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

ANNUAL FINANCIAL REPORT

2009

CITY OF SHELBYVILLE

SHELBY COUNTY, INDIANA



**FILED**  
09/30/2010



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### SCHEDULE OF OFFICIALS

| <u>Office</u>                                        | <u>Official</u>           | <u>Term</u>                                  |
|------------------------------------------------------|---------------------------|----------------------------------------------|
| Clerk-Treasurer                                      | Rodney Meyerholtz         | 01-01-08 to 12-31-11                         |
| Mayor                                                | Scott Furgeson            | 01-01-08 to 12-31-11                         |
| President of the Board of<br>Public Works and Safety | Scott Furgeson            | 01-01-09 to 12-31-11                         |
| President of the<br>Common Council                   | Kim Owens<br>Richard Fero | 01-01-09 to 12-31-09<br>01-01-10 to 12-31-10 |
| Superintendent of<br>Wastewater Utility              | Bradley Fix               | 01-01-09 to 07-31-10                         |
| Utility Office Manager                               | Sharon Bernard            | 01-01-09 to 12-31-10                         |



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

TO: THE OFFICIALS OF THE CITY OF SHELBYVILLE, SHELBY 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 Shelbyville (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.

As discussed in Note I, the financial statements referred to above do not include a number of component units of the City which should have been included to fairly present the financial position of the City.

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 August 24, 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.

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

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.

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

August 24, 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 SHELBYVILLE, SHELBY 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 Shelbyville (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 August 24, 2010. The opinions to the financial statements were qualified due to the financial statements do not include a number of component units of the City which should have been included to fairly present the financial position of the City. 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, Common Council, 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

August 24, 2010

CITY OF SHELBYVILLE  
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 | Governmental Activities                              | Business-Type Activities | Totals               |
| <b>Primary government:</b>                                       |                      |                      |                                    |                                  |                                                      |                          |                      |
| <b>Governmental activities:</b>                                  |                      |                      |                                    |                                  |                                                      |                          |                      |
| General government                                               | \$ 6,923,476         | \$ 296,867           | \$ -                               | \$ 353,981                       | \$ (6,272,628)                                       | \$ -                     | \$ (6,272,628)       |
| Public safety                                                    | 9,604,404            | 1,664,567            | 6,184                              | 1,082,159                        | (6,851,494)                                          | -                        | (6,851,494)          |
| Highways and streets                                             | 2,463,060            | 3,975                | -                                  | -                                | (2,459,085)                                          | -                        | (2,459,085)          |
| Sanitation                                                       | 685,730              | -                    | -                                  | -                                | (685,730)                                            | -                        | (685,730)            |
| Economic development                                             | 2,045,161            | 62,690               | -                                  | 500,000                          | (1,482,471)                                          | -                        | (1,482,471)          |
| Culture and recreation                                           | 1,562,247            | 421,380              | -                                  | 40,000                           | (1,100,867)                                          | -                        | (1,100,867)          |
| Principal and interest on indebtedness                           | 6,039,420            | -                    | -                                  | -                                | (6,039,420)                                          | -                        | (6,039,420)          |
| <b>Total governmental activities</b>                             | <b>29,323,498</b>    | <b>2,449,479</b>     | <b>6,184</b>                       | <b>1,976,140</b>                 | <b>(24,891,695)</b>                                  | <b>-</b>                 | <b>(24,891,695)</b>  |
| <b>Business-type activities:</b>                                 |                      |                      |                                    |                                  |                                                      |                          |                      |
| Storm Water                                                      | 885,272              | 897,868              | -                                  | -                                | -                                                    | 12,596                   | 12,596               |
| Wastewater                                                       | 3,695,248            | 3,317,171            | -                                  | -                                | -                                                    | (378,077)                | (378,077)            |
| <b>Total business-type activities</b>                            | <b>4,580,520</b>     | <b>4,215,039</b>     | <b>-</b>                           | <b>-</b>                         | <b>-</b>                                             | <b>(365,481)</b>         | <b>(365,481)</b>     |
| <b>Total primary government</b>                                  | <b>\$ 33,904,018</b> | <b>\$ 6,664,518</b>  | <b>\$ 6,184</b>                    | <b>\$ 1,976,140</b>              | <b>(24,891,695)</b>                                  | <b>(365,481)</b>         | <b>(25,257,176)</b>  |
| <b>General receipts:</b>                                         |                      |                      |                                    |                                  |                                                      |                          |                      |
| Property taxes                                                   |                      |                      |                                    |                                  | 13,834,239                                           | -                        | 13,834,239           |
| Intergovernmental                                                |                      |                      |                                    |                                  | 9,153,376                                            | -                        | 9,153,376            |
| Other local sources                                              |                      |                      |                                    |                                  | 2,997,825                                            | -                        | 2,997,825            |
| Net proceeds from borrowings                                     |                      |                      |                                    |                                  | 735,000                                              | -                        | 735,000              |
| Investment earnings                                              |                      |                      |                                    |                                  | 88,460                                               | 88,683                   | 177,143              |
| Interfund loans                                                  |                      |                      |                                    |                                  | (1,979,213)                                          | 1,979,213                | -                    |
| Special items: Sale of Indiana Wesleyan Building                 |                      |                      |                                    |                                  | 1,977,795                                            | -                        | 1,977,795            |
| <b>Total general receipts, interfund loans and special items</b> |                      |                      |                                    |                                  | <b>26,807,482</b>                                    | <b>2,067,896</b>         | <b>28,875,378</b>    |
| <b>Change in net assets</b>                                      |                      |                      |                                    |                                  | <b>1,915,787</b>                                     | <b>1,702,415</b>         | <b>3,618,202</b>     |
| <b>Net assets - beginning</b>                                    |                      |                      |                                    |                                  | <b>7,944,106</b>                                     | <b>3,145,346</b>         | <b>11,089,452</b>    |
| <b>Net assets - ending</b>                                       |                      |                      |                                    |                                  | <b>\$ 9,859,893</b>                                  | <b>\$ 4,847,760</b>      | <b>\$ 14,707,653</b> |
| <b>Assets</b>                                                    |                      |                      |                                    |                                  |                                                      |                          |                      |
| Cash and investments                                             |                      |                      |                                    |                                  | \$ 3,825,928                                         | \$ 620,392               | \$ 4,446,320         |
| Restricted assets:                                               |                      |                      |                                    |                                  |                                                      |                          |                      |
| Cash and investments                                             |                      |                      |                                    |                                  | 6,033,965                                            | 4,227,058                | 10,261,023           |
| <b>Total assets</b>                                              |                      |                      |                                    |                                  | <b>\$ 9,859,893</b>                                  | <b>\$ 4,847,450</b>      | <b>\$ 14,707,343</b> |
| <b>Net Assets</b>                                                |                      |                      |                                    |                                  |                                                      |                          |                      |
| Restricted for:                                                  |                      |                      |                                    |                                  |                                                      |                          |                      |
| Public safety                                                    |                      |                      |                                    |                                  | \$ 9,657                                             | \$ -                     | \$ 9,657             |
| Highways and streets                                             |                      |                      |                                    |                                  | (11,031)                                             | -                        | (11,031)             |
| Economic development                                             |                      |                      |                                    |                                  | 3,113,758                                            | -                        | 3,113,758            |
| Culture and recreation                                           |                      |                      |                                    |                                  | 648,454                                              | -                        | 648,454              |
| Debt service                                                     |                      |                      |                                    |                                  | 675,329                                              | 33,092                   | 708,421              |
| Capital outlay                                                   |                      |                      |                                    |                                  | 1,597,798                                            | 4,193,966                | 5,791,764            |
| Unrestricted                                                     |                      |                      |                                    |                                  | 3,825,928                                            | 620,392                  | 4,446,320            |
| <b>Total net assets</b>                                          |                      |                      |                                    |                                  | <b>\$ 9,859,893</b>                                  | <b>\$ 4,847,450</b>      | <b>\$ 14,707,343</b> |

