities rely to a significant extent on fees and charges for support.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The accounts of the business-type activity are maintained and the financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when incurred.

Enterprise funds distinguish operating revenues from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, the Utilities' policy is to use restricted resources first, then unrestricted resources as they are needed.

D. Assets, Liabilities and Net Assets or Equity

1. Deposits and Investments

The Utilities' cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statute (IC 5-13-9) authorizes the Utilities 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.

Investment income, including changes in the fair value of investments, is reported as revenue in the operating statement.

WATER, WASTEWATER, ELECTRIC, AND GAS UTILITIES
CITY OF JASPER
NOTES TO FINANCIAL STATEMENTS
(Continued)

2. Inventories and Prepaid Items

All inventories are valued at cost using the average cost method. Inventories of enterprise funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

3. Restricted Assets

Certain proceeds of the enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net position because their use is limited by applicable bond covenants.

The financial statements report \$2,290,766 and \$511,877 of restricted net position for the Water and Wastewater Utilities, respectively, of which all is restricted by enabling legislation.

4. Intangible Assets

Intangible assets, which include pipeline rights, are reported in the financial statements. Intangible assets are reported at the actual cost. Intangible assets are amortized monthly at an amount equal to the principal paid for the interfund loan relating to the purchase of the intangible assets. The amortization expense is reported as part of the production and supply expense instead of amortization expense because the rights to use the pipeline are an expense of purchasing the gas.

5. Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the financial statements.

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.

Capitalization thresholds (the dollar values above which asset acquisitions are added to the capital asset accounts), depreciation methods and estimated useful lives of capital assets are as follows:

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Buildings	\$ 1,000	Straight-line	67 years
Improvement other than buildings	1,000	Straight-line	20 to 99 years
Machinery and Equipment	1,000	Straight-line	5 to 30 years

For depreciated assets, the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

WATER, WASTEWATER, ELECTRIC, AND GAS UTILITIES
CITY OF JASPER
NOTES TO FINANCIAL STATEMENTS
(Continued)

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The total interest expense incurred by the Water, Wastewater, Electric, and Gas Utilities during the current year was \$223,716, \$20,563, \$0, and \$1,709, respectively. None of the interest expense was included as part of the cost of capital assets under construction.

6. Compensated Absences

a. Sick Leave – Utility employees earn sick leave at the rate of 10 days per year. Unused sick leave may be accumulated to a maximum of 120 days. Accumulated sick leave is not paid to employees upon termination.

b. Vacation Leave – Utility employees earn vacation leave at rates from 10 days to 20 days per year based upon the number of years of service. Vacation leave does not accumulate from year to year.

c. Personal Leave – Utility employees earn personal leave at the rate of 2 days per year. Personal leave does not accumulate from year to year.

No liability is reported for vacation, sick, and personal leave.

7. Long-Term Obligations

Long-term debt and other long-term obligations are reported as liabilities in the statement of net position.

II. Detailed Notes on All Funds

A. Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Indiana Code 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision. The Utilities do not have a deposit policy for custodial credit risk; however, the utilities are not exposed to custodial credit risk at this time. At December 31, 2012, the bank balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

B. Intangible Assets – Pipeline Rights

On August 25, 2006, the City, through the Utility Service Board, negotiated an agreement with NGM, LLC for the assignment of NGM's ETS Service Agreement and Gathering Agreement with ANR Pipeline Company to the City of Jasper for the City's gas transportation, effective September 1, 2006 to May 31, 2021. The Gas Utility purchased these agreements for pipeline rights at a cost of \$1,359,375. The intangible assets – pipeline rights were amortized based on the principal payments made on the corresponding interfund loan of \$124,880. As of December 31, 2012, the value of the intangible assets – pipeline rights was \$560,351.

