

B37454

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

ANNUAL FINANCIAL REPORT

2009

CITY OF MADISON

JEFFERSON COUNTY, INDIANA



FILED
08/24/2010

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	David Adams	01-01-08 to 12-31-11
Mayor	Tim Armstrong	01-01-08 to 12-31-11
President of the Board of Public Works	Tim Armstrong	01-01-08 to 12-31-11
President of the Common Council	Damon Welch Rick Berry	01-01-09 to 12-31-09 01-01-10 to 12-31-10
Superintendent of Utilities	Randy Eggenpiller	01-01-09 to 12-31-10
Utility Office Manager	Brenda Carpenter David Stucker (Vacant) Brian Jackson	01-01-09 to 04-19-09 04-20-09 to 02-24-10 02-25-10 to 03-23-10 03-24-10 to 12-31-10



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

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

TO: THE OFFICIALS OF THE CITY OF MADISON, JEFFERSON COUNTY, INDIANA

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Madison (City), as of and for the year ended December 31, 2009, which collectively comprise the City's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note I, the City prepares its financial statements on the prescribed basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than 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 cash and investment balances of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of December 31, 2009, and the respective cash receipts and cash disbursements during the year then ended on the basis of accounting described in Note I.

In accordance with Government Auditing Standards, we have also issued a report dated July 20, 2010, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(Continued)

The City has not presented Management's Discussion and Analysis, or Budgetary Comparison Schedules that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Combining Schedules, as listed in the Table of Contents, Schedule of Capital Assets, and Schedule of Long-Term Debt are presented for additional analysis and are not required parts of the basic financial statements. The Combining Schedules, as listed in the Table of Contents, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The Schedule of Capital Assets and Schedule of Long-Term Debt have not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

July 20, 2010



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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

TO: THE OFFICIALS OF THE CITY OF MADISON, JEFFERSON COUNTY, INDIANA

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Madison (City), as of and for the year ended December 31, 2009, which collectively comprise the City's basic financial statements and have issued our report thereon dated July 20, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be significant deficiencies or material weaknesses, as defined above.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of the City's management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

July 20, 2010

CITY OF MADISON
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For The Year Ended December 31, 2009

Functions/Programs	Program Receipts				Net (Disbursement) Receipt and Changes in Net Assets		
	Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Totals
Primary government:							
Governmental activities:							
General government	\$ 4,919,157	\$ 132,524	\$ 227,745	\$ -	\$ (4,558,888)	\$ -	\$ (4,558,888)
Public safety	2,369,884	42,152	2,806	49,795	(2,275,131)	-	(2,275,131)
Highways and streets	443,271	-	866,814	53,531	477,074	-	477,074
Sanitation	920,747	932,347	-	-	11,600	-	11,600
Health and welfare	-	1,330	1,323	-	2,653	-	2,653
Economic development	898,688	-	-	-	(898,688)	-	(898,688)
Culture and recreation	1,356,587	574,287	-	-	(782,300)	-	(782,300)
Urban redevelopment and housing	531,894	-	-	-	(531,894)	-	(531,894)
Principal and interest on indebtedness	215,065	-	-	-	(215,065)	-	(215,065)
Total governmental activities	11,655,293	1,682,640	1,098,688	103,326	(8,770,639)	-	(8,770,639)
Business-type activities:							
Wastewater	2,853,747	2,680,557	-	29,292	-	(143,898)	(143,898)
Water	2,138,403	2,001,553	-	272,338	-	135,488	135,488
Total business-type activities	4,992,150	4,682,110	-	301,630	-	(8,410)	(8,410)
Total primary government	\$ 16,647,443	\$ 6,364,750	\$ 1,098,688	\$ 404,956	(8,770,639)	(8,410)	(8,779,049)
General receipts:							
Property taxes					6,044,235	-	6,044,235
Intergovernmental					1,267,677	-	1,267,677
Other local sources					656,900	-	656,900
Grants and contributions not restricted to specific programs					343,313	-	343,313
Investment earnings					181,246	18,354	199,600
Total general receipts					8,493,371	18,354	8,511,725
Change in net assets					(277,268)	9,944	(267,324)
Net assets - beginning					12,660,894	2,422,100	15,082,994
Net assets - ending					\$ 12,383,626	\$ 2,432,044	\$ 14,815,670
Assets							
Cash and investments					\$ 3,952,490	\$ 510,089	\$ 4,462,579
Cash with fiscal agent					-	665,566	665,566
Restricted assets:							
Cash and investments					8,431,136	1,256,389	9,687,525
Total assets					\$ 12,383,626	\$ 2,432,044	\$ 14,815,670
Net Assets							
Restricted for:							
General government					\$ 1,527,316	\$ -	\$ 1,527,316
Public safety					39,823	-	39,823
Highways and streets					138,943	-	138,943
Culture and recreation					741,286	-	741,286
Debt service					4,666,719	1,921,955	6,588,674
Capital outlay					1,317,049	-	1,317,049
Unrestricted					3,952,490	510,089	4,462,579
Total net assets					\$ 12,383,626	\$ 2,432,044	\$ 14,815,670

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

CITY OF MADISON
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
GOVERNMENTAL FUNDS
For The Year Ended December 31, 2009

