

STATE BOARD OF ACCOUNTS
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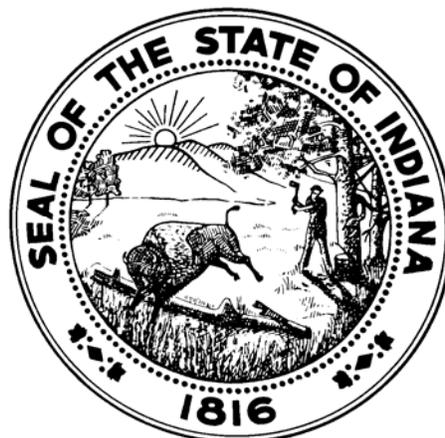
EXAMINATION REPORT

OF

JEFFERSONVILLE-CLARK COUNTY BUILDING AUTHORITY

CLARK COUNTY, INDIANA

January 1, 2004 to December 31, 2005



FILED
09/11/2006

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Building Superintendent	Mark Van Gilder	01-01-04 to 12-31-06
Treasurer	Keith Stayton	02-01-03 to 01-31-07
President of the Board of Directors	William J. Saurer	02-01-03 to 01-31-07



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AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE JEFFERSONVILLE-CLARK COUNTY
BUILDING AUTHORITY, CLARK COUNTY, INDIANA

We have examined the schedules of receipts, disbursements, and cash and investment balances of the Jeffersonville-Clark County Building Authority (Building Authority), for the period of January 1, 2004 to December 31, 2005. The Building Authority'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 Building Authority 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

July 17, 2006

JEFFERSONVILLE-CLARK COUNTY BUILDING AUTHORITY
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES
As Of And For The Years Ended December 31, 2004 And 2005

	<u>Cash and Investments 01-01-04</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Cash and Investments 12-31-04</u>
Governmental Funds:				
General	\$ 357,335	\$ 1,772,109	\$ 1,195,501	\$ 933,943
City County Building 2001 Bond Operation and Reserve	15,523	586	820	15,289
City County Building 2001 Sinking Fund	-	267,761	267,761	-
Construction Fund	197,439	1,145	148,739	49,845
Fiduciary Fund:				
Payroll Fund	-	<u>263,507</u>	<u>259,359</u>	<u>4,148</u>
Totals	<u>\$ 570,297</u>	<u>\$ 2,305,108</u>	<u>\$ 1,872,180</u>	<u>\$ 1,003,225</u>

	<u>Cash and Investments 01-01-05</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Cash and Investments 12-31-05</u>
Governmental Funds:				
General	\$ 933,943	\$ 1,175,345	\$ 1,402,402	\$ 706,886
City County Building 2001 Bond Operation and Reserve	15,289	14,184	8,711	20,762
City County Building 2001 Sinking Fund	-	410,698	270,670	140,028
Construction Fund	49,845	10,089	142	59,792
Fiduciary Fund:				
Payroll Fund	<u>4,148</u>	<u>339,025</u>	<u>339,391</u>	<u>3,782</u>
Totals	<u>\$ 1,003,225</u>	<u>\$ 1,949,341</u>	<u>\$ 2,021,316</u>	<u>\$ 931,250</u>

The accompanying notes are an integral part of the schedules.

JEFFERSONVILLE-CLARK COUNTY BUILDING AUTHORITY
NOTES TO SCHEDULES

Note 1. Introduction

The Building Authority was established under the laws of the State of Indiana. The Building Authority operates under an appointed governing board and provides services related to financing, construction and operating governmental buildings and leasing them to eligible entities.

Note 2. Fund Accounting

The Building Authority 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.

Note 4. 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 Building Authority 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. Long-Term Debt

The Building Authority has issued revenue bonds for the construction of governmental buildings. These debt instruments mature in 2009. The outstanding principal at December 31, 2005, was \$1,020,000.

Note 6. Advance Refunding

In prior years, the Building Authority defeased certain bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments of the old bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the financial statements. At December 31, 2005, \$500,000 of bonds outstanding was considered defeased.

JEFFERSONVILLE-CLARK COUNTY BUILDING AUTHORITY
EXAMINATION RESULTS AND COMMENTS

CONDITION OF RECORDS

The Building Authority did not maintain a Ledger of Receipts, Disbursements, and Balances (General Form 358) for all of its funds. A ledger was not maintained for the City County Building 2001 Bond Operation and Reserve Fund, City County Building 2001 Sinking Fund, Construction Fund and Payroll Fund. A ledger was maintained for the General Fund; however, the ledger did not contain all financial transactions that occurred and errors were noted in the transactions recorded. Information for financial reporting for the funds for which ledgers were not maintained was determined by abstracting the financial transactions from the bank trust and depository account statements. Audit adjustments were made to the General Fund receipts, disbursements and balances to properly reflect the financial activity.