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

CITY OF SHELBYVILLE  
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           | EDIT                | Knauf<br>TIF        | Racino<br>Wagering<br>Fee | Other<br>Governmental<br>Funds | Totals               |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|---------------------|---------------------|---------------------------|--------------------------------|----------------------|
| <b>Receipts:</b>                                                                                                                                                                                                                                                                        |                   |                     |                     |                           |                                |                      |
| Taxes                                                                                                                                                                                                                                                                                   | \$ 7,016,414      | \$ -                | \$ 1,404,817        | \$ -                      | \$ 5,413,008                   | \$ 13,834,239        |
| Special assessments                                                                                                                                                                                                                                                                     | -                 | -                   | -                   | -                         | 86,036                         | 86,036               |
| Licenses and permits                                                                                                                                                                                                                                                                    | 63,247            | -                   | -                   | -                         | -                              | 63,247               |
| Intergovernmental                                                                                                                                                                                                                                                                       | 5,047,981         | 1,090,302           | -                   | 1,352,783                 | 3,644,634                      | 11,135,700           |
| Charges for services                                                                                                                                                                                                                                                                    | 1,655,329         | -                   | -                   | -                         | 794,150                        | 2,449,479            |
| Fines and forfeits                                                                                                                                                                                                                                                                      | 16,797            | -                   | -                   | -                         | 160                            | 16,957               |
| Interfund loans                                                                                                                                                                                                                                                                         | -                 | 1,346,515           | -                   | -                         | 1,132,900                      | 2,479,415            |
| Other                                                                                                                                                                                                                                                                                   | 2,265,802         | 13,835              | 276                 | 3,622                     | 173,343                        | 2,456,878            |
| <b>Total receipts</b>                                                                                                                                                                                                                                                                   | <b>16,065,570</b> | <b>2,450,652</b>    | <b>1,405,093</b>    | <b>1,356,405</b>          | <b>11,244,231</b>              | <b>32,521,951</b>    |
| <b>Disbursements:</b>                                                                                                                                                                                                                                                                   |                   |                     |                     |                           |                                |                      |
| General government                                                                                                                                                                                                                                                                      | 4,655,801         | -                   | -                   | -                         | 963,856                        | 5,619,657            |
| Public safety                                                                                                                                                                                                                                                                           | 8,274,301         | -                   | -                   | -                         | 116,153                        | 8,390,454            |
| Highways and streets                                                                                                                                                                                                                                                                    | 463,800           | -                   | -                   | -                         | 1,035,276                      | 1,499,076            |
| Sanitation                                                                                                                                                                                                                                                                              | 623,033           | -                   | -                   | -                         | -                              | 623,033              |
| Economic development                                                                                                                                                                                                                                                                    | -                 | -                   | -                   | -                         | 200,980                        | 200,980              |
| Culture and recreation                                                                                                                                                                                                                                                                  | -                 | -                   | -                   | -                         | 1,535,537                      | 1,535,537            |
| Interfund loans                                                                                                                                                                                                                                                                         | 1,000,000         | 1,132,900           | -                   | -                         | 2,225,479                      | 4,358,379            |
| <b>Debt service:</b>                                                                                                                                                                                                                                                                    |                   |                     |                     |                           |                                |                      |
| Principal                                                                                                                                                                                                                                                                               | -                 | -                   | -                   | -                         | 4,490,093                      | 4,490,093            |
| Interest                                                                                                                                                                                                                                                                                | -                 | -                   | -                   | -                         | 1,549,327                      | 1,549,327            |
| <b>Capital outlay:</b>                                                                                                                                                                                                                                                                  |                   |                     |                     |                           |                                |                      |
| General government                                                                                                                                                                                                                                                                      | 1,595             | 177,500             | -                   | -                         | 1,040,376                      | 1,219,471            |
| Public safety                                                                                                                                                                                                                                                                           | 110,793           | -                   | -                   | -                         | 1,103,157                      | 1,213,950            |
| Highways and streets                                                                                                                                                                                                                                                                    | 8,348             | -                   | -                   | -                         | 955,636                        | 963,984              |
| Sanitation                                                                                                                                                                                                                                                                              | 62,697            | -                   | -                   | -                         | -                              | 62,697               |
| Economic development                                                                                                                                                                                                                                                                    | -                 | 597,725             | -                   | -                         | 1,246,456                      | 1,844,181            |
| Culture and recreation                                                                                                                                                                                                                                                                  | -                 | -                   | -                   | -                         | 26,710                         | 26,710               |
| <b>Total disbursements</b>                                                                                                                                                                                                                                                              | <b>15,200,368</b> | <b>1,908,125</b>    | <b>-</b>            | <b>-</b>                  | <b>16,489,036</b>              | <b>33,597,529</b>    |
| <b>Excess (deficiency) of receipts over disbursements</b>                                                                                                                                                                                                                               | <b>865,202</b>    | <b>542,527</b>      | <b>1,405,093</b>    | <b>1,356,405</b>          | <b>(5,244,805)</b>             | <b>(1,075,578)</b>   |
| <b>Other financing sources (uses):</b>                                                                                                                                                                                                                                                  |                   |                     |                     |                           |                                |                      |
| Net proceeds from borrowings                                                                                                                                                                                                                                                            | -                 | -                   | -                   | -                         | 735,000                        | 735,000              |
| Transfers in                                                                                                                                                                                                                                                                            | -                 | -                   | -                   | -                         | 196,975                        | 196,975              |
| Transfers out                                                                                                                                                                                                                                                                           | -                 | (196,975)           | -                   | -                         | -                              | (196,975)            |
| Other receipts                                                                                                                                                                                                                                                                          | 53,739            | 60,000              | -                   | -                         | 2,142,626                      | 2,256,365            |
| <b>Total other financing sources (uses)</b>                                                                                                                                                                                                                                             | <b>53,739</b>     | <b>(136,975)</b>    | <b>-</b>            | <b>-</b>                  | <b>3,074,601</b>               | <b>2,991,365</b>     |
| <b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>                                                                                                                                                                          | <b>918,941</b>    | <b>405,552</b>      | <b>1,405,093</b>    | <b>1,356,405</b>          | <b>(2,170,204)</b>             | <b>1,915,787</b>     |
| <b>Cash and investment fund balance - beginning</b>                                                                                                                                                                                                                                     | <b>(795,341)</b>  | <b>1,031,347</b>    | <b>47,555</b>       | <b>-</b>                  | <b>7,680,545</b>               | <b>7,944,106</b>     |
| <b>Cash and investment fund balance - ending</b>                                                                                                                                                                                                                                        | <b>\$ 123,600</b> | <b>\$ 1,436,899</b> | <b>\$ 1,452,648</b> | <b>\$ 1,356,405</b>       | <b>\$ 5,490,341</b>            | <b>9,859,893</b>     |
| Amounts reported for governmental activities in the Statement of Activities and Net Assets - Cash and Investment Basis are different because:                                                                                                                                           |                   |                     |                     |                           |                                |                      |
| Internal services funds are used by management to charge the costs of certain services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Activities and Net Assets - Cash and Investment Basis. |                   |                     |                     |                           |                                |                      |
|                                                                                                                                                                                                                                                                                         |                   |                     |                     |                           |                                | <u>241,284</u>       |
| <b>Net assets of governmental activities</b>                                                                                                                                                                                                                                            |                   |                     |                     |                           |                                | <u>\$ 10,101,177</u> |
| <b>Cash and Investment Assets - Ending</b>                                                                                                                                                                                                                                              |                   |                     |                     |                           |                                |                      |
| Cash and investments                                                                                                                                                                                                                                                                    | \$ 123,600        | \$ 1,436,899        | \$ -                | \$ 1,356,405              | \$ 909,024                     | \$ 3,825,928         |
| <b>Restricted assets:</b>                                                                                                                                                                                                                                                               |                   |                     |                     |                           |                                |                      |
| Cash and investments                                                                                                                                                                                                                                                                    | -                 | -                   | 1,452,648           | -                         | 4,581,317                      | 6,033,965            |
| <b>Total cash and investment assets - ending</b>                                                                                                                                                                                                                                        | <b>\$ 123,600</b> | <b>\$ 1,436,899</b> | <b>\$ 1,452,648</b> | <b>\$ 1,356,405</b>       | <b>\$ 5,490,341</b>            | <b>\$ 9,859,893</b>  |
| <b>Cash and Investment Fund Balance - Ending</b>                                                                                                                                                                                                                                        |                   |                     |                     |                           |                                |                      |
| <b>Restricted for:</b>                                                                                                                                                                                                                                                                  |                   |                     |                     |                           |                                |                      |
| Public safety                                                                                                                                                                                                                                                                           | \$ -              | \$ -                | \$ -                | \$ -                      | \$ 9,657                       | \$ 9,657             |
| Highways and streets                                                                                                                                                                                                                                                                    | -                 | -                   | -                   | -                         | (11,031)                       | (11,031)             |
| Economic development                                                                                                                                                                                                                                                                    | -                 | -                   | 1,452,648           | -                         | 1,661,110                      | 3,113,758            |
| Culture and recreation                                                                                                                                                                                                                                                                  | -                 | -                   | -                   | -                         | 648,454                        | 648,454              |
| Debt service                                                                                                                                                                                                                                                                            | -                 | -                   | -                   | -                         | 675,329                        | 675,329              |
| Capital outlay                                                                                                                                                                                                                                                                          | -                 | -                   | -                   | -                         | 1,597,798                      | 1,597,798            |
| Unrestricted                                                                                                                                                                                                                                                                            | 123,600           | 1,436,899           | -                   | 1,356,405                 | 909,024                        | 3,825,928            |
| <b>Total cash and investment fund balance - ending</b>                                                                                                                                                                                                                                  | <b>\$ 123,600</b> | <b>\$ 1,436,899</b> | <b>\$ 1,452,648</b> | <b>\$ 1,356,405</b>       | <b>\$ 5,490,341</b>            | <b>\$ 9,859,893</b>  |

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

CITY OF SHELBYVILLE  
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

|                                                                                                         | Shelbyville<br>Storm Water | Shelbyville<br>Wastewater | Totals              | Internal<br>Service<br>Funds |
|---------------------------------------------------------------------------------------------------------|----------------------------|---------------------------|---------------------|------------------------------|
| Operating receipts:                                                                                     |                            |                           |                     |                              |
| Metered/measured                                                                                        | \$ -                       | \$ 3,255,118              | \$ 3,255,118        | \$ -                         |
| Fees                                                                                                    | 897,868                    | -                         | 897,868             | -                            |
| Charges for services                                                                                    | -                          | 16,883                    | 16,883              | -                            |
| Interfund loan proceeds                                                                                 | -                          | 1,979,213                 | 1,979,213           | -                            |
| Miscellaneous                                                                                           | -                          | 45,170                    | 45,170              | 2,743,772                    |
| <b>Total operating receipts</b>                                                                         | <b>897,868</b>             | <b>5,296,384</b>          | <b>6,194,252</b>    | <b>2,743,772</b>             |
| Operating disbursements:                                                                                |                            |                           |                     |                              |
| Salaries and wages                                                                                      | 124,671                    | 772,360                   | 897,031             | -                            |
| Employee pensions and benefits                                                                          | 50,457                     | 578,673                   | 629,130             | -                            |
| Purchased water                                                                                         | -                          | 4,585                     | 4,585               | -                            |
| Sludge removal                                                                                          | -                          | 1,654                     | 1,654               | -                            |
| Purchased power                                                                                         | -                          | 223,005                   | 223,005             | -                            |
| Chemicals                                                                                               | -                          | 6,512                     | 6,512               | -                            |
| Material and supplies                                                                                   | 10,195                     | 40,437                    | 50,632              | -                            |
| Contractual services                                                                                    | 13,600                     | 67,027                    | 80,627              | -                            |
| Rents                                                                                                   | -                          | 12,381                    | 12,381              | -                            |
| Insurance claims and expense                                                                            | 2,432                      | 70,000                    | 72,432              | -                            |
| Refunds                                                                                                 | -                          | 8,445                     | 8,445               | -                            |
| Equipment and capital improvements                                                                      | 216,010                    | 592,860                   | 808,870             | -                            |
| Miscellaneous                                                                                           | 45,484                     | 379,521                   | 425,005             | 2,828,120                    |
| <b>Total operating disbursements</b>                                                                    | <b>462,849</b>             | <b>2,757,460</b>          | <b>3,220,309</b>    | <b>2,828,120</b>             |
| Excess (deficiency) of operating receipts<br>over operating disbursements                               | 435,019                    | 2,538,924                 | 2,973,943           | (84,348)                     |
| Nonoperating receipts (disbursements):                                                                  |                            |                           |                     |                              |
| Investment income                                                                                       | 42,753                     | 45,930                    | 88,683              | -                            |
| Debt service of principal                                                                               | (215,044)                  | (544,957)                 | (760,001)           | -                            |
| Interest disbursements                                                                                  | (207,379)                  | (393,141)                 | (600,520)           | -                            |
| <b>Total nonoperating receipts (disbursements)</b>                                                      | <b>(379,670)</b>           | <b>(892,168)</b>          | <b>(1,271,838)</b>  | <b>-</b>                     |
| Excess (deficiency) of receipts over disbursements and<br>nonoperating receipts (disbursements)         | 55,349                     | 1,646,756                 | 1,702,105           | (84,348)                     |
| Transfers in                                                                                            | 422,397                    | 938,123                   | 1,360,520           | -                            |
| Transfers out                                                                                           | (422,397)                  | (938,123)                 | (1,360,520)         | -                            |
| Excess (deficiency) of receipts, contributions and transfers in<br>over disbursements and transfers out | 55,349                     | 1,646,756                 | 1,702,105           | (84,348)                     |
| Cash and investment fund balance - beginning                                                            | 2,338,388                  | 806,958                   | 3,145,346           | 325,632                      |
| Cash and investment fund balance - ending                                                               | <u>\$ 2,393,736</u>        | <u>\$ 2,453,714</u>       | <u>\$ 4,847,450</u> | <u>\$ 241,284</u>            |
| <u>Cash and Investment Assets - December 31</u>                                                         |                            |                           |                     |                              |
| Cash and investments                                                                                    | \$ 1,236,640               | \$ (616,248)              | \$ 620,392          | \$ -                         |
| Restricted assets:                                                                                      |                            |                           |                     |                              |
| Cash and investments                                                                                    | 1,157,096                  | 3,069,962                 | 4,227,058           | 241,284                      |
| Total cash and investment assets - December 31                                                          | <u>\$ 2,393,736</u>        | <u>\$ 2,453,714</u>       | <u>\$ 4,847,450</u> | <u>\$ 241,284</u>            |
| <u>Cash and Investment Fund Balance - December 31</u>                                                   |                            |                           |                     |                              |
| Restricted for:                                                                                         |                            |                           |                     |                              |
| Debt service                                                                                            | \$ 11,471                  | \$ 21,621                 | \$ 33,092           | \$ -                         |
| Capital outlay                                                                                          | 1,145,625                  | 3,048,341                 | 4,193,966           | -                            |
| Other purposes                                                                                          | -                          | -                         | -                   | 241,284                      |
| Unrestricted                                                                                            | 1,236,640                  | (616,248)                 | 620,392             | -                            |
| Total cash and investment fund balance - December 31                                                    | <u>\$ 2,393,736</u>        | <u>\$ 2,453,714</u>       | <u>\$ 4,847,450</u> | <u>\$ 241,284</u>            |