	General	Petty Cash	Park And Recreation	TIF District	Other Governmental Funds	Totals
Receipts:						
Taxes	\$ 4,189,647	\$ -	\$ 623,498	\$ 967,489	\$ 263,601	\$ 6,044,235
Licenses and permits	30,255	-	1,330	-	5,760	37,345
Intergovernmental	346,584	-	39,500	-	2,190,569	2,576,653
Charges for services	20,655	-	480,551	-	1,036,783	1,537,989
Fines and forfeits	6,814	-	-	-	1,975	8,789
Other	271,732	-	4,284	74,910	343,799	694,725
Total receipts	4,865,687	-	1,149,163	1,042,399	3,842,487	10,899,736
Disbursements:						
General government	2,768,275	-	-	-	1,056,211	3,824,486
Public safety	2,291,996	-	-	-	42,775	2,334,771
Highways and streets	-	-	-	-	443,271	443,271
Sanitation	-	-	-	-	863,692	863,692
Economic development	-	-	-	142,485	283,255	425,740
Culture and recreation	-	-	1,068,276	-	161,160	1,229,436
Urban redevelopment and housing	-	-	-	-	109,294	109,294
Debt service:						
Principal	-	-	-	-	155,829	155,829
Interest	-	-	-	-	59,236	59,236
Capital outlay:						
General government	22,381	-	-	-	1,072,290	1,094,671
Public safety	35,113	-	-	-	-	35,113
Sanitation	-	-	-	-	57,055	57,055
Economic development	-	-	-	-	472,948	472,948
Culture and recreation	-	-	123,676	-	3,475	127,151
Urban redevelopment and housing	-	-	-	422,600	-	422,600
Total disbursements	5,117,765	-	1,191,952	565,085	4,780,491	11,655,293
Excess (deficiency) of receipts over disbursements	(252,078)	-	(42,789)	477,314	(938,004)	(755,557)
Other financing sources (uses):						
Transfers in	-	-	402	-	11,417	11,819
Transfers out	(11,417)	-	-	-	(402)	(11,819)
Other receipts	181,895	-	-	-	296,394	478,289
Total other financing sources (uses)	170,478	-	402	-	307,409	478,289
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(81,600)	-	(42,387)	477,314	(630,595)	(277,268)
Cash and investment fund balance - beginning	2,565,169	-	719,340	4,189,405	5,186,980	12,660,894
Cash and investment fund balance - ending	\$ 2,483,569	\$ -	\$ 676,953	\$ 4,666,719	\$ 4,556,385	\$ 12,383,626
Cash and Investment Assets - Ending						
Cash and investments	\$ 2,483,569	\$ -	\$ -	\$ -	\$ 1,468,921	\$ 3,952,490
Restricted assets:						
Cash and investments	-	-	676,953	4,666,719	3,087,464	8,431,136
Total cash and investment assets - ending	\$ 2,483,569	\$ -	\$ 676,953	\$ 4,666,719	\$ 4,556,385	\$ 12,383,626
Cash and Investment Fund Balance - Ending						
Restricted for:						
General government	\$ -	\$ -	\$ -	\$ -	\$ 1,527,316	\$ 1,527,316
Public safety	-	-	-	-	39,823	39,823
Highways and streets	-	-	-	-	138,943	138,943
Culture and recreation	-	-	676,953	-	64,333	741,286
Debt service	-	-	-	4,666,719	-	4,666,719
Capital outlay	-	-	-	-	1,317,049	1,317,049
Unrestricted	2,483,569	-	-	-	1,468,921	3,952,490
Total cash and investment fund balance - ending	\$ 2,483,569	\$ -	\$ 676,953	\$ 4,666,719	\$ 4,556,385	\$ 12,383,626

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

CITY OF MADISON
STATEMENT OF ASSETS AND FUND BALANCES AND
RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
PROPRIETARY FUNDS
As of and for the Year Ended December 31, 2009

	Madison Sewage Utility	Madison Water Utility	Totals
Operating receipts:			
Metered/measured	\$ 2,630,734	\$ 1,984,072	\$ 4,614,806
Interfund loan proceeds	150,000	-	150,000
Miscellaneous	49,823	17,481	67,304
	<u>2,830,557</u>	<u>2,001,553</u>	<u>4,832,110</u>
Total operating receipts			
Operating disbursements:			
Insurance claims and expense	-	48,127	48,127
Source of supply	-	511,905	511,905
Water treatment	-	38,636	38,636
Transmission and distribution	-	308,735	308,735
Customer accounts	9,836	5,587	15,423
Administration and general	470,675	445,691	916,366
Collection system	41,232	-	41,232
Pumping	326,997	-	326,997
Treatment and disposal	1,058,104	-	1,058,104
Refunds	-	1,813	1,813
Equipment and capital improvements	29,391	313,424	342,815
Interfund loans made/repaid	-	150,000	150,000
Miscellaneous	2,553	110,097	112,650
	<u>1,938,788</u>	<u>1,934,015</u>	<u>3,872,803</u>
Total operating disbursements			
Excess of operating receipts over operating disbursements	<u>891,769</u>	<u>67,538</u>	<u>959,307</u>
Nonoperating receipts (disbursements):			
Investment income	18,303	51	18,354
Debt service of principal	(657,400)	(297,963)	(955,363)
Interest disbursements	(257,559)	(56,425)	(313,984)
	<u>(896,656)</u>	<u>(354,337)</u>	<u>(1,250,993)</u>
Total nonoperating receipts (disbursements)			
Deficiency of receipts over disbursements and nonoperating receipts (disbursements)	(4,887)	(286,799)	(291,686)
Capital contributions	29,292	272,338	301,630
Transfers in	857,750	411,842	1,269,592
Transfers out	(857,750)	(411,842)	(1,269,592)
Excess (deficiency) of receipts, contributions and transfers in over disbursements and transfers out	24,405	(14,461)	9,944
Cash and investment fund balance - beginning	<u>1,350,753</u>	<u>1,071,347</u>	<u>2,422,100</u>
Cash and investment fund balance - ending	<u>\$ 1,375,158</u>	<u>\$ 1,056,886</u>	<u>\$ 2,432,044</u>
<u>Cash and Investment Assets - December 31</u>			
Cash and investments	\$ 118,769	\$ 391,320	\$ 510,089
Cash with fiscal agent	-	665,566	665,566
Restricted assets:			
Cash and investments	<u>1,256,389</u>	<u>-</u>	<u>1,256,389</u>
Total cash and investment assets - December 31	<u>\$ 1,375,158</u>	<u>\$ 1,056,886</u>	<u>\$ 2,432,044</u>
<u>Cash and Investment Fund Balance - December 31</u>			
Restricted for:			
Debt service	\$ 1,256,389	\$ 665,566	\$ 1,921,955
Unrestricted	<u>118,769</u>	<u>391,320</u>	<u>510,089</u>
Total cash and investment fund balance - December 31	<u>\$ 1,375,158</u>	<u>\$ 1,056,886</u>	<u>\$ 2,432,044</u>

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

CITY OF MADISON
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
FIDUCIARY FUNDS
For The Year Ended December 31, 2009

	<u>Pension Trust Fund</u>	<u>Agency Fund</u>
Additions:		
Contributions:		
State	\$ 461,350	
Investment earnings:		
Interest	1,760	
Total additions	<u>463,110</u>	
Deductions:		
Benefits	448,191	
Administrative and general	<u>1,100</u>	
Total deductions	<u>449,291</u>	
Excess of total additions over total deductions	13,819	
Cash and investment fund balance - beginning	<u>475,624</u>	
Cash and investment fund balance - ending	<u>\$ 489,443</u>	<u>\$ 146,710</u>

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

CITY OF MADISON
NOTES TO FINANCIAL STATEMENTS

I. 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 the following services: public safety (police and fire), highways and streets, sanitation, municipal airport, culture and recreation, public improvements, planning and zoning, general administrative services, water, wastewater, and urban redevelopment.