WATER, WASTEWATER, ELECTRIC, AND GAS UTILITIES
CITY OF JASPER
NOTES TO FINANCIAL STATEMENTS
(Continued)

C. Capital Assets

Capital asset activity for the year ended December 31, 2012, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Water Utility:				
Capital assets, not being depreciated:				
Land	\$ 292,054	\$ -	\$ -	\$ 292,054
Construction in progress	<u>1,106,943</u>	<u>2,975,406</u>	<u>131,618</u>	<u>3,950,731</u>
Total capital assets, not being depreciated	<u>1,398,997</u>	<u>2,975,406</u>	<u>131,618</u>	<u>4,242,785</u>
Capital assets, being depreciated:				
Buildings	10,473,758	-	-	10,473,758
Improvements other than buildings	11,223,508	221,949	67,846	11,377,611
Machinery and equipment	<u>4,262,929</u>	<u>281,141</u>	<u>107,026</u>	<u>4,437,044</u>
Totals	<u>25,960,195</u>	<u>503,090</u>	<u>174,872</u>	<u>26,288,413</u>
Less accumulated depreciation for:				
Buildings	1,582,806	158,424	-	1,741,230
Improvements other than buildings	3,451,602	208,426	31,977	3,628,051
Machinery and equipment	<u>1,183,737</u>	<u>113,565</u>	<u>24,746</u>	<u>1,272,556</u>
Totals	<u>6,218,145</u>	<u>480,415</u>	<u>56,723</u>	<u>6,641,837</u>
Total capital assets, being depreciated, net	<u>19,742,050</u>	<u>22,675</u>	<u>118,149</u>	<u>19,646,576</u>
Total capital assets, net	<u>\$ 21,141,047</u>	<u>\$ 2,998,081</u>	<u>\$ 249,767</u>	<u>\$ 23,889,361</u>

WATER, WASTEWATER, ELECTRIC, AND GAS UTILITIES
CITY OF JASPER
NOTES TO FINANCIAL STATEMENTS
(Continued)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Wastewater Utility:				
Capital assets, not being depreciated:				
Land	\$ 195,639	\$ -	\$ -	\$ 195,639
Construction in progress	140,404	1,028,549	161,966	1,006,987
	<u>336,043</u>	<u>1,028,549</u>	<u>161,966</u>	<u>1,202,626</u>
Total capital assets, not being depreciated				
Capital assets, being depreciated:				
Buildings	6,902,921	-	-	6,902,921
Improvements other than buildings	17,023,551	288,117	-	17,311,668
Machinery and equipment	7,358,608	163,776	235,423	7,286,961
	<u>31,285,080</u>	<u>451,893</u>	<u>235,423</u>	<u>31,501,550</u>
Totals				
Less accumulated depreciation for:				
Buildings	1,911,559	68,086	-	1,979,645
Improvements other than buildings	4,625,123	349,626	55,762	4,918,987
Machinery and equipment	5,140,200	110,405	176,777	5,073,828
	<u>11,676,882</u>	<u>528,117</u>	<u>232,539</u>	<u>11,972,460</u>
Totals				
Total capital assets, being depreciated, net				
	<u>19,608,198</u>	<u>(76,224)</u>	<u>2,884</u>	<u>19,529,090</u>
Total capital assets, net				
	<u>\$ 19,944,241</u>	<u>\$ 952,325</u>	<u>\$ 164,850</u>	<u>\$ 20,731,716</u>

WATER, WASTEWATER, ELECTRIC, AND GAS UTILITIES
CITY OF JASPER
NOTES TO FINANCIAL STATEMENTS
(Continued)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Electric Utility:				
Capital assets, not being depreciated:				
Land	\$ 130,850	\$ 25,128	\$ -	\$ 155,978
Construction in progress	<u>618,808</u>	<u>756,353</u>	<u>179,188</u>	<u>1,195,973</u>
Total capital assets, not being depreciated	<u>749,658</u>	<u>781,481</u>	<u>179,188</u>	<u>1,351,951</u>
Capital assets, being depreciated:				
Buildings	3,857,153	289,872	-	4,147,025
Improvements other than buildings	19,268,237	399,334	17,156	19,650,415
Machinery and equipment	<u>7,184,016</u>	<u>98,578</u>	<u>52,840</u>	<u>7,229,754</u>
Totals	<u>30,309,406</u>	<u>787,784</u>	<u>69,996</u>	<u>31,027,194</u>
Less accumulated depreciation for:				
Buildings	2,316,783	63,862	-	2,380,645
Improvements other than buildings	9,855,423	528,579	21,721	10,362,281
Machinery and equipment	<u>4,147,792</u>	<u>271,366</u>	<u>40,982</u>	<u>4,378,176</u>
Totals	<u>16,319,998</u>	<u>863,807</u>	<u>62,703</u>	<u>17,121,102</u>
Total capital assets, being depreciated, net	<u>13,989,408</u>	<u>(76,023)</u>	<u>7,293</u>	<u>13,906,092</u>
Total capital assets, net	<u>\$ 14,739,066</u>	<u>\$ 705,458</u>	<u>\$ 186,481</u>	<u>\$ 15,258,043</u>