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

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

|                                                    | <u>Pension<br/>Trust</u> | <u>Private-Purpose<br/>Trust</u> | <u>Agency<br/>Funds</u> |
|----------------------------------------------------|--------------------------|----------------------------------|-------------------------|
| Additions:                                         |                          |                                  |                         |
| Contributions:                                     |                          |                                  |                         |
| Employer                                           | \$ 913,802               | \$ -                             |                         |
| Plan members                                       | <u>904,534</u>           | <u>-</u>                         |                         |
| Total contributions                                | <u>1,818,336</u>         | <u>-</u>                         |                         |
| Investment earnings:                               |                          |                                  |                         |
| Interest                                           | <u>2,121</u>             | <u>20</u>                        |                         |
| Total additions                                    | <u>1,820,457</u>         | <u>20</u>                        |                         |
| Deductions:                                        |                          |                                  |                         |
| Benefits                                           | 853,182                  | -                                |                         |
|                                                    | 100,249                  | -                                |                         |
| Administrative and general                         | <u>23,385</u>            | <u>-</u>                         |                         |
| Total deductions                                   | <u>976,816</u>           | <u>-</u>                         |                         |
| Excess of total additions<br>over total deductions | 843,641                  | 20                               |                         |
| Cash and investment fund balance - beginning       | <u>24,664</u>            | <u>27,379</u>                    |                         |
| Cash and investment fund balance - ending          | <u>\$ 868,305</u>        | <u>\$ 27,399</u>                 | <u>\$ 81,580</u>        |

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

CITY OF SHELBYVILLE  
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

The City of Shelbyville was established under the laws of the State of Indiana. The City of Shelbyville operates under a Council-Mayor form of government and provides the following services: public safety (police and fire), highways and streets, sanitation, economic development, culture and recreation, public improvements, planning and zoning, general administrative services, wastewater and storm water utilities, municipal airport, and urban redevelopment and housing.

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

|                                      |                                     |
|--------------------------------------|-------------------------------------|
| Primary Government:                  | City of Shelbyville                 |
| Blended Component Unit:              | Shelbyville Redevelopment Authority |
| Discretely Presented Component Unit: | Major Hospital                      |

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

The Shelbyville Redevelopment Authority, a blended component unit, and Major Hospital, discretely presented component unit, have been omitted from these financial statements. Accordingly, the financial statements do not include the data of all of the City's component units necessary to fairly present the financial position of the City.

Joint Ventures

The City, in conjunction with Major Hospital and Shelby County, has created an emergency medical service (ambulance). The City operates the emergency medical service and maintains the accounting records, while the hospital bills and collects revenue. Major Hospital sends the City revenue collected monthly. Shelby County is billed quarterly for one half of the net expenses of the ambulance budget.

The City of Shelbyville, Shelby County, and Major Hospital share administrative and financial responsibilities for the Shelbyville/Shelby County Advanced Technology Industrial Park (Intelliplex Park). The purposes of the "Certified Technology Park" venture are land acquisition, construction, and installation of public infrastructure improvements for life science and high-tech economic development (Indiana Code 36-7-32).

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.

CITY OF SHELBYVILLE  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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 of Shelbyville 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 EDIT fund is the Economic Development Income Tax Fund. The County EDIT [CEDIT] tax rate is 0.25% of income, and is levied on County residents. The allocation received by the City is used for economic development.

The Knauf TIF Fund is a tax increment financing area fund. The fund is used for construction and improvements of infrastructure.

The Racino Wagering Fee Fund accounts for fees levied on racino wagers at the Indiana Downs, LLC which are distributed through Shelby County and subsequently a portion sent to the City. Funds may be used for several purposes with the approval of the City Council.

The City reports the following major proprietary funds:

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

The Storm Water Utility Fund accounts for the operation of the storm water collection system.

Additionally, the City reports the following fund types:

The internal service funds account for resources to provide health insurance coverage to employees, their dependents and retirees.

The pension trust funds account for the activities of the 1925 police and 1937 firefighters pension funds, which accumulate resources for pension benefit payments.

The private-purpose trust funds report trust arrangements under which principal and income benefit the animal shelter and cemetery.

Agency funds account for assets held by the City as an agent for various taxing entities and benefit providers for payroll withholdings.

CITY OF SHELBYVILLE  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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 of Shelbyville 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 Storm Water and Wastewater Utilities. Elimination of these charges would distort the direct costs and program receipts reported for the various functions concerned.

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities are provided to people outside the government (enterprise funds) or other departments or agencies primarily within the government (internal service funds).

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.

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

CITY OF SHELBYVILLE  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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 or donor designation.

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 of Shelbyville 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.

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."

Fund Financial Statements

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

CITY OF SHELBYVILLE  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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:

1. 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 SHELBYVILLE  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

2. Primary government and component unit activity – Resource flows between the primary government and the discretely-presented component unit are reported as if they were external transactions and are classified separately from internal activities within the primary government.

II. Stewardship, Compliance and Accountability

A. 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 of Shelbyville 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 of Shelbyville receives approval of the Indiana Department of Local Government Finance.

The City of Shelbyville'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.

B. Disbursements in Excess of Appropriations

For the year ended December 31, 2009, disbursements exceeded budgeted appropriations in the following funds by the amounts below:

| Fund                    | 2009       |
|-------------------------|------------|
| Local Road & Street     | \$ 751     |
| Cumulative Thoroughfare | 229,921    |
| Fire Station Bond       | 900        |
| Total                   | \$ 231,572 |

CITY OF SHELBYVILLE  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

These disbursements were funded by available cash balances. Expenditures from the Cumulative Thoroughfare Fund were for engineering and preliminary costs for a TIF infrastructure project near Hoosier Park. Local property tax assessments for the district were appealed, and collection of taxes has been delayed. These expenditures will be reimbursed within 2010 with funds generated by issuance of a TIF Revenue Bond.

C. Cash and Investment Balance Deficits

At December 31, 2009, the following funds reported deficits in cash and investments, which are violations of the Uniform Compliance Guidelines as authorized by state statute:

| Fund                         | 2009      |
|------------------------------|-----------|
| Motor Vehicle Highway        | \$ 15,760 |
| Local Road and Street        | 11,032    |
| Wastewater Utility Operating | 616,654   |

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 of Shelbyville does not have a deposit policy for custodial credit risk. At December 31, 2009, the City had deposit balances in the amount of \$15,925,711.

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

As of December 31, 2009, the City of Shelbyville had the following investments:

| Investment<br>Type              | Primary<br>Government<br>Market<br>Value |
|---------------------------------|------------------------------------------|
| U.S. treasuries and securities  | \$ 500                                   |
| Government sponsored enterprise | 597,632                                  |
| <br>Total                       | <br>\$ 598,132                           |

CITY OF SHELBYVILLE  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Statutory Authorization for Investments

IC 5-13-9 authorizes the City of Shelbyville 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 of Shelbyville 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.

Investment Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The City of Shelbyville does not have a formal investment policy for custodial credit risk for investments.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City of Shelbyville must follow state statute and limit the stated final maturities of the investments to no more than two years. The City of Shelbyville does not have a formal investment policy for interest rate risk for investments.

| Investment<br>Type              | Investment Maturities (in Years) |             |                |
|---------------------------------|----------------------------------|-------------|----------------|
|                                 | Less<br>Than 1                   | 1-2         | More<br>Than 2 |
| U.S. treasuries and securities  | \$ -                             | \$ -        | \$ 500         |
| Government sponsored enterprise | 597,632                          | -           | -              |
| Totals                          | <u>\$ 597,632</u>                | <u>\$ -</u> | <u>\$ 500</u>  |

B. Interfund Transfers

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

| Transfer From | Transfer To              | 2009              |
|---------------|--------------------------|-------------------|
| EDIT Fund     | Other Governmental Funds | <u>\$ 196,975</u> |

C. Interfund Loans

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

CITY OF SHELBYVILLE  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

| Loan From                               | Loan To                        | Outstanding<br>Loans at<br>01-01-2009 | 2009<br>Loans       | 2009<br>Repayments  | Outstanding<br>Loans at<br>12-31-2009 |
|-----------------------------------------|--------------------------------|---------------------------------------|---------------------|---------------------|---------------------------------------|
| EDIT                                    | General                        | \$ 500,000                            | \$ -                | \$ 500,000          | \$ -                                  |
| EDIT                                    | Pool Debt Service              | 134,197                               | 71,350              | 134,197             | 71,350                                |
| EDIT                                    | 2006 Park Project Debt         | 53,289                                | -                   | 53,289              | -                                     |
| EDIT                                    | Cumulative Thoroughfare        | 219,882                               | 553,550             | 219,882             | 553,550                               |
| EDIT                                    | Fire Station Bond              | 180,000                               | -                   | 180,000             | -                                     |
| EDIT                                    | Cumulative Capital Development | 158,898                               | 58,000              | 158,898             | 58,000                                |
| EDIT                                    | Fire Pension                   | 61,727                                | -                   | 61,727              | -                                     |
| EDIT                                    | Police Pension                 | 38,522                                | -                   | 38,522              | -                                     |
| EDIT                                    | Parks Department               | -                                     | 280,000             | -                   | 280,000                               |
| EDIT                                    | Aviation                       | -                                     | 40,000              | -                   | 40,000                                |
| EDIT                                    | Water and Light                | -                                     | 130,000             | -                   | 130,000                               |
| Total loans from EDIT                   |                                | <u>1,346,515</u>                      | <u>1,132,900</u>    | <u>1,346,515</u>    | <u>1,132,900</u>                      |
| Wastewater Improvement                  | General                        | 500,000                               | -                   | 500,000             | -                                     |
| Wastewater Improvement                  | Aviation                       | 150,000                               | -                   | 150,000             | -                                     |
| Wastewater Improvement                  | Stormwater Utility             | 275,000                               | -                   | 275,000             | -                                     |
| Wastewater Improvement                  | Parks Department               | 950,000                               | -                   | 950,000             | -                                     |
| Wastewater Improvement                  | Fire Station Bond              | 104,213                               | -                   | 104,213             | -                                     |
| Total loans from Wastewater Improvement |                                | <u>1,979,213</u>                      | <u>-</u>            | <u>1,979,213</u>    | <u>-</u>                              |
| Totals                                  |                                | <u>\$ 3,325,728</u>                   | <u>\$ 1,132,900</u> | <u>\$ 3,325,728</u> | <u>\$ 1,132,900</u>                   |

The City of Shelbyville uses interfund loans to finance necessary operations when local tax distributions are not received as anticipated.