The City's financial reporting entity is composed of the following:

Primary Government: City of Madison

In determining the financial reporting entity, the City complies with the provisions of GASB Statement No. 14, *The Financial Reporting Entity*.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The Statement of Activities and Net Assets – Cash and Investment Basis displays information about the reporting government as a whole. It includes all funds of the reporting entity except for fiduciary funds. The statement distinguishes between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, fund equity, receipts, and disbursements. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

The General Fund is the primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Park and Recreation Fund accounts for receipts and disbursements for operating and maintaining the parks.

The TIF District Fund accounts for urban redevelopment of certain areas financed by tax increment financing.

The City reports the following major enterprise funds:

The Water Utility Fund accounts for the operation of the water distribution system.

CITY OF MADISON
NOTES TO FINANCIAL STATEMENTS
(Continued)

The Wastewater Utility Fund accounts for the operation of the wastewater treatment plant, pumping stations, and collection systems.

Additionally, the City reports the following fund types:

The pension trust fund accounts for the activities of the 1925 police pension fund which accumulates resources for pension benefit payments.

The agency fund accounts for assets held by the City as an agent for various entities for whom payroll deductions are withheld and serves as a control of accounts for certain cash transactions during the time they are a liability to the City.

C. Measurement Focus and Basis of Accounting

The government-wide, governmental fund, proprietary fund, and fiduciary fund financial statements are reported using the basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when received and disbursements are recorded when paid.

The cash and investment 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. Investment transactions are not presented on the financial statements.

If the City utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the fund financial statements for proprietary fund types would use the accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the enterprise fund statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the City and its enterprise funds. Elimination of these charges would distort the direct costs and program receipts reported for the various functions concerned.

Enterprise funds distinguish operating receipts and disbursements from nonoperating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal ongoing operations. The principal operating receipts of the enterprise funds are charges to customers for sales and services. Operating disbursements for enterprise funds include the cost of sales and services and administrative costs. All receipts and disbursements not meeting this definition are reported as nonoperating receipts and disbursements. Internal service funds are used to account for activities provided to other departments or agencies primarily with the government. The City does not have any internal service funds.

CITY OF MADISON
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

D. Assets and Cash and Investment Balances

1. Restricted Assets

All restricted assets, as presented in the accompanying financial statements, are restricted due to enabling legislation.

2. Cash and Investments

Investments are stated at cost. Any changes in fair value of the investments are reported as interest receipts in the year of the sale of the investment.

3. Property Taxes

Normally, property taxes levied are collected by the County Treasurer and are distributed to the City in June and in 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. 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 may 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 City on or prior to December 31 of the year collected.

4. Capital Assets

Capital assets arising from cash transactions acquired for use in governmental or proprietary fund operations are accounted for as capital outlay disbursements of the fund upon acquisition.

5. Long-Term Debt

Long-term debt arising from cash basis transactions of governmental and proprietary funds is not reported as a liability in the basic financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as disbursements.

6. Equity Classification

Government-Wide Statements

Equity is classified as net assets and displayed in two components:

- a. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or (2) law through constitutional provisions or enabling legislation.
- b. Unrestricted net assets – All other net assets that do not meet the definition of "restricted."

CITY OF MADISON
NOTES TO FINANCIAL STATEMENTS
(Continued)

Fund Financial Statements

Governmental fund equity is classified as fund balance. Proprietary fund equity is classified the same as in the government-wide statements.

E. Receipts and Disbursements

1. Program Receipts

Amounts reported as program receipts include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general receipts rather than as program receipts. Likewise, general receipts include all taxes.

2. Operating Receipts and Disbursements

Operating receipts and disbursements for proprietary funds result from providing services and producing and delivering goods and/or services. They also include all receipts and disbursements not related to capital and related financing, noncapital financing, or investing activities.

F. Internal and Interfund Activities

In the process of aggregating the financial information for the government-wide Statement of Activities and Net Assets – Cash and Investment Basis, some amounts reported as interfund activity in the fund financial statements have been eliminated or reclassified.

Fund Financial Statements

1. Interfund services – Sales or purchases of goods and services between funds are reported as receipts and disbursements.
2. Interfund reimbursements – Repayments from funds responsible for certain disbursements to the funds that initially paid for them are not reported as reimbursements but as adjustments to disbursements in the respective funds.
3. Interfund transfers – Flow of assets from one fund to another where repayment is not expected is reported as transfers in and out.
4. Interfund loans – Flow of assets from one fund to another where repayment is expected is reported as interfund loans.

Government-Wide Financial Statements

Interfund activity, if any, is eliminated or reclassified in the government-wide financial statements as follows:

Internal activities – Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis except for the net amount of transfers between governmental and business-type activities, which are reported as Transfers – Internal Activities. The effects of interfund loans and services between funds, if any, are not eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis.

CITY OF MADISON
NOTES TO FINANCIAL STATEMENTS
(Continued)

II. Stewardship, Compliance and Accountability

Budgetary Information

Annual budgets are adopted on the cash basis, which is not consistent with accounting principles generally accepted in the United States of America. All annual appropriations lapse at calendar year end.

