

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

FINANCIAL STATEMENT EXAMINATION REPORT

OF

CITY OF JONESBORO

GRANT COUNTY, INDIANA

January 1, 2013 to December 31, 2013



**FILED**  
01/30/2015



## TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials .....	2
Independent Accountant's Report.....	3
Financial Statement:	
Statement of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis .....	6
Notes to Financial Statement.....	7-11
Supplementary Information - Unaudited:	
Combining Schedule of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis .....	14-18
Schedule of Payables and Receivables .....	19
Schedule of Leases and Debt .....	20
Examination Results and Comments:	
Delinquent Wastewater Accounts.....	21
Penalties, Interest, and Other Charges .....	21-22
Bank Account Reconciliations .....	22
Exit Conference.....	23

### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Brittany Couse	02-14-12 to 12-31-15
Mayor	Terry Poling	01-01-12 to 12-31-15
President of the Board of Public Works	Terry Poling	01-01-12 to 12-31-15
President Pro Tempore of the Common Council	Robert Couse	01-01-13 to 12-31-14



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE CITY OF JONESBORO, GRANT COUNTY, INDIANA

We have examined the accompanying financial statement of the City of Jonesboro (City), for the year ended December 31, 2013. The financial statement is the responsibility of the City's management. Our responsibility is to express an opinion on the financial statement 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 statement 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 City prepares its financial statement on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the Indiana 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 statement 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 statement referred to above does 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 City for the year ended December 31, 2013.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the City for the year ended December 31, 2013, on the basis of accounting described in Note 1.

Our examination was conducted for the purpose of forming an opinion on the City's financial statement. The Combining Schedule of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis, Schedule of Payables and Receivables, and the Schedule of Leases and Debt, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statement. They have not been subjected to the examination procedures applied to the financial statement and, accordingly, we express no opinion on them.

*Paul D. Joyce*  
Paul D. Joyce, CPA  
State Examiner

December 8, 2014

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## FINANCIAL STATEMENT

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

CITY OF JONESBORO  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For the Year Ended December 31, 2013

Fund	Cash and Investments 01-01-13	Receipts	Disbursements	Cash and Investments 12-31-13
General	\$ 222,471	\$ 483,506	\$ 454,520	\$ 251,457
Motor Vehicle Highway	82,419	51,681	115,315	18,785
Local Road And Street	11,251	15,834	6,290	20,795
Local Law Enforcement Education	698	2,417	3,092	23
Excess Levy	744	-	-	744
Cumulative Capital Improvement	7,126	4,714	4,083	7,757
Cumulative Capital Development	2,533	5,022	1,159	6,396
Riverboat	-	10,402	-	10,402
General - Petty Cash	46	-	46	-
Grants - Fire and Police	6,757	1,600	3,999	4,358
Park Donations	-	4,865	774	4,091
Police Reserve Donation	-	1,372	577	795
Fire Donation	-	7,004	1,782	5,222
Donations	14,065	50	100	14,015
Payroll	3,218	340,260	335,696	7,782
Sanitary Sewer Savings	20,878	-	-	20,878
B.A.N. Sewage	94,253	-	7,334	86,919
Wastewater Utility Operating	88,117	521,525	503,782	105,860
Wastewater Utility Bond And Interest	-	125,958	125,958	-
Wastewater Utility Depreciation	30,706	-	-	30,706
Storm Sewer Repair	11,097	-	3,690	7,407
Wastewater Utility Bond and Interest CD	50,000	2,511	52,511	-
Water Utility Tower Maintenance	133	-	-	133
Water Utility Bond and Interest I	63,305	129,705	117,742	75,268
Water Utility Debt Service Reserve	147,714	-	-	147,714
Water Utility Operating	18,184	337,384	353,770	1,798
Water Utility Bond And Interest II	2,000	-	-	2,000
Water Utility Depreciation	1	-	-	1
Water Utility Customer Deposit	60,867	8,000	10,489	58,378
Water Utility Debt Service Reserve	82	-	-	82
Totals	<u>\$ 938,665</u>	<u>\$ 2,053,810</u>	<u>\$ 2,102,709</u>	<u>\$ 889,766</u>

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

CITY OF JONESBORO  
NOTES TO FINANCIAL STATEMENT

**Note 1. Summary of Significant Accounting Policies**

*A. Reporting Entity*

The City was established under the laws of the State of Indiana. The City operates under a Council-Mayor 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, storm water, trash, and urban redevelopment and housing.