WATER, WASTEWATER, ELECTRIC, AND GAS UTILITIES
CITY OF JASPER
NOTES TO FINANCIAL STATEMENTS
(Continued)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Gas Utility:				
Capital assets, not being depreciated:				
Land	\$ 16,904	\$ -	\$ -	\$ 16,904
Construction in progress	31,545	-	31,545	-
	<u>48,449</u>	<u>-</u>	<u>31,545</u>	<u>16,904</u>
Total capital assets, not being depreciated				
Capital assets, being depreciated:				
Buildings	76,463	-	-	76,463
Improvements other than buildings	5,409,543	67,823	33,507	5,443,859
Machinery and equipment	785,313	37,469	5,561	817,221
	<u>6,271,319</u>	<u>105,292</u>	<u>39,068</u>	<u>6,337,543</u>
Totals				
Less accumulated depreciation for:				
Buildings	7,934	1,158	-	9,092
Improvements other than buildings	1,896,467	101,457	19,382	1,978,542
Machinery and equipment	415,600	32,324	5,473	442,451
	<u>2,320,001</u>	<u>134,939</u>	<u>24,855</u>	<u>2,430,085</u>
Totals				
Total capital assets, being depreciated, net	<u>3,951,318</u>	<u>(29,647)</u>	<u>14,213</u>	<u>3,907,458</u>
Total capital assets, net	<u>\$ 3,999,767</u>	<u>\$ (29,647)</u>	<u>\$ 45,758</u>	<u>\$ 3,924,362</u>

Depreciation expense was charged to functions/programs of the Utility as follows:

Water	\$ 480,415
Wastewater	528,117
Electric	863,807
Gas	<u>134,939</u>
Total depreciation expense	<u>\$ 2,007,278</u>

WATER, WASTEWATER, ELECTRIC, AND GAS UTILITIES
CITY OF JASPER
NOTES TO FINANCIAL STATEMENTS
(Continued)

D. Construction Commitments

Construction work in progress is composed of the following:

Project	Total Project Authorized	Expended to December 31, 2012	Committed	Required Future Funding
Water Utility - Beaver Creek Dam Upgrade	3,675,613	3,675,613	0	0
Water Utility - North Water Tank Improvement	267,118	267,118	0	0
Water Utility - Third Avenue Water Main	8,000	8,000	0	0
Water Utility - Total	<u>3,950,731</u>	<u>3,950,731</u>	<u>0</u>	<u>0</u>
Wastewater Utility - Northside Sewer Project	938,639	938,639	0	0
Wastewater Utility - Secondary Clarifiers	47,159	47,159	0	0
Wastewater Utility - Generator Study	21,189	21,189	0	0
Wastewater Utility - Total	<u>1,006,987</u>	<u>1,006,987</u>	<u>0</u>	<u>0</u>
Electric Utility - Power Plant Biomass Study	657,831	657,831	0	0
Electric Utility - Central Tie Substation	538,142	538,142	0	0
Electric Utility - Total	<u>1,195,973</u>	<u>1,195,973</u>	<u>0</u>	<u>0</u>

E. Interfund Balances and Activity

1. Interfund Receivables and Payables

The composition of interfund balances as of December 31, 2012, is as follows:

Due To	Due From				Totals
	Water Utility	Wastewater Utility	Electric Utility	Gas Utility	
Water Utility	\$ -	\$ -	\$ -	\$ -	\$ -
Wastewater Utility	-	-	-	-	-
Electric Utility	800,946	285	-	761,143	1,562,374
Gas Utility	-	-	-	-	-
Totals	<u>\$ 800,946</u>	<u>\$ 285</u>	<u>\$ -</u>	<u>\$ 761,143</u>	<u>\$ 1,562,374</u>

Interfund balances resulted from the time lag between the dates that (1) interfund loans are repaid, (2) interfund goods and services are provided or reimbursable expenditures occur, (3) transactions are recorded in the accounting system and (4) payments between funds are made.