Prior to the first required publication, the fiscal officer of the City submits to the governing board a proposed operating budget for the year commencing the following January 1. Prior to adoption, the budget is advertised and public hearings are conducted by the governing board to obtain taxpayer comments. Prior to November 1, the governing board, through the passage of a resolution/ ordinance, approves the budget for the next year. Copies of the budget resolution/ordinance and the advertisement for funds for which property taxes are levied or highway use taxes are received are sent to the Indiana Department of Local Government Finance. The budget becomes legally enacted after the fiscal officer of the City receives approval of the Indiana Department of Local Government Finance.

The City's management cannot transfer budgeted appropriations between object classifications of a budget without approval of the governing board. The Indiana Department of Local Government Finance must approve any revisions to the appropriations for any fund or any department of the General Fund. The legal level of budgetary control is by object and department within the fund for the General Fund and by object within the fund for all other budgeted funds.

III. Detailed Notes on All Funds

A. Deposits and Investments

1. 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. IC 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 City does not have a deposit policy for custodial credit risk. At December 31, 2009, the City had deposit balances in the amount of \$15,451,823.

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.

2. Investments

Statutory Authorization for Investments

IC 5-13-9 authorizes the City to invest in securities backed by the full faith and credit of the United States Treasury or fully guaranteed by the United States of America and issued by the United States Treasury, a federal agency, a federal instrumentality, or a federal government sponsored enterprise. Indiana Code also authorizes the City to invest in securities fully guaranteed and issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise. These investments are required by statute to have a stated final maturity of not more than two years.

CITY OF MADISON
NOTES TO FINANCIAL STATEMENTS
(Continued)

Indiana Code also provides for investment in money market mutual funds that are in the form of securities of, or interest in, an open-end, no-load, management-type investment company or investment trust registered under the provision of the federal Investment Company Act of 1940, as amended. Investments in money market mutual funds may not exceed 50% of the funds held by the City and available for investment. The portfolio of an investment company or investment trust used must be limited to direct obligations of the United States of America, obligations issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise or repurchase agreements fully collateralized by direct obligations of the United States of America or obligations issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise. The form of securities of, or interest in, an investment company or investment trust must be rated as AAA, or its equivalent by Standard and Poor's Corporation or its successor or Aaa, or its equivalent, by Moody's Investors Service, Inc., or its successor. The form of securities in an investment company or investment trust has a stated final maturity of one day.

Additionally, the City may enter into repurchase agreements with depositories designated by the State Board of Finance as depositories for state deposits involving the City's purchase and guaranteed resale of any interest-bearing obligations issued or fully insured or guaranteed by the United States of America, a United States of America government agency, an instrumentality of the United States of America, or a federal government sponsored enterprise. The repurchase agreement is considered to have a stated final maturity of one day. This agreement must be fully collateralized by interest-bearing obligations as determined by their current market value.

B. Interfund Transfers

Interfund transfers for the year ended December 31, 2009, were as follows:

Transfer From	Transfer To	2009
General Fund	Other Governmental Funds	\$ 11,417
Other Governmental Funds	Park and Recreation	<u>402</u>
Total		<u>\$ 11,819</u>

The City typically uses transfers for cash flow purposes as provided by various statutory provisions.

IV. Other Information

A. Risk Management

The City is 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; 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.

CITY OF MADISON
NOTES TO FINANCIAL STATEMENTS
(Continued)

Settled claims from risks covered by commercial insurance have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance by major category of risk.

During 1991, the City joined with other governmental entities in the Indiana Public Employer's Plan, Inc., a public entity risk pool currently operating as a common risk management and insurance program for member governmental entities. This risk pool was formed in 1989. The purpose of the risk pool is to provide a medium for the funding and administration of job related illnesses or injuries to employees. The City pays an annual premium to the risk pool for its job related illnesses or injuries to employees coverage. The risk pool is considered a self-sustaining risk pool that will provide coverage for its members for up to \$1,000,000 per insured event. The risk pool obtains independent coverage for insured events in excess of the \$1,000,000 limit.

B. Loans Receivable – Economic Development

The City makes low interest loans to local businesses for economic development through the Micro Loan. Loans receivable under this program are as follows:

Borrower	Date of Loan	Original Loan Amount	Rate	2009 Payments	Outstanding Loan Balance December 31, 2009
Todd Brindel	12-06-96	\$ 25,000	5.00%	\$ -	\$ 25,619
Linda McCloud	12-02-99	12,500	4.00%	-	4,214
Dale Armstrong and Sherry Robinson	11-23-05	25,000	4.00%	-	20,824
Poney Expresso, Inc.	08-28-07	20,000	4.25%	4,238	10,914
James Grant	12-16-08	14,500	4.00%	3,464	11,036
Ed & Lee Roszczynski	06-09-09	25,000	4.00%	2,281	22,719
Stephan Delorenzo	10-26-09	25,000	4.00%	755	24,245
Francos Family Restaurant LLC	09-21-09	25,000	4.00%	755	24,245

C. Rate Structure – Enterprise Funds

Water Utility

On December 6, 2005, the City Council adopted Ordinance 2005-18 to withdraw from the jurisdiction of the Indiana Utility Regulatory Commission. The current rate structure was approved by the Council on December 16, 2008.

Wastewater Utility

The current rate structure was approved by the City Council on January 5, 2010.

D. Receipts Pledged

1. EDIT Revenues Pledged

During 2004, the City Council adopted Ordinance No. 2004-9 irrevocably pledging a portion of the City's distributive share of Economic Development Income Tax (EDIT) revenues to the payment of a lease entered into by Jefferson County to finance the renovation and addition to Jefferson County's jail facility. The amount pledged by the City is the lesser of: (1) 20% of the City's distributive share; (2) \$128,177; or (3) 15% of the lease rental payments due under the lease ("Lease Pledge"). The "Lease Pledge" is irrevocable during the term of the lease.

CITY OF MADISON
NOTES TO FINANCIAL STATEMENTS
(Continued)

2. Wastewater Utility Receipts Pledged

The City has pledged future utility collections receipts, net of specified operating expenditures, to repay revenue bonds issued in 1995. Proceeds from the bonds provided financing for improvements and extension to the sewage works. The bonds are payable solely from utility collections net receipts and are payable through 2010. Annual principal and interest payments are expected to require less than 4.65 percent of net receipts.

