

**STATE BOARD OF ACCOUNTS**  
**302 West Washington Street**  
**Room E418**  
**INDIANAPOLIS, INDIANA 46204-2765**

EXAMINATION REPORT  
OF  
TOWN OF JAMESTOWN  
BOONE COUNTY, INDIANA  
January 1, 2004 to December 31, 2005



**FILED**  
10/26/2006



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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Linda Isenhowe	01-01-04 to 12-31-07
President of the Town Council	Richard Caldwell Joe Thomas	01-01-04 to 12-31-05 01-01-06 to 12-31-06



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF JAMESTOWN, BOONE COUNTY, INDIANA

We have examined the schedules of receipts, disbursements, and cash and investment balances of the Town of Jamestown (Town), for the period of January 1, 2004 to December 31, 2005. The Town's management is responsible for the schedules. 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 schedule of receipts, disbursements, and cash and investment balances and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the schedules referred to above present fairly, in all material respects, the cash transactions of the Town for the years ended December 31, 2004 and 2005, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

September 25, 2006

TOWN OF JAMESTOWN  
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES  
ALL GOVERNMENTAL, PROPRIETARY AND FIDUCIARY FUND TYPES  
As Of And For The Years Ended December 31, 2004 And 2005

	Cash and Investments 01-01-04	Receipts	Disbursements	Cash and Investments 12-31-04
<b>Governmental Funds:</b>				
General	\$ 88,169	\$ 224,476	\$ 293,547	\$ 19,098
Motor Vehicle Highway	39,275	28,330	23,471	44,134
Local Road and Street	1,552	4,972	84	6,440
Park and Recreation	9,025	6,932	8,557	7,400
Law Enforcement Continuing Education	1,567	1,006	739	1,834
Promotion	146	-	50	96
Cumulative Capital Improvement	1,709	3,306	5,015	-
Cumulative Capital Development	17,838	6,505	97	24,246
Cumulative Building and Fire Fighting Equipment	4,013	4,186	4,077	4,122
<b>Proprietary Funds:</b>				
Electric Utility - Operating	247,601	627,763	637,040	238,324
Electric Utility - Depreciation	272,722	83,813	108,896	247,639
Electric Utility - Customer Deposit	5,823	2,510	2,460	5,873
Electric Utility - Reserve	45,896	6,616	-	52,512
Water Utility - Operating	26,083	170,955	178,052	18,986
Water Utility - Depreciation	8,432	12,055	15,936	4,551
Water Utility - Customer Deposit	2,270	975	985	2,260
Wastewater Utility - Operating	32,907	247,492	258,982	21,417
Wastewater Utility - Bond and Interest	32,211	88,425	112,340	8,296
Wastewater Utility - Reserve	63,280	-	-	63,280
Wastewater Utility - Depreciation	158,013	20,392	17,956	160,449
Wastewater Utility - Customer Deposit	5,535	2,850	2,715	5,670
<b>Fiduciary Funds:</b>				
Payroll	844	394,862	393,955	1,751
Town Court	1,606	24,035	22,084	3,557
<b>Totals</b>	<u>\$ 1,066,517</u>	<u>\$ 1,962,456</u>	<u>\$ 2,087,038</u>	<u>\$ 941,935</u>

The accompanying notes are an integral part of the schedules.

TOWN OF JAMESTOWN  
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES  
ALL GOVERNMENTAL, PROPRIETARY AND FIDUCIARY FUND TYPES  
As Of And For The Years Ended December 31, 2004 And 2005  
(Continued)

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds:				
General	\$ 19,098	\$ 349,241	\$ 309,235	\$ 59,104
Motor Vehicle Highway	44,134	86,110	99,572	30,672
Local Road and Street	6,440	5,122	5,494	6,068
Park and Recreation	7,400	8,736	9,381	6,755
Law Enforcement Continuing Education	1,834	1,928	1,048	2,714
Levy Excess	-	5,915	-	5,915
Promotion	96	-	-	96
Cumulative Capital Improvement	-	2,739	2,739	-
Cumulative Capital Development	24,246	5,761	22,655	7,352
Cumulative Building and Fire Fighting Equipment	4,122	3,655	5,185	2,592
Proprietary Funds:				
Electric Utility - Operating	238,324	656,922	759,977	135,269
Electric Utility - Depreciation	247,639	40,589	15,368	272,860
Electric Utility - Customer Deposit	5,873	4,160	2,850	7,183
Electric Utility - Reserve	52,512	6,713	-	59,225
Water Utility - Operating	18,986	158,147	152,550	24,583
Water Utility - Depreciation	4,551	18,075	4,681	17,945
Water Utility - Customer Deposit	2,260	750	825	2,185
Wastewater Utility - Operating	21,417	241,241	236,237	26,421
Wastewater Utility - Bond and Interest	8,296	63,288	63,045	8,539
Wastewater Utility - Reserve	63,280	-	-	63,280
Wastewater Utility - Depreciation	160,449	39,050	6,157	193,342
Wastewater Utility - Customer Deposit	5,670	2,250	2,250	5,670
Fiduciary Funds:				
Payroll	1,751	370,552	371,676	627
Town Court	3,557	35,202	36,416	2,343
Totals	<u>\$ 941,935</u>	<u>\$ 2,106,146</u>	<u>\$ 2,107,341</u>	<u>\$ 940,740</u>

The accompanying notes are an integral part of the schedules.