D. Refinancing of Bond Issue

In March 2005, the City of Shelbyville entered into an agreement to purchase the Indiana Wesleyan Building in the Intelliplex Commercial Park. The agreement included an option for Indiana Wesleyan University to purchase the building after four years. The Bond Ordinance required that the City pay interest only for the four year period, with the total principal due on the maturity date of July 15, 2009. Indiana Wesleyan exercised their right to purchase the building in 2009. The City received no other bids for the building, and sold it to Indiana Wesleyan for an agreed upon price, based on appraisals, of \$1,977,795. The 2005 Bond principal due was \$3,235,000. The City used the proceeds of the sale and \$522,205 in accumulated rental income earned over the course of the contract to pay the major portion of the bond principal. The City borrowed \$735,000 to pay the remaining bond principal.

IV. Other Information

A. Risk Management

The City of Shelbyville 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; medical benefits to employees, retirees, and dependents; and natural disasters.

The risks of torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters are covered by commercial insurance from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance by major category of risk.

CITY OF SHELBYVILLE  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Medical Benefits to Employees, Retirees and Dependents

The City has chosen to establish a risk financing fund for risks associated with medical benefits to employees, retirees and dependents. The City of Shelbyville Healthcare Plan is a single-employer defined benefit healthcare plan administered by Principal Life Insurance Company. The plan provides medical, dental and vision insurance benefits to employees, dependents, and eligible retirees and their spouses. The employees pay a premium out of their paychecks toward a portion of the costs of the plan. The City is self insured for the total amount of the claims. The risk financing fund is accounted for in the Health Insurance Fund, an internal service fund, where assets are set aside for claim settlements. An excess policy through commercial insurance covers individual claims in excess of \$125,000 per person per year. This will be increased to \$145,000 per person per year for 2010. Settled claims resulting from this risk did not exceed commercial insurance coverage in the past three years.

The contribution requirements of plan members for the City of Shelbyville Healthcare Plan are established by the City's Council. The required contribution is based on projected pay-as-you-go financing requirements.

Job Related Illnesses or Injuries to Employees

During 1994, the City joined together with other governmental entities in the Indiana Public Employees Plan, Inc., a public entity risk pool currently operating as a common risk management and insurance program for 350 member governmental entities. This risk pool was formed in 1990. 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 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. Police and Firefighter Pension Funding

Beginning in 2009, the State Pension Relief Fund shall pay to each unit of local government with Pre-1977 Local Police and Fire Fighter Pension obligations, the total amount of pension, disability, and survivor benefit payments. The Pre-1977 funds include the 1925 Police Pension Fund, the 1937 Firefighters' Fund, and the 1953 Police Pension Fund. For property taxes due and payable after December 31, 2008, the Department of Local Government Finance shall reduce the maximum permissible property tax levy of any civil taxing unit and special service district by the amount of the payment to be made in 2009 by the State for the obligations.

C. Long-Term Commitments

County EDIT Funds for Certified Technology Park

In October 2003, The County Council passed an ordinance pledging a portion of the County's share of economic development income tax (EDIT) for the purpose of land acquisition, construction and installation of public infrastructure improvements at the Shelbyville/Shelby County Advanced Technology Industrial Park. The City of Shelbyville and Major Hospital (a component unit of the City of Shelbyville) also share administrative and financial responsibility for this project.

The City has pledged \$125,000 each calendar year beginning in 2004 and continuing through 2028 (or such earlier date as all outstanding bonds issued to finance the projects are defeased).

CITY OF SHELBYVILLE  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

A schedule of the payments is as follows:

|           |    |           |
|-----------|----|-----------|
| 2010      | \$ | 125,000   |
| 2011      |    | 125,000   |
| 2012      |    | 125,000   |
| 2013      |    | 125,000   |
| 2014      |    | 125,000   |
| 2015-2019 |    | 625,000   |
| 2020-2024 |    | 625,000   |
| 2025-2028 |    | 500,000   |
| Total     | \$ | 2,375,000 |

Regional Equine Diagnostic & Surgical Center – Purdue University

Purdue University will be constructing a Regional Equine Diagnostic & Surgical Center in Shelby County. Construction is to begin in 2012. The City and the County have each agreed to contribute \$1,150,000. The agreement was approved by the Council October 19, 2009. The contributions are held in trust by JPMorgan Chase. The agreement requires that the funds be returned to the City and the County in the event Purdue University does not fulfill its obligation to commence construction by June 30, 2014.

E. Rate Structure – Enterprise Funds

Wastewater Utility

The current rate structure was approved by the City Council on July 19, 2004.

Storm Water Utility

The current rate structure was approved by the City Council on June 16, 2003.

F. 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

CITY OF SHELBYVILLE  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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 and Annual Pension Cost

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 \$325,334.

Information to segregate the assets/liabilities and the actuarial study figures between the City and the Utilities is not available.

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 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 and Annual Pension Cost

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 \$493,625.46 on behalf of the City. On behalf contributions from the State of Indiana approximates the amount paid out for benefits.

CITY OF SHELBYVILLE  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

c. 1937 Firefighters' Pension Plan

Plan Description

The City contributes to the 1937 Firefighters' 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 36-8-7). The plan provides retirement, disability, and 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 and Annual Pension Cost

The contribution requirements of plan members for the 1937 Firefighters' Pension Plan are established by state statute.

On-behalf Payments

The 1937 Firefighters' 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 \$410,908.55 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 Plans

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

CITY OF SHELBYVILLE  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Funding Policy and Annual Pension Costs

Plan members are required to contribute 6% of the first-class police officers' and firefighters' salary and the City is to contribute at an actuarially determined rate. The rate from the inception of the plan until December 31, 2008, was 21% of the first-class police officers' and firefighters' salary. Effective in January 2009, the City's contribution rate was changed to 19.5%. 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 for the years ending December 31, 2009, 2008, and 2007, were \$902,746.28, \$1,213,402.04, and \$958,818.25, respectively, equal to the required contributions for each year.

CITY OF SHELBYVILLE  
 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<br>Vehicle<br>Highway | Local<br>Roads<br>And<br>Streets | Aviation        | Aviation<br>Development | Nonreverting<br>Donation | Economic<br>Development<br>Commission | Nonreverting<br>Animal<br>Shelter |
|---------------------------------------------------------------------------------------------------------|-----------------------------|----------------------------------|-----------------|-------------------------|--------------------------|---------------------------------------|-----------------------------------|
| <b>Receipts:</b>                                                                                        |                             |                                  |                 |                         |                          |                                       |                                   |
| Taxes                                                                                                   | \$ -                        | \$ -                             | \$ 316,616      | \$ -                    | \$ -                     | \$ -                                  | \$ -                              |
| Special assessments                                                                                     | -                           | -                                | -               | -                       | -                        | -                                     | -                                 |
| Intergovernmental                                                                                       | 662,561                     | 76,793                           | 17,994          | 353,981                 | -                        | -                                     | -                                 |
| Charges for services                                                                                    | 3,975                       | -                                | -               | 203,657                 | -                        | -                                     | 55,854                            |
| Fines and forfeits                                                                                      | -                           | -                                | -               | -                       | -                        | -                                     | -                                 |
| Interfund loans                                                                                         | -                           | -                                | 40,000          | -                       | -                        | -                                     | -                                 |
| Other                                                                                                   | -                           | -                                | 1,500           | 17,105                  | 17,095                   | -                                     | 753                               |
| <b>Total receipts</b>                                                                                   | <b>666,536</b>              | <b>76,793</b>                    | <b>376,110</b>  | <b>574,743</b>          | <b>17,095</b>            | <b>-</b>                              | <b>56,607</b>                     |
| <b>Disbursements:</b>                                                                                   |                             |                                  |                 |                         |                          |                                       |                                   |
| General government                                                                                      | -                           | -                                | 248,598         | -                       | 11,503                   | -                                     | -                                 |
| Public safety                                                                                           | -                           | -                                | -               | -                       | -                        | -                                     | 45,441                            |
| Highways and streets                                                                                    | 839,792                     | 195,484                          | -               | -                       | -                        | -                                     | -                                 |
| Economic development                                                                                    | -                           | -                                | -               | -                       | -                        | -                                     | -                                 |
| Culture and recreation                                                                                  | -                           | -                                | -               | -                       | -                        | -                                     | -                                 |
| Interfund loans                                                                                         | -                           | -                                | 150,000         | -                       | -                        | -                                     | -                                 |
| Principal                                                                                               | -                           | -                                | -               | -                       | -                        | -                                     | -                                 |
| Interest                                                                                                | -                           | -                                | -               | -                       | -                        | -                                     | -                                 |
| Capital outlay:                                                                                         |                             |                                  |                 |                         |                          |                                       |                                   |
| General government                                                                                      | -                           | -                                | -               | 619,510                 | -                        | -                                     | -                                 |
| Public safety                                                                                           | -                           | -                                | -               | -                       | -                        | -                                     | -                                 |
| Highways and streets                                                                                    | 12,771                      | -                                | -               | -                       | -                        | -                                     | -                                 |
| Economic development                                                                                    | -                           | -                                | -               | -                       | -                        | -                                     | -                                 |
| Culture and recreation                                                                                  | -                           | -                                | -               | -                       | -                        | -                                     | -                                 |
| <b>Total disbursements</b>                                                                              | <b>852,563</b>              | <b>195,484</b>                   | <b>398,598</b>  | <b>619,510</b>          | <b>11,503</b>            | <b>-</b>                              | <b>45,441</b>                     |
| Excess (deficiency) of receipts over disbursements                                                      | (186,027)                   | (118,691)                        | (22,488)        | (44,767)                | 5,592                    | -                                     | 11,166                            |
| <b>Other financing sources:</b>                                                                         |                             |                                  |                 |                         |                          |                                       |                                   |
| Net proceeds from borrowings                                                                            | -                           | -                                | -               | -                       | -                        | -                                     | -                                 |
| Transfers in                                                                                            | -                           | -                                | -               | -                       | -                        | -                                     | -                                 |
| Other receipts                                                                                          | 776                         | -                                | -               | -                       | -                        | -                                     | -                                 |
| <b>Total other financing sources</b>                                                                    | <b>776</b>                  | <b>-</b>                         | <b>-</b>        | <b>-</b>                | <b>-</b>                 | <b>-</b>                              | <b>-</b>                          |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | (185,251)                   | (118,691)                        | (22,488)        | (44,767)                | 5,592                    | -                                     | 11,166                            |
| Cash and investment fund balance - beginning                                                            | 169,491                     | 107,660                          | 26,841          | 829,425                 | 34,655                   | 2,521                                 | 81,753                            |
| Cash and investment fund balance - ending                                                               | <u>\$ (15,760)</u>          | <u>\$ (11,031)</u>               | <u>\$ 4,353</u> | <u>\$ 784,658</u>       | <u>\$ 40,247</u>         | <u>\$ 2,521</u>                       | <u>\$ 92,919</u>                  |
| <b>Cash and Investment Assets - Ending</b>                                                              |                             |                                  |                 |                         |                          |                                       |                                   |
| Cash and investments                                                                                    | \$ (15,760)                 | \$ -                             | \$ 4,353        | \$ -                    | \$ 40,247                | \$ 2,521                              | \$ 92,919                         |
| Restricted assets:                                                                                      |                             |                                  |                 |                         |                          |                                       |                                   |
| Cash and investments                                                                                    | -                           | (11,031)                         | -               | 784,658                 | -                        | -                                     | -                                 |
| <b>Total cash and investment assets - ending</b>                                                        | <u>\$ (15,760)</u>          | <u>\$ (11,031)</u>               | <u>\$ 4,353</u> | <u>\$ 784,658</u>       | <u>\$ 40,247</u>         | <u>\$ 2,521</u>                       | <u>\$ 92,919</u>                  |
| <b>Cash and Investment Fund Balance - Ending</b>                                                        |                             |                                  |                 |                         |                          |                                       |                                   |
| Restricted for:                                                                                         |                             |                                  |                 |                         |                          |                                       |                                   |
| Public safety                                                                                           | \$ -                        | \$ -                             | \$ -            | \$ -                    | \$ -                     | \$ -                                  | \$ -                              |
| Highways and streets                                                                                    | -                           | (11,031)                         | -               | -                       | -                        | -                                     | -                                 |
| Economic development                                                                                    | -                           | -                                | -               | -                       | -                        | -                                     | -                                 |
| Culture and recreation                                                                                  | -                           | -                                | -               | -                       | -                        | -                                     | -                                 |
| Debt service                                                                                            | -                           | -                                | -               | -                       | -                        | -                                     | -                                 |
| Capital outlay                                                                                          | -                           | -                                | -               | 784,658                 | -                        | -                                     | -                                 |
| Unrestricted                                                                                            | (15,760)                    | -                                | 4,353           | -                       | 40,247                   | 2,521                                 | 92,919                            |
| <b>Total cash and investment fund balance - ending</b>                                                  | <u>\$ (15,760)</u>          | <u>\$ (11,031)</u>               | <u>\$ 4,353</u> | <u>\$ 784,658</u>       | <u>\$ 40,247</u>         | <u>\$ 2,521</u>                       | <u>\$ 92,919</u>                  |