Failure to maintain adequate accounting records has resulted in noncompliance with the trust indenture established under the 2001 bond issue as approved by the Building Authority Board of Directors in Resolution No. 2001-2 on August 1, 2001. Article V. Section 5.6 of the Trust Indenture states: "The Authority covenants that proper books of record and account will be kept in which full, true and correct entries will be made of all dealings or transactions of or in relation to properties, business and affairs of the Authority . . ."

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

Each governmental unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Guidelines Manual for Special Districts, Chapter 10)

BANK ACCOUNT RECONCILIATIONS

Depository reconciliations of the fund balances to the bank account balances for the General Fund were incorrect. Depository reconciliations were not performed for other funds of the Building Authority.

At December 31, 2004, there was a reconciliation difference of \$2,990 between the General Fund balance and the bank balance; however, the reconciliation prepared by the Building Authority did not indicate a difference existed. The difference was a result of a check issued in December 2004 not being posted to the records until the subsequent month.

A reconciliation difference of \$3,920 existed as December 31, 2005, between the record balance and the bank balance. Again, the reconciliation prepared by the Building Authority did not indicate a difference existed. The difference resulted from errors in posting financial transactions in the months of March 2005 and August 2005.

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

PAYROLL RECORDS

In reviewing the payroll records, the following deficiencies in recordkeeping were noted:

1. The hours worked per the employees' time cards did not agree with the hours paid per the payroll journal. For the pay period tested, the hours paid for 7 out of the 12 employees did not agree with the hours shown on the employees' time cards.

JEFFERSONVILLE-CLARK COUNTY BUILDING AUTHORITY
EXAMINATION RESULTS AND COMMENTS
(Continued)

2. Leave time shown as taken per the employees' time cards did not agree with the leave time posted to the employees' service records.
3. Compensatory time shown as earned per the employees' service records was not shown on the employees' time cards.
4. Payroll Schedule and Voucher, General Form 99, was not used indicating the gross payroll amount for individual employees and various withholding amounts paid. Instead of using General Form 99, an accounts payable voucher was used showing only the total net amount of salaries paid to all employees for the entire month.
5. Time cards were not signed by the employee or supervisor verifying the number of hours worked.
6. The portion of the employee's share of the cost of insurance benefits required to be paid per an informal policy did not agree with the actual amount being withheld from the employees' paychecks. In some instances employees were receiving benefits without paying any of the employee share of the cost of the benefit or the amounts deducted were less than the required employee share of the cost. In other instances, the employees' deductions were more than the cost of the benefits.
7. The employee withholdings for deferred compensation plan contributions and the employer matching contributions per the payroll records did not agree with the actual payments made to the plan administrator. In 2005, the payments made to the administrator were \$689.83 less than that shown as required per the payroll records.
8. An ordinance was not passed indicating the approved salaries for employees. The annual approval of salaries by the Board was indicated in the Board minutes; however, the Board minutes only documented the amount of the annual pay raise given to employees and did not document the present approved wage rate or newly approved rate for individual employees. Therefore, we were unable to determine if the individual employee pay rates approved by the Board for each employee was actually being paid.
9. A formal written leave and overtime policy has not been adopted.

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. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

Each governmental unit should adopt written policy regarding the accrual and use of leave time and compensatory time and the payment of overtime. Negotiated labor contracts approved by the governing board would be considered as written policy. The policy should conform to the requirements of all state and federal regulatory agencies. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

JEFFERSONVILLE-CLARK COUNTY BUILDING AUTHORITY
EXAMINATION RESULTS AND COMMENTS
(Continued)

BOARD OF TRUSTEE MEETINGS AND MINUTES

The Board of Trustees is required to meet in January of each year to elect officers and to appoint members of the Board of Directors. Minutes for the years 2004 were not presented for examination. Minutes of one meeting in July of 2005 showed officers were elected and the appointment of a new member to the Board of Directors. We were unable to determine if minutes in 2004 were not retained or if meetings in 2004 were not held.

Indiana Code 36-9-13-9(c) states in part:

". . . the trustees shall meet on the first Monday in January of each year for the purpose of:

- (1) electing officers;
- (2) appointing the directors of the building authority; and
- (3) performing any other duties under this chapter."

Indiana Code 5-14-1.5-4 states in part:

". . . (b) As the meeting progresses, the following memoranda shall be kept:

- (1) The date, time, and place of the meeting.
- (2) The members of the governing body recorded as either present or absent.
- (3) The general substance of all matters proposed, discussed, or decided.
- (4) A record of all votes taken, by individual members if there is a roll call.
- (5) Any additional information required under IC 5-1.5-2-2.5 or IC 20-12-63-7."

"(c) The memoranda are to be available within a reasonable period of time after the meeting for the purpose of informing the public of the governing body's proceedings. The minutes, if any, are to be open for public inspection and copying."

JEFFERSONVILLE-CLARK COUNTY BUILDING AUTHORITY
EXIT CONFERENCE

The contents of this report were discussed on July 17, 2006, with Keith Stayton, Treasurer; William J. Saurer, President of the Board of Directors; and Mark Van Gilder, Building Superintendent. The officials concurred with our findings.