WATER, WASTEWATER, ELECTRIC, AND GAS UTILITIES
CITY OF JASPER
NOTES TO FINANCIAL STATEMENTS
(Continued)

An interfund loan from the Electric Utility to the Gas Utility of \$1,359,375 was made in 2006 to allow the Gas Utility to purchase the contracts with ANR Pipeline Company for pipeline rights to be used to transport gas. The 2006 loan was for a term of five years, with a balloon payment due in September, 2011. The Common Council approved a similar loan, also for five years, on August 17, 2011 for \$720,353, which was the amount of the balloon payment. Funds to repay these loans are made with revenue generated through a debt tracker fee associated with the existing gas tracker system. The interest rate for the loan is based on the current month's investment rate earned by the Utilities. Principal and interest payments made in 2012 were \$124,880 and \$908, respectively. The interfund loan payable as of December, 2012, was \$560,351. This is classified as a noncurrent liability.

An interfund loan from the Electric Utility to the Gas Utility was approved in 2011 in an amount not to exceed \$1,000,000. The purpose of the loan is to provide adequate fund balances in the Gas Utility, until the new gas rate structure produces sufficient revenues to maintain adequate cash balances. The interest rate for the loan is based on the current month's investment rate earned by the Utilities. During 2011, the Electric Utility loaned \$200,000 to the Gas Utility. No principal or interest payments were made during 2012. Repayment of this loan is due by December 31, 2015, and is classified as a noncurrent liability.

An interfund loan from the Electric Utility to the Water Utility was approved in 2010 in an amount not to exceed \$879,584. The purpose of this loan is to provide the local matching funds required for an Economic Development Administration grant. The interest rate for the loan is based on the current month's investment rate earned by the Utilities. During 2012, the Electric Utility loaned \$800,000 to the Water Utility. No principal or interest payments were made during 2012. Repayment of this loan is due by May 22, 2017, and is classified as a noncurrent liability.

2. Interfund Transfers

Interfund transfers at December 31, 2012, were as follows:

Transfer from	Transfer to General Fund
Water Utility	\$ 209,792
Electric Utility	\$ 163,914
Gas Utility	\$ 43,377
Total	\$ 417,083

The Utility typically uses transfers to fund ongoing operating subsidies.

F. Long-Term Liabilities

1. Revenue Bonds

The Utilities issue bonds to be paid by income derived from the acquired or constructed assets.

WATER, WASTEWATER, ELECTRIC, AND GAS UTILITIES
CITY OF JASPER
NOTES TO FINANCIAL STATEMENTS
(Continued)

Revenue bonds outstanding at year end are as follows:

Purpose	Interest Rates	Amount
Waterworks Refunding Revenue Bonds of 2012 (new water treatment plant and equipment)	1.00% to 3.00%	\$7,665,000

Annual debt service requirements to maturity for this bond issue, including interest of \$831,641 are as follows:

	Principal	Interest
2013	\$ 845,000	\$ 154,299
2014	855,000	143,149
2015	865,000	131,462
2016	885,000	117,427
2017	895,000	100,895
2018-2022	<u>3,320,000</u>	<u>184,409</u>
Total	<u>\$ 7,665,000</u>	<u>\$ 831,641</u>

2. State Revolving Loan Fund

Wastewater Revolving Loan Fund

Under the terms of the State Revolving Loan Fund, revenue bonds were purchased by the Indiana Bond Bank, the proceeds of which were used to finance the construction of sewer lines to Whoderville/Eastown and Southwest area of the City. Funds were loaned to the City as construction costs accrued to the maximum allowed. The 2001 loan established a maximum draw of \$1,010,000. At the completion of construction, the outstanding principal balance of \$1,010,000 was amortized over a period of 20 years. Annual debt service requirements to maturity for this loan, including interest of \$95,725, are as follows:

	Principal	Interest
2013	\$ 25,000	\$ 9,625
2014	55,000	17,850
2015	55,000	15,925
2016	60,000	14,000
2017	60,000	11,900
2018-2022	<u>295,000</u>	<u>26,425</u>
Total	<u>\$ 550,000</u>	<u>\$ 95,725</u>

3. Advance Refunding

On June 27, 2012 the City of Jasper issued \$7,665,000 in refunding revenue bonds for the Water

WATER, WASTEWATER, ELECTRIC, AND GAS UTILITIES
CITY OF JASPER
NOTES TO FINANCIAL STATEMENTS
(Continued)

Utility with an average interest rate of 2.343% to advance refund \$8,030,000 of outstanding 2000 Waterworks Revenue Bonds and \$336,000 of outstanding 2003 Waterworks Revenue Bonds with an average interest rate of 3.50% and 4.00%, respectively. As a result, these bonds are considered to be defeased and the liability for those bonds has been removed from the Statement of Net Position. The refunding resulted in no accounting gain or loss. The City of Jasper in effect lowered its aggregate debt service payment by \$1,423,514 over the next eight years and realized an economic gain (difference between the present values of the old and new debt service payments) of \$548,541.

4. Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2012, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Water Utility:					
Revenue bonds payable	\$ -	\$ 7,665,000	\$ -	\$7,665,000	\$ 845,000
Loans payable	\$ 8,366,000	\$ -	\$ 8,366,000	\$ -	\$ -
Wastewater Utility:					
Loans payable	600,000	-	50,000	550,000	25,000

G. Restricted Assets

The balances of restricted asset accounts in the enterprise funds are as follows:

Water Utility:	
Bond and interest account	\$ 499,059
Debt service reserve account	766,500
Depreciation account	1,025,207
Computer account	43,964
Customer deposit account	75,716
In lieu of taxes reserve account	319,630
Retainage account	4,000
Self-insurance liability reserve account	<u>200,000</u>
Total restricted assets	\$ 2,934,076
Wastewater Utility:	
Debt service reserve account	\$ 74,063
Depreciation account	437,814
Computer account	42,682
Customer deposit account	118,314
In lieu of taxes reserve account	70,896
Self-insurance liability reserve account	309,750
Industrial pretreatment account	244,003
Plant expansion account	1,253,688
Interceptor improvement account	<u>362,167</u>
Total restricted assets	\$ 2,913,377

WATER, WASTEWATER, ELECTRIC, AND GAS UTILITIES
CITY OF JASPER
NOTES TO FINANCIAL STATEMENTS
(Continued)

Electric Utility:	
Depreciation account	\$ 3,151,336
Computer account	39,018
Customer deposit account	427,078
In lieu of taxes reserve account	244,890
Self-insurance liability reserve account	<u>1,027,533</u>
Total restricted assets	\$ 4,889,855
Gas Utility:	
Depreciation account	\$ 227,610
Computer account	8,612
Customer deposit account	122,295
In lieu of taxes reserve account	<u>64,316</u>
Total restricted assets	\$ 422,833

III. Other Information

A. Risk Management

The Utilities are 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 (excluding postemployment benefits); and natural disasters.

The risks of torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; and natural disasters are covered by commercial insurance from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance by major category of risk.

Medical Benefits to Employees, Retirees, and Dependents

The Utilities have chosen to establish a risk financing fund for risks associated with medical benefits to employees, retirees, and dependents. The risk financing fund is where assets are set aside for claim settlements. An excess policy through commercial insurance covers individual claims in excess of \$80,000 per year. Settled claims resulting from this risk did not exceed commercial insurance coverage in the past three years. Amounts are paid into the fund by all funds with payrolls and are available to pay claims, claim reserves, and administrative costs of the program. Interfund premiums are based upon the percentage of each fund's current year number of employees as it relates to the total number of full-time employees, and are reported as quasi-external interfund transactions. Provisions are also made for unexpected and unusual claims.