The accompanying financial statement presents the financial information for the City.

*B. Basis of Accounting*

The financial statement is reported on a regulatory basis of accounting prescribed by the Indiana 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. The basis of accounting involves the reporting of only cash and investments and the changes therein resulting from cash inflows (receipts) and cash outflows (disbursements) reported in the period in which they occurred.

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 statement. 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 City.

Licenses and permits which include amounts received from businesses, occupations, or nonbusinesses that must be licensed before doing business within the government's jurisdiction or permits levied according to the benefits presumably conferred by the permit. Examples of licenses and permits include: peddler licenses, dog tax licenses, auctioneer license, building and planning permits, demolition permits, electrical permits, sign permits, and gun permits.

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,

CITY OF JONESBORO  
NOTES TO FINANCIAL STATEMENT  
(Continued)

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, 911 telephone services, recycling fees, dog pound fees, emergency medical service fees, park rental fees, swimming pool receipts, cable tv receipts, ordinance violations, fines and fees, bond forfeitures, court costs, and court receipts.

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 statement. 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 City. It includes all expenditures for the reduction of the principal and interest of the City'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.

CITY OF JONESBORO  
NOTES TO FINANCIAL STATEMENT  
(Continued)

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 City 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 City. 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 City. 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 City 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 City 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 City 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.

CITY OF JONESBORO  
NOTES TO FINANCIAL STATEMENT  
(Continued)

**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 City 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 City 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 City to set aside money for claim settlements. The self-insurance fund would be included in the financial statement. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks.

**Note 6. Pension Plan**

*Public Employees' Retirement Fund*

*Plan Description*

The Indiana Public Employees' Retirement Fund (PERF) is a defined benefit pension plan. PERF is a cost-sharing 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 City 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 members' contributions, set by state statute at 3 percent 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. That report may be obtained by contacting:

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

CITY OF JONESBORO  
NOTES TO FINANCIAL STATEMENT  
(Continued)

*Funding Policy and Annual Pension Cost*

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

**Note 7. Subsequent Events**

On January 29, 2014, the City signed on a \$2,200,000 State Revolving Fund Loan. The loan is for wastewater inflow and infiltration reduction improvements, rehabilitation, and lift station improvements.

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## SUPPLEMENTARY INFORMATION - UNAUDITED

For additional financial information, the City's 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 statement contained in this report and the financial information presented in the Annual Report of the City which is 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 City. It is presented as intended by the City.

CITY OF JONESBORO  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2013

	General	Motor Vehicle Highway	Local Road And Street	Local Law Enforcement Education	Excess Levy	Cumulative Capital Improvement	Cumulative Capital Development
Cash and investments - beginning	\$ 222,471	\$ 82,419	\$ 11,251	\$ 698	\$ 744	\$ 7,126	\$ 2,533
Receipts:							
Taxes	259,767	-	-	-	-	-	4,585
Licenses and permits	500	-	-	2,404	-	-	-
Intergovernmental	126,826	51,681	15,834	-	-	4,714	437
Charges for services	87,011	-	-	13	-	-	-
Fines and forfeits	2,797	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	6,605	-	-	-	-	-	-
Total receipts	<u>483,506</u>	<u>51,681</u>	<u>15,834</u>	<u>2,417</u>	<u>-</u>	<u>4,714</u>	<u>5,022</u>
Disbursements:							
Personal services	186,441	14,382	-	-	-	-	-
Supplies	43,027	1,156	5,387	-	-	-	-
Other services and charges	217,001	36,284	903	3,092	-	-	-
Debt service - principal and interest	7,901	-	-	-	-	-	-
Capital outlay	-	62,608	-	-	-	4,083	1,159
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	150	885	-	-	-	-	-
Total disbursements	<u>454,520</u>	<u>115,315</u>	<u>6,290</u>	<u>3,092</u>	<u>-</u>	<u>4,083</u>	<u>1,159</u>
Excess (deficiency) of receipts over disbursements	<u>28,986</u>	<u>(63,634)</u>	<u>9,544</u>	<u>(675)</u>	<u>-</u>	<u>631</u>	<u>3,863</u>
Cash and investments - ending	<u>\$ 251,457</u>	<u>\$ 18,785</u>	<u>\$ 20,795</u>	<u>\$ 23</u>	<u>\$ 744</u>	<u>\$ 7,757</u>	<u>\$ 6,396</u>

