

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

EXAMINATION REPORT  
OF  
JEFFERSONVILLE-CLARK COUNTY  
BUILDING AUTHORITY  
CLARK COUNTY, INDIANA  
January 1, 2006 to December 31, 2007



**FILED**  
01/13/2009



TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Officials .....	2
Independent Accountant's Report.....	3
Financial Information:	
Schedules of Receipts, Disbursements, and Cash and Investment Balances .....	4
Notes to Financial Information .....	5
Supplementary Information:	
Schedule of Capital Assets.....	6
Schedule of Long-Term Debt .....	7
Examination Results and Comments:	
Condition of Records .....	8
Payroll Procedures .....	8-9
Optical Images of Warrants .....	9-10
Exit Conference.....	11

OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Building Superintendent	Mark VanGilder	01-01-06 to 12-31-08
Treasurer	Keith Stayton Harry H. Oliver	01-01-06 to 12-31-07 01-01-08 to 12-31-08
President of the Board of Directors	William J. Saurer John A. Leuthart	01-01-06 to 12-31-07 01-01-08 to 12-31-08



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

---

STATE BOARD OF ACCOUNTS  
302 WEST WASHINGTON STREET  
ROOM E418  
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513  
Fax: (317) 232-4711  
Web Site: [www.in.gov/sboa](http://www.in.gov/sboa)

INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the financial information presented herein of the Jeffersonville-Clark County Building Authority (Building Authority), for the period of January 1, 2006 to December 31, 2007. The Building Authority's management is responsible for the financial information 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 information 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.

In our opinion, the financial information referred to above presents fairly, in all material respects, the financial information of the District for the years ended December 31, 2006 and 2007, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The Schedule of Capital Assets and Schedule of Long-Term Debt, as listed in the Table of Contents, are presented for additional analysis and are not a required part of the basic financial information. They have not been subjected to the examination procedures applied to the basic financial information and, accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

December 17, 2008

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, 2006 And 2007

	<u>Cash and Investments 01-01-06</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Cash and Investments 12-31-06</u>
Governmental Funds:				
General	\$ 706,886	\$ 1,177,254	\$ 1,307,906	\$ 576,234
City County Building 2001 Bond Operation and Reserve	20,762	4,879	47	25,594
City County Building 2001 Sinking	140,028	288,987	283,066	145,949
City County Building 2001 Construction	59,792	3,534	153	63,173
Fiduciary Fund:				
Payroll	<u>3,782</u>	<u>356,863</u>	<u>358,017</u>	<u>2,628</u>
Totals	<u>\$ 931,250</u>	<u>\$ 1,831,517</u>	<u>\$ 1,949,189</u>	<u>\$ 813,578</u>

	<u>Cash and Investments 01-01-07</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Cash and Investments 12-31-07</u>
Governmental Funds:				
General	\$ 576,234	\$ 1,200,034	\$ 1,345,345	\$ 430,923
City County Building 2001 Bond Operation and Reserve	25,594	1,383	92	26,885
City County Building 2001 Sinking	145,949	296,928	442,669	208
City County Building 2001 Construction	63,173	2,943	160	65,956
Fiduciary Fund:				
Payroll	<u>2,628</u>	<u>382,797</u>	<u>382,765</u>	<u>2,660</u>
Totals	<u>\$ 813,578</u>	<u>\$ 1,884,085</u>	<u>\$ 2,171,031</u>	<u>\$ 526,632</u>

The accompanying notes are an integral part of the financial information.

JEFFERSONVILLE-CLARK COUNTY BUILDING AUTHORITY  
NOTES TO FINANCIAL INFORMATION

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 District 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.

JEFFERSONVILLE-CLARK COUNTY BUILDING AUTHORITY  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF CAPITAL ASSETS

December 31, 2007

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.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Machinery and equipment	<u>\$ 72,164</u>

JEFFERSONVILLE-CLARK COUNTY BUILDING AUTHORITY  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF LONG-TERM DEBT  
 December 31, 2007

The Jeffersonville-Clark County Building Authority has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental Activities:		
Bonds payable:		
Revenue bonds:	\$ 510,000	\$ 288,180

JEFFERSONVILLE-CLARK COUNTY BUILDING AUTHORITY  
EXAMINATION RESULTS AND COMMENTS

CONDITION OF RECORDS

We identified the following deficiencies related to the Building Authority's financial records:

1. A General Fund savings account with a balance of \$36,199 at December 31, 2007, was not recorded on the Building Authority's financial ledger.
2. The Building Authority has a separate payroll bank account. However, the financial activity processed through the bank account was not recorded as a Payroll Fund on the financial ledger.
3. Trust accounts have been established for the City-County Building 2001 Bond Operation and Reserve Fund; Sinking Fund; and Construction Fund. The financial activity for these trust accounts are not recorded on the financial ledger, resulting in a summary of yearly financial activity not being presented for examination. Yearly totals for receipts and disbursements can only be determined by abstracting the financial activity from the monthly trust statements.

The prescribed accounting system requires all financial activity be recorded on the financial ledger. In addition, the recording of all financial activity on the financial ledger is required for internal control purposes.

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 State of Indiana, Chapter 10)

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 Special Districts State of Indiana, Chapter 10)

A similar comment was made in prior Report B27863.

PAYROLL PROCEDURES

We identified the following deficiencies in the Building Authority's payroll procedures:

1. An accounts payable voucher prescribed to process vendor claims was used to process payroll. This voucher showed only the total net amount of all salaries and wages paid to employees for the pay period. The prescribed Payroll Schedule and Voucher (General Form 99), showing the gross payroll amount for individual employees and the various payroll withholding amounts, was not used.

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 State of Indiana, Chapter 10)

2. Time cards were not signed by the employee or supervisor, verifying the number of hours worked.

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

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 State of Indiana, Chapter 10)

3. The annual approval of salaries by the Board documented in the minutes showed only the amount of the annual pay increases for 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 rate approved by the Board for each employee was actually being paid.

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 Special Districts State of Indiana, Chapter 10)

4. A formal written leave and overtime policy has not been adopted.

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 State of Indiana, Chapter 10)

A similar comment was made in prior Report B27863.

OPTICAL IMAGES OF WARRANTS

The New Washington State Bank did not return the actual cancelled checks with the monthly bank statements, for the Payroll Fund and the Operating Fund. Instead, the bank only returned an optical image of the front side of the checks. Additionally, the bank did not return optical images of the front and back of the deposit tickets.

Indiana Code 5-15-6-3 concerning optical imaging of checks states in part:

"(a) . . . 'original records' . . . includes the optical image of a check or deposit document when:

- (1) the check or deposit document is recorded, copied, or reproduced by an optical imaging process . . . ; and
- (2) the drawer of the check receives an optical image of the check after the check is processed for payment . . . "

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

Further, Indiana Code 26-2-8-111 states in part:

"(a) If a law requires that certain records be retained, that requirement is met by retaining an electronic record of the information in the record that:

- (1) accurately reflects the information set forth in the record after it was first generated in its final form as an electronic record or otherwise; and
- (2) remains accessible for later reference."

"(e) If a law requires retention of a check, that requirement is satisfied by retention of an electronic record of the information on the front and back of the check in accordance with subsection (a)."

JEFFERSONVILLE-CLARK COUNTY BUILDING AUTHORITY  
EXIT CONFERENCE

The contents of this report were discussed on December 17, 2008, with Harry H. Oliver, Treasurer; John A. Leuthart, President of the Board of Directors; and Mark VanGilder, Building Superintendent. The officials concurred with our findings.