CITY OF SHELBYVILLE  
 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)

|                                                                                                         | Community<br>Economic<br>Development | Low<br>Income<br>Housing | Nonreverting<br>Police<br>Continuing<br>Education | Nonreverting<br>Unsafe<br>Building | Riverboat<br>Wagering<br>Tax | Drug<br>Free<br>Community |
|---------------------------------------------------------------------------------------------------------|--------------------------------------|--------------------------|---------------------------------------------------|------------------------------------|------------------------------|---------------------------|
| <b>Receipts:</b>                                                                                        |                                      |                          |                                                   |                                    |                              |                           |
| Taxes                                                                                                   | \$ -                                 | \$ -                     | \$ -                                              | \$ -                               | \$ -                         | \$ -                      |
| Special assessments                                                                                     | 62,135                               | -                        | -                                                 | -                                  | -                            | -                         |
| Intergovernmental                                                                                       | -                                    | -                        | -                                                 | -                                  | 112,338                      | 8,937                     |
| Charges for services                                                                                    | -                                    | -                        | 26,842                                            | -                                  | -                            | -                         |
| Fines and forfeits                                                                                      | -                                    | -                        | -                                                 | -                                  | -                            | -                         |
| Interfund loans                                                                                         | -                                    | -                        | -                                                 | -                                  | -                            | -                         |
| Other                                                                                                   | 2,034                                | -                        | -                                                 | -                                  | -                            | -                         |
| <b>Total receipts</b>                                                                                   | <b>64,169</b>                        | <b>-</b>                 | <b>26,842</b>                                     | <b>-</b>                           | <b>112,338</b>               | <b>8,937</b>              |
| <b>Disbursements:</b>                                                                                   |                                      |                          |                                                   |                                    |                              |                           |
| General government                                                                                      | -                                    | -                        | -                                                 | -                                  | 165,485                      | -                         |
| Public safety                                                                                           | -                                    | -                        | 28,113                                            | 33                                 | -                            | 9,616                     |
| Highways and streets                                                                                    | -                                    | -                        | -                                                 | -                                  | -                            | -                         |
| Economic development                                                                                    | 64,252                               | -                        | -                                                 | -                                  | -                            | -                         |
| Culture and recreation                                                                                  | -                                    | -                        | -                                                 | -                                  | -                            | -                         |
| Interfund loans                                                                                         | -                                    | -                        | -                                                 | -                                  | -                            | -                         |
| Principal                                                                                               | -                                    | -                        | -                                                 | -                                  | -                            | -                         |
| Interest                                                                                                | -                                    | -                        | -                                                 | -                                  | -                            | -                         |
| <b>Capital outlay:</b>                                                                                  |                                      |                          |                                                   |                                    |                              |                           |
| General government                                                                                      | -                                    | -                        | -                                                 | -                                  | -                            | -                         |
| Public safety                                                                                           | -                                    | -                        | -                                                 | -                                  | -                            | -                         |
| Highways and streets                                                                                    | -                                    | -                        | -                                                 | -                                  | -                            | -                         |
| Economic development                                                                                    | -                                    | -                        | -                                                 | -                                  | -                            | -                         |
| Culture and recreation                                                                                  | -                                    | -                        | -                                                 | -                                  | -                            | -                         |
| <b>Total disbursements</b>                                                                              | <b>64,252</b>                        | <b>-</b>                 | <b>28,113</b>                                     | <b>33</b>                          | <b>165,485</b>               | <b>9,616</b>              |
| Excess (deficiency) of receipts over disbursements                                                      | (83)                                 | -                        | (1,271)                                           | (33)                               | (53,147)                     | (679)                     |
| <b>Other financing sources:</b>                                                                         |                                      |                          |                                                   |                                    |                              |                           |
| Net proceeds from borrowings                                                                            | -                                    | -                        | -                                                 | -                                  | -                            | -                         |
| Transfers in                                                                                            | -                                    | -                        | -                                                 | -                                  | -                            | -                         |
| Other receipts                                                                                          | -                                    | -                        | -                                                 | -                                  | -                            | -                         |
| <b>Total other financing sources</b>                                                                    | <b>-</b>                             | <b>-</b>                 | <b>-</b>                                          | <b>-</b>                           | <b>-</b>                     | <b>-</b>                  |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | (83)                                 | -                        | (1,271)                                           | (33)                               | (53,147)                     | (679)                     |
| Cash and investment fund balance - beginning                                                            | 100,304                              | 924                      | 9,235                                             | 994                                | 366,764                      | 2,249                     |
| Cash and investment fund balance - ending                                                               | <u>\$ 100,221</u>                    | <u>\$ 924</u>            | <u>\$ 7,964</u>                                   | <u>\$ 961</u>                      | <u>\$ 313,617</u>            | <u>\$ 1,570</u>           |
| <b>Cash and Investment Assets - Ending</b>                                                              |                                      |                          |                                                   |                                    |                              |                           |
| Cash and investments                                                                                    | \$ 100,221                           | \$ 924                   | \$ 7,964                                          | \$ 961                             | \$ 313,617                   | \$ -                      |
| <b>Restricted assets:</b>                                                                               |                                      |                          |                                                   |                                    |                              |                           |
| Cash and investments                                                                                    | -                                    | -                        | -                                                 | -                                  | -                            | 1,570                     |
| <b>Total cash and investment assets - ending</b>                                                        | <b>\$ 100,221</b>                    | <b>\$ 924</b>            | <b>\$ 7,964</b>                                   | <b>\$ 961</b>                      | <b>\$ 313,617</b>            | <b>\$ 1,570</b>           |
| <b>Cash and Investment Fund Balance - Ending</b>                                                        |                                      |                          |                                                   |                                    |                              |                           |
| <b>Restricted for:</b>                                                                                  |                                      |                          |                                                   |                                    |                              |                           |
| Public safety                                                                                           | \$ -                                 | \$ -                     | \$ -                                              | \$ -                               | \$ -                         | \$ 1,570                  |
| Highways and streets                                                                                    | -                                    | -                        | -                                                 | -                                  | -                            | -                         |
| Economic development                                                                                    | -                                    | -                        | -                                                 | -                                  | -                            | -                         |
| Culture and recreation                                                                                  | -                                    | -                        | -                                                 | -                                  | -                            | -                         |
| Debt service                                                                                            | -                                    | -                        | -                                                 | -                                  | -                            | -                         |
| Capital outlay                                                                                          | -                                    | -                        | -                                                 | -                                  | -                            | -                         |
| <b>Unrestricted</b>                                                                                     | <b>100,221</b>                       | <b>924</b>               | <b>7,964</b>                                      | <b>961</b>                         | <b>313,617</b>               | <b>-</b>                  |
| <b>Total cash and investment fund balance - ending</b>                                                  | <b>\$ 100,221</b>                    | <b>\$ 924</b>            | <b>\$ 7,964</b>                                   | <b>\$ 961</b>                      | <b>\$ 313,617</b>            | <b>\$ 1,570</b>           |

CITY OF SHELBYVILLE  
 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)