E. Pension Plans

1. Agent Multiple-Employer and Single-Employer Defined Benefit Pension Plans

a. Public Employees' Retirement Fund

Plan Description

The City 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 the 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 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 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.

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. The 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

The contribution requirements of plan members for PERF are established by the Board of Trustees of PERF. The total contributions made to PERF by the City during the period were \$152,512.

b. 1925 Police Officers' Pension Plan

Plan Description

The City contributes to the 1925 Police Officers' Pension Plan, which is a single-employer defined benefit pension plan. The plan is administered by the local pension board as authorized by state statute (IC 36-8-6). The plan provides retirement, disability, and

CITY OF MADISON
NOTES TO FINANCIAL STATEMENTS
(Continued)

death benefits to plan members and beneficiaries. The plan was established by the plan administrator, as provided by state statute. The plan administrator does not issue a publicly available financial report that includes financial statements and required supplementary information of the plan.

Funding Policy

The contribution requirements of plan members for the 1925 Police Officers' Pension Plan are established by state statute.

On-behalf Payments

The 1925 Police Officers' Pension Plan is funded by the State of Indiana through the Public Employees' Retirement Fund as provided under IC 5-10.3-11. The State of Indiana has contributed \$461,350 on behalf of the City. On behalf contributions from the State of Indiana approximates the amount paid out for benefits.

2. Cost-Sharing Multiple-Employer Defined Benefit Pension Plan

1977 Police Officers' and Firefighters' Pension and Disability Fund

Plan Description

The City contributes to the 1977 Police Officers' and Firefighters' Pension and Disability Fund, a cost-sharing multiple-employer defined benefit pension plan administered by the Indiana Public Employees' Retirement Plan (PERF) for all police officers and firefighters hired after April 30, 1977.

State statute (IC 36-8-8) regulates the operations of the system, including benefits, vesting and requirements for contributions by employers and by employees. Covered employees may retire at age 55 with 20 years of service. An employee with 20 years of service may leave service, but will not receive benefits until reaching age 55. The plan also provides for death and disability benefits.

PERF 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

The contribution requirements of plan members and the City are established by the Board of Trustees of PERF. The City's contributions to the plan during the period were \$228,116.

CITY OF MADISON
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2009

	Motor Vehicle Highway	Local Road And Street	Aviation	Park Special Nonreverting	Law Enforcement Continuing Education	Unsafe Building	Riverboat
Receipts:							
Taxes	\$ -	\$ -	\$ 66,707	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	5,760	-	-
Intergovernmental	316,034	53,531	4,226	-	-	-	75,121
Charges for services	-	-	-	121,371	3,720	-	-
Fines and forfeits	-	-	-	-	1,975	-	-
Other	136	110	33,062	27,384	-	-	-
Total receipts	316,170	53,641	103,995	148,755	11,455	-	75,121
Disbursements:							
General government	-	-	101,342	-	-	-	-
Public safety	-	-	-	-	17,313	-	-
Highways and streets	380,271	63,000	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Culture and recreation	-	-	-	108,508	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Capital outlay:							
General government	-	-	4,167	-	-	-	-
Sanitation	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Total disbursements	380,271	63,000	105,509	108,508	17,313	-	-
Excess (deficiency) of receipts over disbursements	(64,101)	(9,359)	(1,514)	40,247	(5,858)	-	75,121
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Other receipts	-	-	-	46	-	5,000	-
Total other financing sources (uses)	-	-	-	46	-	5,000	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(64,101)	(9,359)	(1,514)	40,293	(5,858)	5,000	75,121
Cash and investment fund balance - beginning	140,061	72,342	95,017	20,210	23,848	-	453,829
Cash and investment fund balance - ending	\$ 75,960	\$ 62,983	\$ 93,503	\$ 60,503	\$ 17,990	\$ 5,000	\$ 528,950
<u>Cash and Investment Assets - Ending</u>							
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,000	\$ 528,950
Restricted assets:							
Cash and investments	75,960	62,983	93,503	60,503	17,990	-	-
Total cash and investment assets - ending	\$ 75,960	\$ 62,983	\$ 93,503	\$ 60,503	\$ 17,990	\$ 5,000	\$ 528,950
<u>Cash and Investment Fund Balance - Ending</u>							
Restricted for:							
General government	\$ -	\$ -	\$ 93,503	\$ -	\$ -	\$ -	\$ -
Public safety	-	-	-	-	17,990	-	-
Highways and streets	75,960	62,983	-	-	-	-	-
Culture and recreation	-	-	-	60,503	-	-	-
Capital outlay	-	-	-	-	-	-	-
Unrestricted	-	-	-	-	-	5,000	528,950
Total cash and investment fund balance - ending	\$ 75,960	\$ 62,983	\$ 93,503	\$ 60,503	\$ 17,990	\$ 5,000	\$ 528,950

CITY OF MADISON
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2009
 (Continued)

	Park Donation	Rainy Day	Madison Police K-9	Police Donation	City Downtown Golf Course	Revolving Loan	Sunrise Golf Course Nro
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	128,099	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other	485	-	26,677	9,822	-	-	10,787
Total receipts	485	128,099	26,677	9,822	-	-	10,787
Disbursements:							
General government	-	-	-	-	-	-	-
Public safety	-	-	19,200	6,262	-	-	-
Highways and streets	-	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	1,829	-	10,242
Urban redevelopment and housing	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Capital outlay:							
General government	-	11,594	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Culture and recreation	3,475	-	-	-	-	-	-
Total disbursements	3,475	11,594	19,200	6,262	1,829	-	10,242
Excess (deficiency) of receipts over disbursements	(2,990)	116,505	7,477	3,560	(1,829)	-	545
Other financing sources (uses):							
Transfers in	-	11,417	-	-	-	-	-
Transfers out	-	-	-	-	(402)	-	-
Other receipts	-	173,200	-	-	-	-	-
Total other financing sources (uses)	-	184,617	-	-	(402)	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(2,990)	301,122	7,477	3,560	(2,231)	-	545
Cash and investment fund balance - beginning	6,820	171,223	8,882	1,914	2,231	580,774	-
Cash and investment fund balance - ending	\$ 3,830	\$ 472,345	\$ 16,359	\$ 5,474	\$ -	\$ 580,774	\$ 545
<u>Cash and Investment Assets - Ending</u>							
Cash and investments	\$ -	\$ 472,345	\$ -	\$ -	\$ -	\$ -	\$ 545
Restricted assets:							
Cash and investments	3,830	-	16,359	5,474	-	580,774	-
Total cash and investment assets - ending	\$ 3,830	\$ 472,345	\$ 16,359	\$ 5,474	\$ -	\$ 580,774	\$ 545
<u>Cash and Investment Fund Balance - Ending</u>							
Restricted for:							
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 580,774	\$ -
Public safety	-	-	16,359	5,474	-	-	-
Highways and streets	-	-	-	-	-	-	-
Culture and recreation	3,830	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Unrestricted	-	472,345	-	-	-	-	545
Total cash and investment fund balance - ending	\$ 3,830	\$ 472,345	\$ 16,359	\$ 5,474	\$ -	\$ 580,774	\$ 545