WATER, WASTEWATER, ELECTRIC, AND GAS UTILITIES
CITY OF JASPER
NOTES TO FINANCIAL STATEMENTS
(Continued)

B. Contingent Liabilities

USEPA Claim

The United States Environmental Protection Agency (USEPA) has filed a claim against the City of Jasper for activities of PCB Treatment, Inc., during or about the 1980s involving the improper and illegal disposal of PCB materials. The USEPA has alleged that the City of Jasper was a potentially responsible party ("PRP") because of PCB contaminated materials allegedly contributed by the City of Jasper, through the Jasper Municipal Utilities, to the sites. The Jasper Municipal Utilities had, in fact, contracted with PCB Treatment, Inc., during or about the 1980's to properly and legally dispose of Jasper's PCB contaminated materials. There are approximately 1,500 PRP's in addition to the City of Jasper.

The City of Jasper received a letter from the USEPA in June 2001 advising them that they could enter into a de minimis settlement in this matter. The City had two choices of a premium: I) a 100% premium with no cost reopener and II) a 50% premium with a reopener if there are cost overruns that exceed the estimated removal action costs of \$34,752,000 and reach \$60,000,000. Option I would cost the City \$85,707 and option II would cost \$64,280. The Utility Service Board entered into an Administrative Order of Consent, on July 16, 2001, and chose Option II. The amount of \$64,280 was paid on October 19, 2001, to the USEPA's special account. Because the City chose Option II, the reopener could be triggered at a later date and more money could be owed. If the reopener is triggered, the parties who selected Option II will owe their individual percentage share of the allocated weight, multiplied by the amount of removal costs incurred that exceed the \$60,000,000. The City of Jasper's individual percentage share is .12%.

C. Subsequent Events

Power Plant Lease / Biomass Lawsuit

The City of Jasper was named a defendant in a lawsuit filed in 2011 by Healthy Dubois County, Inc. (HDC) alleging that the City had violated the State's Open Door Laws in meetings concerning the lease of the Electric Utility's generating plant. The lawsuit was heard in Perry County, Indiana Circuit Court by Judge Lucy Goffinet in December, 2011. The trial court, on January 2, 2012, ruled that the City did not violate any of Indiana's Open Door Laws concerning the leasing of their power plant to Jasper Clean Energy.

Subsequently, HDC filed an appeal on February 2, 2012. The appeals court, on November 19, 2012, reversed and remanded the original trial court decision with instructions that the trial court: (1) grant HDC's third motion to amend its complaint; (2) grant HDC an additional thirty days to conduct new discovery; (3) grant HDC's second motion to compel discovery; and (4) schedule a new trial to be held no less than thirty days after the close of discovery.

HDC's amended complaint revolves around the City's use of a volunteer group to assist their attorneys with preparing a lease agreement with Jasper Clean Energy, and whether this group violated any of Indiana's Open Door Laws.

The summary judgment deadline is July 1, 2013, and discovery cut-off is set for December 13, 2013. The trial is scheduled to be heard January 14 and 15, 2014.

WATER, WASTEWATER, ELECTRIC, AND GAS UTILITIES
CITY OF JASPER
NOTES TO FINANCIAL STATEMENTS
(Continued)

D. Lease of City of Jasper Electric Generating Plant

After much research and due diligence, the Utility Service Board adopted Resolution No. USB 2011-7 on August 5, 2011. This resolution approved a lease agreement between the City and Jasper Clean Energy LLC for the City's electric generating plant, and agreed to forward the lease to the Jasper Common Council for approval, as required by Indiana Code 36-1-11-3(c)(2) and Indiana Code 36-1-11-10(f). At the same meeting, the Common Council of the City of Jasper adopted Resolution No. 2011-10, giving its approval of said lease agreement.

The agreement for the lease, improvement, and operation of the Jasper Clean Energy facility was executed on December 29, 2011. Jasper Clean Energy, LLC will modify the City's existing 14.5 megawatt coal-fired power plant to operate using regionally grown miscanthus grass. The facility will also include the addition of a 48 megawatt natural gas-fired combustion turbine generator. The agreement between the City of Jasper and Jasper Clean Energy, LLC will be for a period of approximately 22 years, plus options for 10 additional years.