|                                                                                                         | Parks<br>Department | Nonreverting<br>Capital<br>Ambulance | Arson<br>Investigation | Senior<br>Citizens | Rainy<br>Day      | Nonreverting<br>Police<br>Training |
|---------------------------------------------------------------------------------------------------------|---------------------|--------------------------------------|------------------------|--------------------|-------------------|------------------------------------|
| <b>Receipts:</b>                                                                                        |                     |                                      |                        |                    |                   |                                    |
| Taxes                                                                                                   | \$ 1,714,351        | \$ -                                 | \$ -                   | \$ -               | \$ -              | \$ -                               |
| Special assessments                                                                                     | -                   | -                                    | -                      | -                  | -                 | -                                  |
| Intergovernmental                                                                                       | 98,704              | -                                    | -                      | -                  | 121,835           | -                                  |
| Charges for services                                                                                    | 8,970               | 10,000                               | -                      | -                  | -                 | -                                  |
| Fines and forfeits                                                                                      | -                   | -                                    | -                      | -                  | -                 | -                                  |
| Interfund loans                                                                                         | 280,000             | -                                    | -                      | -                  | -                 | -                                  |
| Other                                                                                                   | 754                 | -                                    | -                      | -                  | -                 | -                                  |
| <b>Total receipts</b>                                                                                   | <b>2,102,779</b>    | <b>10,000</b>                        | <b>-</b>               | <b>-</b>           | <b>121,835</b>    | <b>-</b>                           |
| <b>Disbursements:</b>                                                                                   |                     |                                      |                        |                    |                   |                                    |
| General government                                                                                      | -                   | -                                    | -                      | -                  | 120,528           | -                                  |
| Public safety                                                                                           | -                   | -                                    | -                      | -                  | -                 | -                                  |
| Highways and streets                                                                                    | -                   | -                                    | -                      | -                  | -                 | -                                  |
| Economic development                                                                                    | -                   | -                                    | -                      | -                  | -                 | -                                  |
| Culture and recreation                                                                                  | 1,255,844           | -                                    | -                      | -                  | -                 | -                                  |
| Interfund loans                                                                                         | 950,000             | -                                    | -                      | -                  | -                 | -                                  |
| Principal                                                                                               | -                   | -                                    | -                      | -                  | -                 | -                                  |
| Interest                                                                                                | -                   | -                                    | -                      | -                  | -                 | -                                  |
| Capital outlay:                                                                                         |                     |                                      |                        |                    |                   |                                    |
| General government                                                                                      | -                   | -                                    | -                      | -                  | -                 | -                                  |
| Public safety                                                                                           | -                   | 21,000                               | -                      | -                  | -                 | -                                  |
| Highways and streets                                                                                    | -                   | -                                    | -                      | -                  | -                 | -                                  |
| Economic development                                                                                    | -                   | -                                    | -                      | -                  | -                 | -                                  |
| Culture and recreation                                                                                  | -                   | -                                    | -                      | -                  | -                 | -                                  |
| <b>Total disbursements</b>                                                                              | <b>2,205,844</b>    | <b>21,000</b>                        | <b>-</b>               | <b>-</b>           | <b>120,528</b>    | <b>-</b>                           |
| Excess (deficiency) of receipts over disbursements                                                      | (103,065)           | (11,000)                             | -                      | -                  | 1,307             | -                                  |
| <b>Other financing sources:</b>                                                                         |                     |                                      |                        |                    |                   |                                    |
| Net proceeds from borrowings                                                                            | -                   | -                                    | -                      | -                  | -                 | -                                  |
| Transfers in                                                                                            | -                   | -                                    | -                      | -                  | -                 | -                                  |
| Other receipts                                                                                          | 63                  | -                                    | -                      | -                  | -                 | -                                  |
| <b>Total other financing sources</b>                                                                    | <b>63</b>           | <b>-</b>                             | <b>-</b>               | <b>-</b>           | <b>-</b>          | <b>-</b>                           |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | (103,002)           | (11,000)                             | -                      | -                  | 1,307             | -                                  |
| Cash and investment fund balance - beginning                                                            | 107,682             | 17,007                               | 10                     | -                  | 174,304           | 303                                |
| Cash and investment fund balance - ending                                                               | <u>\$ 4,680</u>     | <u>\$ 6,007</u>                      | <u>\$ 10</u>           | <u>\$ -</u>        | <u>\$ 175,611</u> | <u>\$ 303</u>                      |
| <b>Cash and Investment Assets - Ending</b>                                                              |                     |                                      |                        |                    |                   |                                    |
| Cash and investments                                                                                    | \$ 4,680            | \$ 6,007                             | \$ 10                  | \$ -               | \$ 175,611        | \$ 303                             |
| Restricted assets:                                                                                      |                     |                                      |                        |                    |                   |                                    |
| Cash and investments                                                                                    | -                   | -                                    | -                      | -                  | -                 | -                                  |
| Total cash and investment assets - ending                                                               | <u>\$ 4,680</u>     | <u>\$ 6,007</u>                      | <u>\$ 10</u>           | <u>\$ -</u>        | <u>\$ 175,611</u> | <u>\$ 303</u>                      |
| <b>Cash and Investment Fund Balance - Ending</b>                                                        |                     |                                      |                        |                    |                   |                                    |
| Restricted for:                                                                                         |                     |                                      |                        |                    |                   |                                    |
| Public safety                                                                                           | \$ -                | \$ -                                 | \$ -                   | \$ -               | \$ -              | \$ -                               |
| Highways and streets                                                                                    | -                   | -                                    | -                      | -                  | -                 | -                                  |
| Economic development                                                                                    | -                   | -                                    | -                      | -                  | -                 | -                                  |
| Culture and recreation                                                                                  | -                   | -                                    | -                      | -                  | -                 | -                                  |
| Debt service                                                                                            | -                   | -                                    | -                      | -                  | -                 | -                                  |
| Capital outlay                                                                                          | -                   | -                                    | -                      | -                  | -                 | -                                  |
| Unrestricted                                                                                            | 4,680               | 6,007                                | 10                     | -                  | 175,611           | 303                                |
| Total cash and investment fund balance - ending                                                         | <u>\$ 4,680</u>     | <u>\$ 6,007</u>                      | <u>\$ 10</u>           | <u>\$ -</u>        | <u>\$ 175,611</u> | <u>\$ 303</u>                      |

CITY OF SHELBYVILLE  
 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)

|                                                                                                         | Nonreverting<br>Build<br>Indiana | Dare            | Kroger<br>TIF     | Wal-Mart<br>TIF   | Nonreverting<br>Park<br>Operating | Industrial<br>Development |
|---------------------------------------------------------------------------------------------------------|----------------------------------|-----------------|-------------------|-------------------|-----------------------------------|---------------------------|
| <b>Receipts:</b>                                                                                        |                                  |                 |                   |                   |                                   |                           |
| Taxes                                                                                                   | \$ -                             | \$ -            | \$ 366,027        | \$ 580,942        | \$ -                              | \$ -                      |
| Special assessments                                                                                     | -                                | -               | -                 | -                 | -                                 | -                         |
| Intergovernmental                                                                                       | -                                | -               | 2,409             | -                 | -                                 | -                         |
| Charges for services                                                                                    | -                                | -               | -                 | -                 | 278,526                           | -                         |
| Fines and forfeits                                                                                      | -                                | -               | -                 | -                 | -                                 | -                         |
| Interfund loans                                                                                         | -                                | -               | -                 | -                 | -                                 | -                         |
| Other                                                                                                   | -                                | 23,747          | 3,284             | 1,530             | -                                 | -                         |
| <b>Total receipts</b>                                                                                   | <b>-</b>                         | <b>23,747</b>   | <b>371,720</b>    | <b>582,472</b>    | <b>278,526</b>                    | <b>-</b>                  |
| <b>Disbursements:</b>                                                                                   |                                  |                 |                   |                   |                                   |                           |
| General government                                                                                      | -                                | -               | -                 | -                 | -                                 | -                         |
| Public safety                                                                                           | -                                | 24,494          | -                 | -                 | -                                 | -                         |
| Highways and streets                                                                                    | -                                | -               | -                 | -                 | -                                 | -                         |
| Economic development                                                                                    | -                                | -               | -                 | -                 | -                                 | -                         |
| Culture and recreation                                                                                  | -                                | -               | -                 | -                 | 192,088                           | -                         |
| Interfund loans                                                                                         | -                                | -               | -                 | -                 | -                                 | -                         |
| Principal                                                                                               | -                                | -               | 40,000            | 270,000           | -                                 | -                         |
| Interest                                                                                                | -                                | -               | 31,500            | 196,907           | -                                 | -                         |
| <b>Capital outlay:</b>                                                                                  |                                  |                 |                   |                   |                                   |                           |
| General government                                                                                      | -                                | -               | -                 | -                 | -                                 | -                         |
| Public safety                                                                                           | -                                | -               | -                 | -                 | -                                 | -                         |
| Highways and streets                                                                                    | -                                | -               | -                 | -                 | -                                 | -                         |
| Economic development                                                                                    | -                                | -               | 779,096           | 21,706            | -                                 | -                         |
| Culture and recreation                                                                                  | -                                | -               | -                 | -                 | -                                 | -                         |
| <b>Total disbursements</b>                                                                              | <b>-</b>                         | <b>24,494</b>   | <b>850,596</b>    | <b>488,613</b>    | <b>192,088</b>                    | <b>-</b>                  |
| Excess (deficiency) of receipts over disbursements                                                      | -                                | (747)           | (478,876)         | 93,859            | 86,438                            | -                         |
| <b>Other financing sources:</b>                                                                         |                                  |                 |                   |                   |                                   |                           |
| Net proceeds from borrowings                                                                            | -                                | -               | -                 | -                 | -                                 | -                         |
| Transfers in                                                                                            | -                                | -               | -                 | -                 | -                                 | -                         |
| Other receipts                                                                                          | -                                | -               | -                 | -                 | -                                 | -                         |
| <b>Total other financing sources</b>                                                                    | <b>-</b>                         | <b>-</b>        | <b>-</b>          | <b>-</b>          | <b>-</b>                          | <b>-</b>                  |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | -                                | (747)           | (478,876)         | 93,859            | 86,438                            | -                         |
| Cash and investment fund balance - beginning                                                            | 405                              | 6,172           | 633,444           | 44,134            | 299,100                           | 129                       |
| Cash and investment fund balance - ending                                                               | <u>\$ 405</u>                    | <u>\$ 5,425</u> | <u>\$ 154,568</u> | <u>\$ 137,993</u> | <u>\$ 385,538</u>                 | <u>\$ 129</u>             |
| <b>Cash and Investment Assets - Ending</b>                                                              |                                  |                 |                   |                   |                                   |                           |
| Cash and investments                                                                                    | \$ 405                           | \$ -            | \$ -              | \$ -              | \$ -                              | \$ 129                    |
| <b>Restricted assets:</b>                                                                               |                                  |                 |                   |                   |                                   |                           |
| Cash and investments                                                                                    | -                                | 5,425           | 154,568           | 137,993           | 385,538                           | -                         |
| <b>Total cash and investment assets - ending</b>                                                        | <b>\$ 405</b>                    | <b>\$ 5,425</b> | <b>\$ 154,568</b> | <b>\$ 137,993</b> | <b>\$ 385,538</b>                 | <b>\$ 129</b>             |
| <b>Cash and Investment Fund Balance - Ending</b>                                                        |                                  |                 |                   |                   |                                   |                           |
| <b>Restricted for:</b>                                                                                  |                                  |                 |                   |                   |                                   |                           |
| Public safety                                                                                           | \$ -                             | \$ 5,425        | \$ -              | \$ -              | \$ -                              | \$ -                      |
| Highways and streets                                                                                    | -                                | -               | -                 | -                 | -                                 | -                         |
| Economic development                                                                                    | -                                | -               | 154,568           | 137,993           | -                                 | -                         |
| Culture and recreation                                                                                  | -                                | -               | -                 | -                 | 385,538                           | -                         |
| Debt service                                                                                            | -                                | -               | -                 | -                 | -                                 | -                         |
| Capital outlay                                                                                          | -                                | -               | -                 | -                 | -                                 | -                         |
| Unrestricted                                                                                            | 405                              | -               | -                 | -                 | -                                 | 129                       |
| <b>Total cash and investment fund balance - ending</b>                                                  | <b>\$ 405</b>                    | <b>\$ 5,425</b> | <b>\$ 154,568</b> | <b>\$ 137,993</b> | <b>\$ 385,538</b>                 | <b>\$ 129</b>             |