CITY OF MADISON
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2009
 (Continued)

	Riverfront Development	Madison City Tree Board	Donation City Employee	Real Estate Sales Proceeds	Community Of Compassion	Micro-Enterprise Grant
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	140,482	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other	-	-	8,280	-	-	-
Total receipts	140,482	-	8,280	-	-	-
Disbursements:						
General government	-	-	11,310	-	-	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Capital outlay:						
General government	146,915	-	-	-	-	-
Sanitation	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Total disbursements	146,915	-	11,310	-	-	-
Excess (deficiency) of receipts over disbursements	(6,433)	-	(3,030)	-	-	-
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Other receipts	-	187	-	-	-	-
Total other financing sources (uses)	-	187	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(6,433)	187	(3,030)	-	-	-
Cash and investment fund balance - beginning	9,433	794	11,011	14,360	7,439	29,973
Cash and investment fund balance - ending	\$ 3,000	\$ 981	\$ 7,981	\$ 14,360	\$ 7,439	\$ 29,973
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ 3,000	\$ 981	\$ 7,981	\$ 14,360	\$ 7,439	\$ -
Restricted assets:						
Cash and investments	-	-	-	-	-	29,973
Total cash and investment assets - ending	\$ 3,000	\$ 981	\$ 7,981	\$ 14,360	\$ 7,439	\$ 29,973
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 29,973
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Unrestricted	3,000	981	7,981	14,360	7,439	-
Total cash and investment fund balance - ending	\$ 3,000	\$ 981	\$ 7,981	\$ 14,360	\$ 7,439	\$ 29,973

CITY OF MADISON
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2009
 (Continued)

	Owner Occupied Rehab Grant	Economic Development Commission	Madison Beautification	Bi-Centennial Event	Stage Fund Nro	Senior Citizens
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	106,962	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other	-	2,000	14,779	153,039	2,296	19,092
Total receipts	106,962	2,000	14,779	153,039	2,296	19,092
Disbursements:						
General government	-	-	15,815	181,356	-	18,000
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-
Economic development	-	64,249	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Urban redevelopment and housing	106,962	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Capital outlay:						
General government	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Total disbursements	106,962	64,249	15,815	181,356	-	18,000
Excess (deficiency) of receipts over disbursements	-	(62,249)	(1,036)	(28,317)	2,296	1,092
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(62,249)	(1,036)	(28,317)	2,296	1,092
Cash and investment fund balance - beginning	-	93,862	1,147	88,889	-	-
Cash and investment fund balance - ending	<u>\$ -</u>	<u>\$ 31,613</u>	<u>\$ 111</u>	<u>\$ 60,572</u>	<u>\$ 2,296</u>	<u>\$ 1,092</u>
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ -	\$ 31,613	\$ 111	\$ 60,572	\$ 2,296	\$ 1,092
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ -</u>	<u>\$ 31,613</u>	<u>\$ 111</u>	<u>\$ 60,572</u>	<u>\$ 2,296</u>	<u>\$ 1,092</u>
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Unrestricted	-	31,613	111	60,572	2,296	1,092
Total cash and investment fund balance - ending	<u>\$ -</u>	<u>\$ 31,613</u>	<u>\$ 111</u>	<u>\$ 60,572</u>	<u>\$ 2,296</u>	<u>\$ 1,092</u>

CITY OF MADISON
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2009
 (Continued)

	Energy Savings Project	Microloan	Heritage Trails	Farmers Market Grant	Urban Forestry	Scenic Byway
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	1,323	-	39,813
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total receipts	-	-	-	1,323	-	39,813
Disbursements:						
General government	-	89,500	-	2,431	-	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	40,387
Urban redevelopment and housing	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Capital outlay:						
General government	452,821	-	-	-	-	-
Sanitation	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Total disbursements	452,821	89,500	-	2,431	-	40,387
Excess (deficiency) of receipts over disbursements	(452,821)	(89,500)	-	(1,108)	-	(574)
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Other receipts	-	13,263	-	-	-	-
Total other financing sources (uses)	-	13,263	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(452,821)	(76,237)	-	(1,108)	-	(574)
Cash and investment fund balance - beginning	452,821	104,589	202	1,291	1,193	1,839
Cash and investment fund balance - ending	\$ -	\$ 28,352	\$ 202	\$ 183	\$ 1,193	\$ 1,265
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ -	\$ -	\$ 202	\$ 183	\$ 1,193	\$ 1,265
Restricted assets:						
Cash and investments	-	28,352	-	-	-	-
Total cash and investment assets - ending	\$ -	\$ 28,352	\$ 202	\$ 183	\$ 1,193	\$ 1,265
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
General government	\$ -	\$ 28,352	\$ -	\$ -	\$ -	\$ -
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Unrestricted	-	-	202	183	1,193	1,265
Total cash and investment fund balance - ending	\$ -	\$ 28,352	\$ 202	\$ 183	\$ 1,193	\$ 1,265

CITY OF MADISON
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2009
 (Continued)