Annual rent payments will start at \$425,000 with an annual inflation adjustment factor; however, the rent payments have not yet begun, pending resolution of the above-noted lawsuit. A royalty of \$1.50 per megawatt hour of produced energy from the modified boiler, with an annual adjustment factor, is also included in the lease agreement.

An operational biomass facility will be returned to the City at the end of the lease.

E. Extraordinary Income

The City of Jasper was included as a member of a class action lawsuit known as *City of Greenville v. Syngenta Crop Protection, Inc., and Syngenta AG* (Case No. 3:10-cv-00188-JPG-PMF), which was filed in the United States District Court for the Southern District of Illinois. The subject of the lawsuit was atrazine, an herbicide which is marketed by companies including Syngenta. Atrazine has been found in the raw and finished water supplies of some community water systems, and although a certain level of atrazine is allowable under United States Environmental Protection Agency standards, the lawsuit claims that atrazine, in any concentration, injures the water supplies.

On May 24, 2012, a settlement agreement was made and entered into by and between the plaintiffs and Syngenta Crop Protection, LLC, and Syngenta, pending Court approval. The Court granted final approval of this \$105 million nationwide atrazine settlement on October 23, 2012. Over 1,000 community water systems, including the City of Jasper's Water Utility, were eligible to receive proceeds from this settlement, with the amount of each class member's settlement award being based on the levels, frequency and duration of atrazine contamination.

In January, 2013 the City of Jasper received its share of the settlement fund in the amount of \$110,466.33. The Water Utility recorded this as extraordinary income in 2012, with a corresponding receivable as of December 31, 2012.

F. Rate Structure

1. Water Utility

On September 24, 1984, the Common Council adopted Ordinance 1156 to withdraw from the

WATER, WASTEWATER, ELECTRIC, AND GAS UTILITIES
CITY OF JASPER
NOTES TO FINANCIAL STATEMENTS
(Continued)

jurisdiction of the Indiana Utility Regulatory Commission. The current rate structure was approved by the Council on October 21, 2009. The Utility has 6,559 customers.

2. Wastewater Utility

The current rate structure was approved by the Common Council on April 23, 2008. On December 19, 2012 the Common Council approved Ordinance 2012-31, which revises the rates and charges for sewage disposal services, effective for billings after March 1, 2013. The Utility has 6,623 customers.

3. Electric Utility

On June 12, 1991, the Common Council adopted Ordinance 1991-15 to withdraw from the jurisdiction of the Indiana Utility Regulatory Commission. The current rate structure was approved by the Council on February 18, 2009. The Utility has 7,173 customers.

4. Gas Utility

On June 12, 1991, the Common Council adopted Ordinance 1991-14 to withdraw from the jurisdiction of the Indiana Utility Regulatory Commission. The current rate structure was approved by the Council on July 20, 2011. The Utility has 4,196 customers.

G. Pension Plan

Public Employees' Retirement Fund

Plan Description

The Indiana Public Employees' Retirement Fund (PERF) is a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the Indiana Public Retirement System (INPRS) Board, most requirements of the system and give the Utilities authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of member's contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

INPRS administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. The report may be obtained by contacting:

Indiana Public Retirement System
One North Capitol, Suite 001
Indianapolis, IN 46204
Ph. (888) 526-1687

WATER, WASTEWATER, ELECTRIC, AND GAS UTILITIES
CITY OF JASPER
NOTES TO FINANCIAL STATEMENTS
(Continued)

Funding Policy and Annual Pension Cost

The contribution requirements of plan members for PERF are established by the Board of Trustees of INPRS.

Information to segregate the assets/liabilities and the actuarial study figures between the City and the Utilities is not available. Therefore, the liability for Net Pension Obligation (NPO) is considered an obligation of the City as a whole.