CITY OF SHELBYVILLE  
 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)

|                                                                                                         | Water and<br>Light | Nonreverting<br>Nuisance | Nonreverting<br>Aquatic<br>Center | Impaired<br>Driving | Plat<br>Review<br>Fee | Nonreverting<br>Sanitary<br>Sewer |
|---------------------------------------------------------------------------------------------------------|--------------------|--------------------------|-----------------------------------|---------------------|-----------------------|-----------------------------------|
| <b>Receipts:</b>                                                                                        |                    |                          |                                   |                     |                       |                                   |
| Taxes                                                                                                   | \$ 420,869         | \$ -                     | \$ -                              | \$ -                | \$ -                  | \$ -                              |
| Special assessments                                                                                     | -                  | 23,901                   | -                                 | -                   | -                     | -                                 |
| Intergovernmental                                                                                       | 24,194             | -                        | -                                 | 6,184               | -                     | -                                 |
| Charges for services                                                                                    | -                  | -                        | 133,884                           | -                   | 9,752                 | -                                 |
| Fines and forfeits                                                                                      | -                  | 160                      | -                                 | -                   | -                     | -                                 |
| Interfund loans                                                                                         | 130,000            | -                        | -                                 | -                   | -                     | -                                 |
| Other                                                                                                   | 1,574              | -                        | 3,877                             | -                   | -                     | -                                 |
| <b>Total receipts</b>                                                                                   | <b>576,637</b>     | <b>24,061</b>            | <b>137,761</b>                    | <b>6,184</b>        | <b>9,752</b>          | <b>-</b>                          |
| <b>Disbursements:</b>                                                                                   |                    |                          |                                   |                     |                       |                                   |
| General government                                                                                      | 369,295            | 34,490                   | -                                 | -                   | 721                   | -                                 |
| Public safety                                                                                           | -                  | -                        | -                                 | 8,456               | -                     | -                                 |
| Highways and streets                                                                                    | -                  | -                        | -                                 | -                   | -                     | -                                 |
| Economic development                                                                                    | -                  | -                        | -                                 | -                   | -                     | -                                 |
| Culture and recreation                                                                                  | -                  | -                        | 87,255                            | -                   | -                     | -                                 |
| Interfund loans                                                                                         | 275,000            | -                        | -                                 | -                   | -                     | -                                 |
| Principal                                                                                               | -                  | -                        | -                                 | -                   | -                     | -                                 |
| Interest                                                                                                | -                  | -                        | -                                 | -                   | -                     | -                                 |
| Capital outlay:                                                                                         |                    |                          |                                   |                     |                       |                                   |
| General government                                                                                      | -                  | -                        | -                                 | -                   | -                     | -                                 |
| Public safety                                                                                           | -                  | -                        | -                                 | -                   | -                     | -                                 |
| Highways and streets                                                                                    | -                  | -                        | -                                 | -                   | -                     | -                                 |
| Economic development                                                                                    | -                  | -                        | -                                 | -                   | -                     | -                                 |
| Culture and recreation                                                                                  | -                  | -                        | -                                 | -                   | -                     | -                                 |
| <b>Total disbursements</b>                                                                              | <b>644,295</b>     | <b>34,490</b>            | <b>87,255</b>                     | <b>8,456</b>        | <b>721</b>            | <b>-</b>                          |
| Excess (deficiency) of receipts over disbursements                                                      | (67,658)           | (10,429)                 | 50,506                            | (2,272)             | 9,031                 | -                                 |
| <b>Other financing sources:</b>                                                                         |                    |                          |                                   |                     |                       |                                   |
| Net proceeds from borrowings                                                                            | -                  | -                        | -                                 | -                   | -                     | -                                 |
| Transfers in                                                                                            | -                  | -                        | -                                 | -                   | -                     | -                                 |
| Other receipts                                                                                          | -                  | -                        | -                                 | -                   | -                     | -                                 |
| <b>Total other financing sources</b>                                                                    | <b>-</b>           | <b>-</b>                 | <b>-</b>                          | <b>-</b>            | <b>-</b>              | <b>-</b>                          |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | (67,658)           | (10,429)                 | 50,506                            | (2,272)             | 9,031                 | -                                 |
| Cash and investment fund balance - beginning                                                            | 68,154             | 18,574                   | 212,410                           | 4,934               | 39,215                | 5,000                             |
| Cash and investment fund balance - ending                                                               | <u>\$ 496</u>      | <u>\$ 8,145</u>          | <u>\$ 262,916</u>                 | <u>\$ 2,662</u>     | <u>\$ 48,246</u>      | <u>\$ 5,000</u>                   |
| <b>Cash and Investment Assets - Ending</b>                                                              |                    |                          |                                   |                     |                       |                                   |
| Cash and investments                                                                                    | \$ 496             | \$ 8,145                 | \$ -                              | \$ -                | \$ 48,246             | \$ 5,000                          |
| Restricted assets:                                                                                      |                    |                          |                                   |                     |                       |                                   |
| Cash and investments                                                                                    | -                  | -                        | 262,916                           | 2,662               | -                     | -                                 |
| <b>Total cash and investment assets - ending</b>                                                        | <u>\$ 496</u>      | <u>\$ 8,145</u>          | <u>\$ 262,916</u>                 | <u>\$ 2,662</u>     | <u>\$ 48,246</u>      | <u>\$ 5,000</u>                   |
| <b>Cash and Investment Fund Balance - Ending</b>                                                        |                    |                          |                                   |                     |                       |                                   |
| Restricted for:                                                                                         |                    |                          |                                   |                     |                       |                                   |
| Public safety                                                                                           | \$ -               | \$ -                     | \$ -                              | \$ 2,662            | \$ -                  | \$ -                              |
| Highways and streets                                                                                    | -                  | -                        | -                                 | -                   | -                     | -                                 |
| Economic development                                                                                    | -                  | -                        | -                                 | -                   | -                     | -                                 |
| Culture and recreation                                                                                  | -                  | -                        | 262,916                           | -                   | -                     | -                                 |
| Debt service                                                                                            | -                  | -                        | -                                 | -                   | -                     | -                                 |
| Capital outlay                                                                                          | -                  | -                        | -                                 | -                   | -                     | -                                 |
| Unrestricted                                                                                            | 496                | 8,145                    | -                                 | -                   | 48,246                | 5,000                             |
| <b>Total cash and investment fund balance - ending</b>                                                  | <u>\$ 496</u>      | <u>\$ 8,145</u>          | <u>\$ 262,916</u>                 | <u>\$ 2,662</u>     | <u>\$ 48,246</u>      | <u>\$ 5,000</u>                   |

CITY OF SHELBYVILLE  
 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)

|                                                                                                         | Nonreverting<br>MAP | Nonreverting<br>Sister City | IDGF-97-447<br>Fairland Road | Fiber<br>Technology | CDBG-88-106<br>LOF | Police<br>In-Car<br>Computer |
|---------------------------------------------------------------------------------------------------------|---------------------|-----------------------------|------------------------------|---------------------|--------------------|------------------------------|
| <b>Receipts:</b>                                                                                        |                     |                             |                              |                     |                    |                              |
| Taxes                                                                                                   | \$ -                | \$ -                        | \$ -                         | \$ -                | \$ -               | \$ -                         |
| Special assessments                                                                                     | -                   | -                           | -                            | -                   | -                  | -                            |
| Intergovernmental                                                                                       | -                   | -                           | -                            | -                   | -                  | 1,082,159                    |
| Charges for services                                                                                    | -                   | -                           | -                            | -                   | -                  | -                            |
| Fines and forfeits                                                                                      | -                   | -                           | -                            | -                   | -                  | -                            |
| Interfund loans                                                                                         | -                   | -                           | -                            | -                   | -                  | -                            |
| Other                                                                                                   | -                   | -                           | -                            | -                   | -                  | -                            |
| <b>Total receipts</b>                                                                                   | <b>-</b>            | <b>-</b>                    | <b>-</b>                     | <b>-</b>            | <b>-</b>           | <b>1,082,159</b>             |
| <b>Disbursements:</b>                                                                                   |                     |                             |                              |                     |                    |                              |
| General government                                                                                      | -                   | -                           | -                            | 12,886              | -                  | -                            |
| Public safety                                                                                           | -                   | -                           | -                            | -                   | -                  | -                            |
| Highways and streets                                                                                    | -                   | -                           | -                            | -                   | -                  | -                            |
| Economic development                                                                                    | -                   | -                           | -                            | -                   | -                  | -                            |
| Culture and recreation                                                                                  | -                   | -                           | -                            | -                   | -                  | -                            |
| Interfund loans                                                                                         | -                   | -                           | -                            | -                   | -                  | -                            |
| Principal                                                                                               | -                   | -                           | -                            | -                   | -                  | -                            |
| Interest                                                                                                | -                   | -                           | -                            | -                   | -                  | -                            |
| Capital outlay:                                                                                         |                     |                             |                              |                     |                    |                              |
| General government                                                                                      | -                   | -                           | -                            | -                   | -                  | -                            |
| Public safety                                                                                           | -                   | -                           | -                            | -                   | -                  | 1,082,157                    |
| Highways and streets                                                                                    | -                   | -                           | -                            | -                   | -                  | -                            |
| Economic development                                                                                    | -                   | -                           | -                            | -                   | -                  | -                            |
| Culture and recreation                                                                                  | -                   | -                           | -                            | -                   | -                  | -                            |
| <b>Total disbursements</b>                                                                              | <b>-</b>            | <b>-</b>                    | <b>-</b>                     | <b>12,886</b>       | <b>-</b>           | <b>1,082,157</b>             |
| Excess (deficiency) of receipts over disbursements                                                      | -                   | -                           | -                            | (12,886)            | -                  | 2                            |
| <b>Other financing sources:</b>                                                                         |                     |                             |                              |                     |                    |                              |
| Net proceeds from borrowings                                                                            | -                   | -                           | -                            | -                   | -                  | -                            |
| Transfers in                                                                                            | -                   | -                           | -                            | -                   | -                  | -                            |
| Other receipts                                                                                          | -                   | -                           | -                            | -                   | -                  | -                            |
| <b>Total other financing sources</b>                                                                    | <b>-</b>            | <b>-</b>                    | <b>-</b>                     | <b>-</b>            | <b>-</b>           | <b>-</b>                     |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | -                   | -                           | -                            | (12,886)            | -                  | 2                            |
| Cash and investment fund balance - beginning                                                            | 539                 | -                           | 25,314                       | 15,717              | 1,526              | (2)                          |
| Cash and investment fund balance - ending                                                               | <u>\$ 539</u>       | <u>\$ -</u>                 | <u>\$ 25,314</u>             | <u>\$ 2,831</u>     | <u>\$ 1,526</u>    | <u>\$ -</u>                  |
| <b>Cash and Investment Assets - Ending</b>                                                              |                     |                             |                              |                     |                    |                              |
| Cash and investments                                                                                    | \$ 539              | \$ -                        | \$ 25,314                    | \$ 2,831            | \$ 1,526           | \$ -                         |
| Restricted assets:                                                                                      |                     |                             |                              |                     |                    |                              |
| Cash and investments                                                                                    | -                   | -                           | -                            | -                   | -                  | -                            |
| <b>Total cash and investment assets - ending</b>                                                        | <u>\$ 539</u>       | <u>\$ -</u>                 | <u>\$ 25,314</u>             | <u>\$ 2,831</u>     | <u>\$ 1,526</u>    | <u>\$ -</u>                  |
| <b>Cash and Investment Fund Balance - Ending</b>                                                        |                     |                             |                              |                     |                    |                              |
| Restricted for:                                                                                         |                     |                             |                              |                     |                    |                              |
| Public safety                                                                                           | \$ -                | \$ -                        | \$ -                         | \$ -                | \$ -               | \$ -                         |
| Highways and streets                                                                                    | -                   | -                           | -                            | -                   | -                  | -                            |
| Economic development                                                                                    | -                   | -                           | -                            | -                   | -                  | -                            |
| Culture and recreation                                                                                  | -                   | -                           | -                            | -                   | -                  | -                            |
| Debt service                                                                                            | -                   | -                           | -                            | -                   | -                  | -                            |
| Capital outlay                                                                                          | -                   | -                           | -                            | -                   | -                  | -                            |
| Unrestricted                                                                                            | 539                 | -                           | 25,314                       | 2,831               | 1,526              | -                            |
| <b>Total cash and investment fund balance - ending</b>                                                  | <u>\$ 539</u>       | <u>\$ -</u>                 | <u>\$ 25,314</u>             | <u>\$ 2,831</u>     | <u>\$ 1,526</u>    | <u>\$ -</u>                  |