	Disaster Mitigation	Community Development Action Grant	Transfer Station Operating	Aviation Nonreverting Operating	Broadway Fountain Donation	Railroad Clean-Up
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	227,745	-	-	-	-	-
Charges for services	-	-	911,692	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other	-	-	15,482	14,391	477	1,700
Total receipts	227,745	-	927,174	14,391	477	1,700
Disbursements:						
General government	410,830	75,466	-	91,300	-	1,683
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Sanitation	-	-	863,692	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	194	-
Urban redevelopment and housing	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Capital outlay:						
General government	-	-	-	-	-	-
Sanitation	-	-	57,055	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Total disbursements	410,830	75,466	920,747	91,300	194	1,683
Excess (deficiency) of receipts over disbursements	(183,085)	(75,466)	6,427	(76,909)	283	17
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Other receipts	-	-	16,751	87,947	-	-
Total other financing sources (uses)	-	-	16,751	87,947	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(183,085)	(75,466)	23,178	11,038	283	17
Cash and investment fund balance - beginning	243,061	869,018	117,955	115,716	879	445
Cash and investment fund balance - ending	<u>\$ 59,976</u>	<u>\$ 793,552</u>	<u>\$ 141,133</u>	<u>\$ 126,754</u>	<u>\$ 1,162</u>	<u>\$ 462</u>
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ 59,976	\$ -	\$ 141,133	\$ 126,754	\$ -	\$ 462
Restricted assets:						
Cash and investments	-	793,552	-	-	1,162	-
Total cash and investment assets - ending	<u>\$ 59,976</u>	<u>\$ 793,552</u>	<u>\$ 141,133</u>	<u>\$ 126,754</u>	<u>\$ 1,162</u>	<u>\$ 462</u>
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
General government	\$ -	\$ 793,552	\$ -	\$ -	\$ 1,162	\$ -
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Unrestricted	59,976	-	141,133	126,754	-	462
Total cash and investment fund balance - ending	<u>\$ 59,976</u>	<u>\$ 793,552</u>	<u>\$ 141,133</u>	<u>\$ 126,754</u>	<u>\$ 1,162</u>	<u>\$ 462</u>

CITY OF MADISON
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2009
 (Continued)

	Owner Occupied Revolving Loan	Cumulative Capital Development	Aviation Grant	Cumulative Capital Improvement	County Tax (Edit)	Totals
Receipts:						
Taxes	\$ -	\$ 196,894	\$ -	\$ -	\$ -	\$ 263,601
Licenses and permits	-	-	-	-	-	5,760
Intergovernmental	-	12,474	420,280	36,808	627,671	2,190,569
Charges for services	-	-	-	-	-	1,036,783
Fines and forfeits	-	-	-	-	-	1,975
Other	3,800	-	-	-	-	343,799
Total receipts	3,800	209,368	420,280	36,808	627,671	3,842,487
Disbursements:						
General government	-	55,078	-	2,100	-	1,056,211
Public safety	-	-	-	-	-	42,775
Highways and streets	-	-	-	-	-	443,271
Sanitation	-	-	-	-	-	863,692
Economic development	-	-	-	-	219,006	283,255
Culture and recreation	-	-	-	-	-	161,160
Urban redevelopment and housing	2,332	-	-	-	-	109,294
Debt service:						
Principal	-	-	-	-	155,829	155,829
Interest	-	-	-	-	59,236	59,236
Capital outlay:						
General government	-	27,144	414,103	15,546	-	1,072,290
Sanitation	-	-	-	-	-	57,055
Economic development	-	-	-	-	472,948	472,948
Culture and recreation	-	-	-	-	-	3,475
Total disbursements	2,332	82,222	414,103	17,646	907,019	4,780,491
Excess (deficiency) of receipts over disbursements	1,468	127,146	6,177	19,162	(279,348)	(938,004)
Other financing sources (uses):						
Transfers in	-	-	-	-	-	11,417
Transfers out	-	-	-	-	-	(402)
Other receipts	-	-	-	-	-	296,394
Total other financing sources (uses)	-	-	-	-	-	307,409
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,468	127,146	6,177	19,162	(279,348)	(630,595)
Cash and investment fund balance - beginning	-	229,457	3	40,731	1,173,721	5,186,980
Cash and investment fund balance - ending	\$ 1,468	\$ 356,603	\$ 6,180	\$ 59,893	\$ 894,373	\$ 4,556,385
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ 1,468	\$ -	\$ -	\$ -	\$ -	\$ 1,468,921
Restricted assets:						
Cash and investments	-	356,603	6,180	59,893	894,373	3,087,464
Total cash and investment assets - ending	\$ 1,468	\$ 356,603	\$ 6,180	\$ 59,893	\$ 894,373	\$ 4,556,385
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,527,316
Public safety	-	-	-	-	-	39,823
Highways and streets	-	-	-	-	-	138,943
Culture and recreation	-	-	-	-	-	64,333
Capital outlay	-	356,603	6,180	59,893	894,373	1,317,049
Unrestricted	1,468	-	-	-	-	1,468,921
Total cash and investment fund balance - ending	\$ 1,468	\$ 356,603	\$ 6,180	\$ 59,893	\$ 894,373	\$ 4,556,385

CITY OF MADISON
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 AGENCY FUND
 For The Year Ended December 31, 2009

	Payroll
Additions:	
Agency fund additions	\$ 6,467,014
Deductions:	
Agency fund deductions	6,451,489
Excess (deficiency) of total additions over total deductions	15,525
Cash and investment fund balance - beginning	131,185
Cash and investment fund balance - ending	\$ 146,710

CITY OF MADISON
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 For The Year Ended December 31, 2009

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.