CITY OF JONESBORO  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2013  
 (Continued)

	Riverboat	General - Petty Cash	Grants - Fire and Police	Park Donations	Police Reserve Donation	Fire Donation
Cash and investments - beginning	\$ -	\$ 46	\$ 6,757	\$ -	\$ -	\$ -
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	10,402	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	-	-	1,600	4,865	1,372	7,004
Total receipts	<u>10,402</u>	<u>-</u>	<u>1,600</u>	<u>4,865</u>	<u>1,372</u>	<u>7,004</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	46	-	-	377	635
Other services and charges	-	-	-	674	-	58
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	3,999	-	-	415
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	100	200	674
Total disbursements	<u>-</u>	<u>46</u>	<u>3,999</u>	<u>774</u>	<u>577</u>	<u>1,782</u>
Excess (deficiency) of receipts over disbursements	<u>10,402</u>	<u>(46)</u>	<u>(2,399)</u>	<u>4,091</u>	<u>795</u>	<u>5,222</u>
Cash and investments - ending	<u>\$ 10,402</u>	<u>\$ -</u>	<u>\$ 4,358</u>	<u>\$ 4,091</u>	<u>\$ 795</u>	<u>\$ 5,222</u>

CITY OF JONESBORO  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2013  
 (Continued)

	Donations	Payroll	Sanitary Sewer Savings	B.A.N. Sewage	Wastewater Utility Operating	Wastewater Utility Bond And Interest
Cash and investments - beginning	\$ 14,065	\$ 3,218	\$ 20,878	\$ 94,253	\$ 88,117	\$ -
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	509,525	-
Penalties	-	-	-	-	11,611	-
Other receipts	50	340,260	-	-	389	125,958
Total receipts	<u>50</u>	<u>340,260</u>	<u>-</u>	<u>-</u>	<u>521,525</u>	<u>125,958</u>
Disbursements:						
Personal services	-	-	-	-	81,433	-
Supplies	-	-	-	-	-	-
Other services and charges	100	-	-	-	14,638	-
Debt service - principal and interest	-	-	-	-	-	125,958
Capital outlay	-	-	-	-	58,612	-
Utility operating expenses	-	-	-	7,334	257,468	-
Other disbursements	-	335,696	-	-	91,631	-
Total disbursements	<u>100</u>	<u>335,696</u>	<u>-</u>	<u>7,334</u>	<u>503,782</u>	<u>125,958</u>
Excess (deficiency) of receipts over disbursements	<u>(50)</u>	<u>4,564</u>	<u>-</u>	<u>(7,334)</u>	<u>17,743</u>	<u>-</u>
Cash and investments - ending	<u>\$ 14,015</u>	<u>\$ 7,782</u>	<u>\$ 20,878</u>	<u>\$ 86,919</u>	<u>\$ 105,860</u>	<u>\$ -</u>

CITY OF JONESBORO  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2013  
 (Continued)

	Wastewater Utility Depreciation	Storm Sewer Repair	Wastewater Utility Bond and Interest CD	Water Utility Tower Maintenance	Water Utility Bond and Interest I	Water Utility Debt Service Reserve
Cash and investments - beginning	\$ 30,706	\$ 11,097	\$ 50,000	\$ 133	\$ 63,305	\$ 147,714
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	-	-	2,511	-	129,705	-
Total receipts	-	-	2,511	-	129,705	-
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	117,742	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	3,690	-	-	-	-
Other disbursements	-	-	52,511	-	-	-
Total disbursements	-	3,690	52,511	-	117,742	-
Excess (deficiency) of receipts over disbursements	-	(3,690)	(50,000)	-	11,963	-
Cash and investments - ending	\$ 30,706	\$ 7,407	\$ -	\$ 133	\$ 75,268	\$ 147,714

CITY OF JONESBORO  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2013  
 (Continued)