TOWN OF JAMESTOWN  
NOTES TO SCHEDULES

Note 1. Introduction

The Town was established under the laws of the State of Indiana. The Town provides the following services: public safety, health and social services, culture and recreation, and general administrative services.

Note 2. Fund Accounting

The Town uses funds to report on its cash and investments and the results of its operations on a cash basis. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities.

Note 3. Budgets

The operating budget is initially prepared and approved at the local level. In addition, funds for which property taxes are levied or highway use taxes are received are subject to final approval by the Indiana Department of Local Government Finance.

Note 4. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the Town in June and December. 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% 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 become delinquent if not paid by May 10 and November 10, respectively. All property taxes collected by the County Treasurer and available for distribution were distributed to the Town on or prior to December 31 of the year collected.

Note 5. Deposits and Investments

Deposits, made in accordance with Indiana Code 5-13, with financial institutions in the State of Indiana at year end were 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 statute (IC 5-13-9) authorizes the Town to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

TOWN OF JAMESTOWN  
NOTES TO SCHEDULES  
(Continued)

Note 6. Pension Plan

Public Employees' Retirement Fund

Plan Description

The Town contributes to the Indiana Public Employees' Retirement Fund (PERF), 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 PERF Board, most requirements of the system, and give the Town 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% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

PERF 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:

Public Employees' Retirement Fund  
Harrison Building, Room 800  
143 West Market Street  
Indianapolis, IN 46204  
Ph. (317) 233-4162

Funding Policy and Annual Pension Cost

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

Note 7. Long-Term Debt

The Town has entered into various loans for a town hall, a fire truck, a water tower and a wastewater plant expansion. The outstanding principal at December 31, 2005, was \$201,378, \$59,969, \$198,547, and \$648,000, respectively.

TOWN OF JAMESTOWN  
EXAMINATION RESULTS AND COMMENTS

ERRORS ON CLAIMS

The following deficiencies were noted on the sixty claims tested during the audit period:

- (1) Three claims did not provide adequate support documentation.
- (2) Fifty-three claims were not certified by the person receiving goods or services.
- (3) Three claims were not certified by the fiscal officer.
- (4) State sales tax was paid on two claims, totaling \$70.85.

Indiana Code 5-11-10-1.6 states in part:

"(b) As used in this section, 'claim' means a bill or an invoice submitted to a governmental entity for goods or services."

"(c) The fiscal officer of a governmental entity may not draw a warrant or check for payment of a claim unless:

- (1) there is a fully itemized invoice or bill for the claim;
- (2) the invoice or bill is approved by the officer or person receiving the goods and services;
- (3) the invoice or bill is filed with the governmental entity's fiscal officer;
- (4) the fiscal officer audits and certifies before payment that the invoice or bill is true and correct; and
- (5) payment of the claim is allowed by the governmental entity's legislative body or the board or official having jurisdiction over allowance of payment of the claim."

TOWN OF JAMESTOWN  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

APPROPRIATIONS

The records presented for audit indicated the following expenditures in excess of budgeted appropriations:

Fund	Excess Amount Expended	
	2004	2005
General	\$ 68,102	\$ -
Motor Vehicle Highway	-	46,351
Local Road and Street	-	657
Park and Recreation	3,007	-

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."

COMPENSATION AND BENEFITS

In December of 2004, the Town Council approved the 2005 salary ordinance. At that time, the salary for the Wastewater Superintendent was set at \$31,294, per year. The original Wastewater Superintendent resigned in January of 2005. A new Wastewater Superintendent worked from April of 2005 until September of 2005 for a salary of \$35,000, per year. Then, a third Wastewater Superintendent was promoted from within in November of 2005, with a salary of \$41,000, per year. The Town Council did not amend the salary ordinance for each of these changes. This results in the second and third employees being paid at a rate in excess of the approved salary ordinance.

Officials have advised us of their intention to amend the 2005 salary ordinance at the next meeting of the Town Council.

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 Cities and Towns, Chapter 7)

TOWN OF JAMESTOWN  
EXIT CONFERENCE

The contents of this report were discussed on October 3, 2006, with Linda Isenhower, Clerk-Treasurer; and Joe Thomas, President of the Town Council; Richard Caldwell and Richard Beam, Town Council Members. The officials concurred with our findings.