WATER, WASTEWATER, ELECTRIC, AND GAS UTILITIES
CITY OF JASPER
EXAMINATION RESULT AND COMMENT

INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

We noted several deficiencies in the internal control system of the Water, Wastewater, Electric, and Gas Utilities, City of Jasper, related to financial transactions and reporting. We believe the following deficiencies constitute material weaknesses:

1. **Preparing Financial Statements and Notes to Financial Statement:** Effective internal control over financial reporting involves the identification and analysis of the risks of material misstatement to the Utilities' examined financial statements and then determining how those identified risks should be managed. The Utilities have not identified risks to the preparation of reliable financial statements and as a result have failed to design effective controls over the preparation of the financial statements to prevent or detect material misstatements, including notes to the financial statements. This resulted in minor errors in the financial statements and numerous errors on the notes, as present for examination. Errors are a result of the following deficiencies: (1) a failure by the Utilities to keep up with the GAAP reporting requirements, (2) reconciliations of some accounts to supporting ledgers not being performed timely, and (3) a lack of an adequate review process being established for the Utilities' financial statements and notes to financial statements.
2. **Lack of Segregation of Duties:** Control activities should be selected and developed to reduce risks to the achievement of financial reporting objectives. The Utilities have not separated duties regarding the preparation and the review of financial statement and notes to the financial statements. The failure to establish these controls could enable material misstatements or irregularities to remain undetected.

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)

WATER, WASTEWATER, ELECTRIC, AND GAS UTILITIES
CITY OF JASPER, DUBOIS COUNTY
EXIT CONFERENCE

The contents of this report were discussed on July 3, 2013, with Gerald Hauersperger, Utilities' General Manager; Linda McGovren, Utilities' Controller; Ashley D. Kiefer, Utilities' Office Manager; Juanita S. Boehm, Clerk-Treasurer; and Terry Seitz, Mayor. The Official Response has been made a part of this report and may be found on pages 25 and 26.



JASPER MUNICIPAL UTILITIES

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www.jasperindiana.gov

July 9, 2013

OFFICIAL RESPONSE

State Board of Accounts
302 West Washington Street, Room E418
Indianapolis, IN 46204-2765

RE: City of Jasper Water, Wastewater, Electric & Gas Utilities
Examination Results and Comments for Year Ending 12/31/2012

To Members of the State Board of Accounts:

We wish to express our sincere appreciation to the State Board of Accounts for their professionalism in conducting the recent examination of the City of Jasper's Water, Wastewater, Electric and Gas Utilities. We value their expertise and comments, and wish to offer the following official response to address certain issues noted in the examination report.

We acknowledge the lack of segregation of duties in the preparation and review of the accrual financial statements and the accompanying notes to the financial statements. In the future, a qualified individual will review such financial statements and notes before they are presented for examination.

We also acknowledge that some minor errors existed in the financial statements and notes that were presented for examination. We recognize the need for continuing education to enable our staff to remain up-to-date with generally accepted accounting principles and reporting requirements, which are vital components of the financial reporting process. We believe that procuring such training for our staff, along with the above-mentioned formal review, will improve our system of internal control as it relates to our financial reporting objectives.

With regards to the reconciliations of some accounts to supporting ledgers not being performed timely, we wish to state that although we did not manually reconcile the month-end accounts receivable detail to the general ledger, our utility software produces a report that was specifically designed to automate this process. The accounts receivable reconciliation report is reviewed daily, and any out-of-balance situation that may arise is investigated and resolved immediately. Since this daily reconciliation report allows us to see at a glance whether or not the accounts receivable detail is in balance with the general

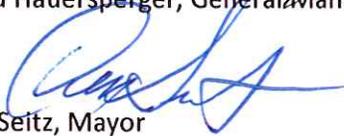
ledger control totals, we did not understand that it was necessary to duplicate the reconciliation process at month-end. However, we will perform the manual reconciliation in the future.

Again, we wish to thank the State Board of Accounts for their helpfulness and professionalism during the course of their examination of the City of Jasper's Water, Wastewater, Electric and Gas Utilities.

Sincerely,



Gerald Hauersperger, General Manager of Utilities



Terry Seitz, Mayor



Juanita S. Boehm, Clerk Treasurer