	Water Utility Operating	Water Utility Bond And Interest II	Water Utility Depreciation	Water Utility Customer Deposit	Water Utility Debt Service Reserve	Totals
Cash and investments - beginning	\$ 18,184	\$ 2,000	\$ 1	\$ 60,867	\$ 82	\$ 938,665
Receipts:						
Taxes	-	-	-	-	-	264,352
Licenses and permits	-	-	-	-	-	2,904
Intergovernmental	-	-	-	-	-	209,894
Charges for services	-	-	-	-	-	87,024
Fines and forfeits	-	-	-	-	-	2,797
Utility fees	309,837	-	-	8,000	-	827,362
Penalties	7,289	-	-	-	-	18,900
Other receipts	20,258	-	-	-	-	640,577
Total receipts	<u>337,384</u>	<u>-</u>	<u>-</u>	<u>8,000</u>	<u>-</u>	<u>2,053,810</u>
Disbursements:						
Personal services	83,352	-	-	-	-	365,608
Supplies	-	-	-	-	-	50,628
Other services and charges	14,350	-	-	-	-	287,100
Debt service - principal and interest	-	-	-	-	-	251,601
Capital outlay	26,181	-	-	-	-	157,057
Utility operating expenses	100,182	-	-	-	-	368,674
Other disbursements	129,705	-	-	10,489	-	622,041
Total disbursements	<u>353,770</u>	<u>-</u>	<u>-</u>	<u>10,489</u>	<u>-</u>	<u>2,102,709</u>
Excess (deficiency) of receipts over disbursements	<u>(16,386)</u>	<u>-</u>	<u>-</u>	<u>(2,489)</u>	<u>-</u>	<u>(48,899)</u>
Cash and investments - ending	<u>\$ 1,798</u>	<u>\$ 2,000</u>	<u>\$ 1</u>	<u>\$ 58,378</u>	<u>\$ 82</u>	<u>\$ 889,766</u>

CITY OF JONESBORO  
 SCHEDULE OF PAYABLES AND RECEIVABLES  
 December 31, 2013

Government or Enterprise	Accounts Payable	Accounts Receivable
Wastewater Utility	\$ 24,655	\$ 140,394
Water Utility	1,086	52,182
Governmental activities	14,306	17,785
Totals	\$ 40,047	\$ 210,361

CITY OF JONESBORO  
 SCHEDULE OF LEASES AND DEBT  
 December 31, 2013

Description of Debt		Ending Principal Balance	Principal and Interest Due Within One Year
Type	Purpose		
Wastewater Utility:			
Note payable	Bond Anticipation Note of 2012	\$ 600,000	\$ 610,150
Water Utility:			
Revenue bonds	Waterworks Revenue Bonds of 2001	275,000	45,445
Revenue bonds	Waterworks Revenue Bonds Series 2005	1,090,000	99,771
Total Water Utility		<u>1,365,000</u>	<u>145,216</u>
Totals		<u>\$ 1,965,000</u>	<u>\$ 755,366</u>

CITY OF JONESBORO  
EXAMINATION RESULTS AND COMMENTS

***DELINQUENT WASTEWATER ACCOUNTS***

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

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

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

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

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

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

***PENALTIES, INTEREST, AND OTHER CHARGES***

The City paid penalties and interest to the Indiana Department of Revenue in the amount of \$211 because the City did not remit utility receipts tax payments on a timely basis. The City also incurred penalties of \$496 for early withdrawal of a Wastewater certificate of deposit in November 2013.

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.

CITY OF JONESBORO  
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 Cities and Towns, Chapter 7)

***BANK ACCOUNT RECONCILIATIONS***

Depository reconciliations of the fund balances to the bank account balances were not performed on a timely basis and were not approved by the governing board. The December 31, 2013 reconciliation disclosed an unidentified difference of \$3,000 on the Wastewater Utility accounts and an outstanding check listed for \$2,000 that could not be verified. In addition, there were large amounts due to and due from each of the three main bank accounts and/or funds on the financial statement as follows: due to City \$52,989, due from Water \$61,288, and due to Wastewater \$8,299.

Indiana Code 5-13-6-1(e) states: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

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

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

CITY OF JONESBORO  
EXIT CONFERENCE

The contents of this report were discussed on December 8, 2014, with Brittany Couse, Clerk-Treasurer; Terry Poling, Mayor; and Robert Couse, President Pro Tempore of the Common Council.