General infrastructure assets completed in the current and prior years have been reported. At this time, the City has no plans to implement retroactive reporting of general infrastructure assets.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 2,234,940
Infrastructure	6,264,761
Buildings	4,116,320
Improvements other than buildings	2,987,663
Machinery and equipment	<u>4,126,436</u>
 Total governmental activities, capital assets not being depreciated	 \$ <u>19,730,120</u>

<u>Primary Government</u>	<u>Ending Balance</u>
Business-type activities:	
Water Utility:	
Capital assets, not being depreciated:	
Land	\$ 67,500
Construction in progress	793,982
Water collection and distribution system	1,312,074
Buildings	6,262,315
Improvements other than buildings	919,024
Machinery and equipment	<u>1,376,648</u>
 Total Water Utility capital assets	 <u>10,731,543</u>
 Wastewater Utility:	
Capital assets, not being depreciated:	
Construction in progress	9,148,236
Wastewater collection and distribution system	2,824,881
Buildings	1,865,680
Improvements other than buildings	784,197
Machinery and equipment	<u>2,818,411</u>
 Total Wastewater Utility capital assets	 <u>17,441,405</u>
 Total business-type activities capital assets	 \$ <u>28,172,948</u>

CITY OF MADISON
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 December 31, 2009

The City has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:		
Capital leases:		
City hall	\$ 155,292	\$ 55,079
Energy savings installment contract	1,336,229	215,065
Loan payable	<u>158,493</u>	<u>17,305</u>
Total governmental activities debt	<u>\$ 1,650,014</u>	<u>\$ 287,449</u>
Business-type activities:		
Water Utility:		
1999 State revolving loan (SRF)	\$ 3,566,000	\$ 383,414
2009 State revolving loan (SRF) (See Note 1 Below)	439,482	51,172
2009 ARRA State Revolving loan (SRF) (See Note 2 Below)	<u>328,500</u>	<u>-</u>
Total Water Utility	<u>4,333,982</u>	<u>434,586</u>
Wastewater Utility:		
State revolving loan (SRF)	6,941,588	641,185
Revenue bonds:		
1995 Sewage Works	<u>130,000</u>	<u>133,900</u>
Total Wastewater Utility	<u>7,071,588</u>	<u>775,085</u>
Total business-type activities debt	<u>\$ 11,405,570</u>	<u>\$ 1,209,671</u>

NOTE 1: The Water Utility's State Revolving Loan (SRF) has an established maximum draw of \$766,500. As of December 31, 2009, the Utility had drawn down \$465,482 and may still draw an additional \$301,018. Also, as of December 31, 2009, the Utility had repaid principal in the amount of \$26,000, which results in the \$439,482 balance shown above. The final principal balance will not be determined until the planned construction projects are completed.

NOTE 2: The Water Utility received an ARRA forgivable State Revolving Loan (SRF) BAN that comes due in 2013. If current bonds are paid on time then the BAN will be forgiven by the State.

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



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

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

TO: THE OFFICIALS OF THE CITY OF MADISON, JEFFERSON COUNTY, INDIANA

Compliance

We have audited the compliance of the City of Madison (City) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended December 31, 2009. The City's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City's compliance with those requirements.

In our opinion, the City complied in all material respects with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2009.

Internal Control Over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133
(Continued)

A control deficiency in a City's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be significant deficiencies or material weaknesses, as defined above.

This report is intended solely for the information and use of the City's management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

July 20, 2010

CITY OF MADISON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended December 31, 2009

Federal Grantor Agency/Pass-Through Entity Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
Direct Grant:			
Rural Business Enterprise Grant	10.769	2008	\$ 14,500
Total for federal grantor agency			<u>14,500</u>
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
Pass-Through Indiana Department of Commerce			
Community Development Block Grants/ State's Program	14.228	PL-05-059	<u>18,000</u>
Total for federal grantor agency			<u>18,000</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
Pass-Through Indiana Department of Transportation:			
Highway Planning and Construction Cluster			
Highway Planning and Construction	20.205		
Ohio River Scenic Byway Interpretive Display		STP-9982 (033)	9,019
Relocation of Water Main on SR 62		Des. No. 9902940	272,338
Relocation of Sewer Main on SR 62		Des. No. 9902940	29,292
Riverfront Development Grant		Des. No. 99090208	<u>145,465</u>
Total for program			<u>456,114</u>
Pass-Through Indiana Criminal Justice Institute:			
Highway Safety Cluster			
State and Community Highway Safety	20.600		
Operation Pullover		OP 09-01-01-82	<u>2,806</u>
Total for program			<u>2,806</u>
Direct Grant:			
Airport Improvement Program	20.106		
		AIP-3-18-0052-0906	55,774
		AIP-3-18-0052-1006	218,070
		AIP-3-18-0052-1107	4,222
		AIP-3-18-0052-1308	<u>123,110</u>
Total for program			<u>401,176</u>
Total for federal grantor agency			<u>860,096</u>
<u>U.S. ENVIRONMENTAL PROTECTION AGENCY</u>			
Pass-Through Indiana Finance Authority:			
Capitalization Grants for Clean Water State Revolving Funds	66.458		
State Revolving Loan (SRF)		DW08103902	186,193
ARRA - State Revolving Loan (SRF)		DW08103902	<u>328,500</u>
Total for federal grantor agency			<u>514,693</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>			
Pass-Through Indiana Department of Homeland Security:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036		
		DR-1828	59,757
		DR-1795	<u>163,629</u>
Total for federal grantor agency			<u>223,386</u>
Total federal awards expended			<u>\$ 1,630,675</u>

The accompanying note is an integral part of the Schedule of Expenditures of Federal Awards.

CITY OF MADISON
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Madison (City) and is presented in accordance with the cash and investment basis of accounting used in the preparation of the financial statements. Accordingly, the amount of federal awards expended is based on when the disbursement related to the award occurs except when the federal award is received on a reimbursement basis. In these instances the federal awards are considered expended when the reimbursement is received.

CITY OF MADISON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified?	no
Significant deficiencies identified that are not considered to be material weaknesses?	none reported

Noncompliance material to financial statements noted? no

Federal Awards:

Internal control over major programs:

Material weaknesses identified?	no
Significant deficiencies identified that are not considered to be material weaknesses?	none reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? no

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
20.106	Airport Improvement Programs
66.458	Capitalization Grants for Clean Water State Revolving Funds

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? no

Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

CITY OF MADISON
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

CITY OF MADISON
EXIT CONFERENCE

The contents of this report were discussed on July 20, 2010, with David Adams, Clerk-Treasurer; Tim Armstrong, Mayor; and Rick Berry, President of the Common Council. Our audit disclosed no material items that warrant comment at this time.