CITY OF SHELBYVILLE  
 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)

|                                                                                                         | Knauf TIF<br>Depreciation | Nonreverting<br>Park<br>Development | Brownfield<br>Grant | Certified<br>Intelliplex<br>Technology | Police<br>Auction | Redevelopment<br>Authority<br>"A" Project |
|---------------------------------------------------------------------------------------------------------|---------------------------|-------------------------------------|---------------------|----------------------------------------|-------------------|-------------------------------------------|
| <b>Receipts:</b>                                                                                        |                           |                                     |                     |                                        |                   |                                           |
| Taxes                                                                                                   | \$ -                      | \$ -                                | \$ -                | \$ -                                   | \$ -              | \$ -                                      |
| Special assessments                                                                                     | -                         | -                                   | -                   | -                                      | -                 | -                                         |
| Intergovernmental                                                                                       | -                         | 40,000                              | 858                 | 366,067                                | -                 | -                                         |
| Charges for services                                                                                    | -                         | -                                   | -                   | 3,685                                  | -                 | 16,667                                    |
| Fines and forfeits                                                                                      | -                         | -                                   | -                   | -                                      | -                 | -                                         |
| Interfund loans                                                                                         | -                         | -                                   | -                   | -                                      | -                 | -                                         |
| Other                                                                                                   | 21,014                    | 39,396                              | -                   | -                                      | -                 | 463                                       |
| <b>Total receipts</b>                                                                                   | <b>21,014</b>             | <b>79,396</b>                       | <b>858</b>          | <b>369,752</b>                         | <b>-</b>          | <b>17,130</b>                             |
| <b>Disbursements:</b>                                                                                   |                           |                                     |                     |                                        |                   |                                           |
| General government                                                                                      | -                         | -                                   | -                   | -                                      | -                 | -                                         |
| Public safety                                                                                           | -                         | -                                   | -                   | -                                      | -                 | -                                         |
| Highways and streets                                                                                    | -                         | -                                   | -                   | -                                      | -                 | -                                         |
| Economic development                                                                                    | 300                       | -                                   | 858                 | 58,632                                 | -                 | 33,933                                    |
| Culture and recreation                                                                                  | -                         | -                                   | -                   | -                                      | -                 | -                                         |
| Interfund loans                                                                                         | -                         | -                                   | -                   | -                                      | -                 | -                                         |
| Principal                                                                                               | -                         | 28,354                              | -                   | -                                      | -                 | 2,827,501                                 |
| Interest                                                                                                | -                         | 11,042                              | -                   | -                                      | -                 | 64,539                                    |
| Capital outlay:                                                                                         |                           |                                     |                     |                                        |                   |                                           |
| General government                                                                                      | -                         | -                                   | -                   | -                                      | -                 | -                                         |
| Public safety                                                                                           | -                         | -                                   | -                   | -                                      | -                 | -                                         |
| Highways and streets                                                                                    | -                         | -                                   | -                   | -                                      | -                 | -                                         |
| Economic development                                                                                    | -                         | -                                   | -                   | -                                      | -                 | -                                         |
| Culture and recreation                                                                                  | -                         | 21,619                              | -                   | -                                      | -                 | -                                         |
| <b>Total disbursements</b>                                                                              | <b>300</b>                | <b>61,015</b>                       | <b>858</b>          | <b>58,632</b>                          | <b>-</b>          | <b>2,925,973</b>                          |
| Excess (deficiency) of receipts over disbursements                                                      | 20,714                    | 18,381                              | -                   | 311,120                                | -                 | (2,908,843)                               |
| <b>Other financing sources:</b>                                                                         |                           |                                     |                     |                                        |                   |                                           |
| Net proceeds from borrowings                                                                            | -                         | -                                   | -                   | -                                      | -                 | 735,000                                   |
| Transfers in                                                                                            | -                         | -                                   | -                   | -                                      | -                 | -                                         |
| Other receipts                                                                                          | -                         | -                                   | -                   | -                                      | -                 | 1,977,795                                 |
| <b>Total other financing sources</b>                                                                    | <b>-</b>                  | <b>-</b>                            | <b>-</b>            | <b>-</b>                               | <b>-</b>          | <b>2,712,795</b>                          |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | 20,714                    | 18,381                              | -                   | 311,120                                | -                 | (196,048)                                 |
| Cash and investment fund balance - beginning                                                            | 940,380                   | 154                                 | -                   | 96,335                                 | 4,066             | 204,428                                   |
| Cash and investment fund balance - ending                                                               | <u>\$ 961,094</u>         | <u>\$ 18,535</u>                    | <u>\$ -</u>         | <u>\$ 407,455</u>                      | <u>\$ 4,066</u>   | <u>\$ 8,380</u>                           |
| <b>Cash and Investment Assets - Ending</b>                                                              |                           |                                     |                     |                                        |                   |                                           |
| Cash and investments                                                                                    | \$ -                      | \$ 18,535                           | \$ -                | \$ -                                   | \$ 4,066          | \$ -                                      |
| Restricted assets:                                                                                      |                           |                                     |                     |                                        |                   |                                           |
| Cash and investments                                                                                    | 961,094                   | -                                   | -                   | 407,455                                | -                 | 8,380                                     |
| <b>Total cash and investment assets - ending</b>                                                        | <u>\$ 961,094</u>         | <u>\$ 18,535</u>                    | <u>\$ -</u>         | <u>\$ 407,455</u>                      | <u>\$ 4,066</u>   | <u>\$ 8,380</u>                           |
| <b>Cash and Investment Fund Balance - Ending</b>                                                        |                           |                                     |                     |                                        |                   |                                           |
| Restricted for:                                                                                         |                           |                                     |                     |                                        |                   |                                           |
| Public safety                                                                                           | \$ -                      | \$ -                                | \$ -                | \$ -                                   | \$ -              | \$ -                                      |
| Highways and streets                                                                                    | -                         | -                                   | -                   | -                                      | -                 | -                                         |
| Economic development                                                                                    | 961,094                   | -                                   | -                   | 407,455                                | -                 | -                                         |
| Culture and recreation                                                                                  | -                         | -                                   | -                   | -                                      | -                 | -                                         |
| Debt service                                                                                            | -                         | -                                   | -                   | -                                      | -                 | -                                         |
| Capital outlay                                                                                          | -                         | -                                   | -                   | -                                      | -                 | 8,380                                     |
| Unrestricted                                                                                            | -                         | 18,535                              | -                   | -                                      | 4,066             | -                                         |
| <b>Total cash and investment fund balance - ending</b>                                                  | <u>\$ 961,094</u>         | <u>\$ 18,535</u>                    | <u>\$ -</u>         | <u>\$ 407,455</u>                      | <u>\$ 4,066</u>   | <u>\$ 8,380</u>                           |

CITY OF SHELBYVILLE  
 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)

|                                                                                                         | Redevelopment<br>Authority<br>"B" Project | Pool<br>Debt<br>Service | 2006 Park<br>Project<br>Debt | EDIT<br>Bond    | EDIT<br>Debt<br>Service | Fire<br>Station<br>Bond |
|---------------------------------------------------------------------------------------------------------|-------------------------------------------|-------------------------|------------------------------|-----------------|-------------------------|-------------------------|
| <b>Receipts:</b>                                                                                        |                                           |                         |                              |                 |                         |                         |
| Taxes                                                                                                   | \$ -                                      | \$ 220,415              | \$ 366,984                   | \$ -            | \$ -                    | \$ 690,317              |
| Special assessments                                                                                     | -                                         | -                       | -                            | -               | -                       | -                       |
| Intergovernmental                                                                                       | -                                         | 12,675                  | 21,185                       | -               | -                       | 38,456                  |
| Charges for services                                                                                    | 42,338                                    | -                       | -                            | -               | -                       | -                       |
| Fines and forfeits                                                                                      | -                                         | -                       | -                            | -               | -                       | -                       |
| Interfund loans                                                                                         | -                                         | 71,350                  | -                            | -               | -                       | -                       |
| Other                                                                                                   | 556                                       | 48                      | 11                           | 142             | 5,706                   | 571                     |
| <b>Total receipts</b>                                                                                   | <b>42,894</b>                             | <b>304,488</b>          | <b>388,180</b>               | <b>142</b>      | <b>5,706</b>            | <b>729,344</b>          |
| <b>Disbursements:</b>                                                                                   |                                           |                         |                              |                 |                         |                         |
| General government                                                                                      | -                                         | -                       | -                            | 350             | -                       | -                       |
| Public safety                                                                                           | -                                         | -                       | -                            | -               | -                       | -                       |
| Highways and streets                                                                                    | -                                         | -                       | -                            | -               | -                       | -                       |
| Economic development                                                                                    | 39,505                                    | -                       | -                            | -               | 3,500                   | -                       |
| Culture and recreation                                                                                  | -                                         | -                       | -                            | -               | -                       | -                       |
| Interfund loans                                                                                         | -                                         | 134,197                 | 53,289                       | -               | -                       | 284,213                 |
| Principal                                                                                               | 407,498                                   | 173,825                 | 227,915                      | 100,000         | -                       | 230,000                 |
| Interest                                                                                                | 87,316                                    | 3,825                   | 91,168                       | 96,975          | -                       | 212,900                 |
| Capital outlay:                                                                                         |                                           |                         |                              |                 |                         |                         |
| General government                                                                                      | -                                         | -                       | -                            | -               | -                       | -                       |
| Public safety                                                                                           | -                                         | -                       | -                            | -               | -                       | -                       |
| Highways and streets                                                                                    | -                                         | -                       | -                            | -               | -                       | -                       |
| Economic development                                                                                    | -                                         | -                       | -                            | -               | -                       | -                       |
| Culture and recreation                                                                                  | -                                         | -                       | -                            | -               | -                       | -                       |
| <b>Total disbursements</b>                                                                              | <b>534,319</b>                            | <b>311,847</b>          | <b>372,372</b>               | <b>197,325</b>  | <b>3,500</b>            | <b>727,113</b>          |
| Excess (deficiency) of receipts over disbursements                                                      | (491,425)                                 | (7,359)                 | 15,808                       | (197,183)       | 2,206                   | 2,231                   |
| <b>Other financing sources:</b>                                                                         |                                           |                         |                              |                 |                         |                         |
| Net proceeds from borrowings                                                                            | -                                         | -                       | -                            | -               | -                       | -                       |
| Transfers in                                                                                            | -                                         | -                       | -                            | 196,975         | -                       | -                       |
| Other receipts                                                                                          | -                                         | -                       | -                            | -               | -                       | -                       |
| <b>Total other financing sources</b>                                                                    | <b>-</b>                                  | <b>-</b>                | <b>-</b>                     | <b>196,975</b>  | <b>-</b>                | <b>-</b>                |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | (491,425)                                 | (7,359)                 | 15,808                       | (208)           | 2,206                   | 2,231                   |
| Cash and investment fund balance - beginning                                                            | 491,489                                   | 7,362                   | 11,950                       | 5,940           | 245,018                 | 27,598                  |
| Cash and investment fund balance - ending                                                               | \$ 64                                     | \$ 3                    | \$ 27,758                    | \$ 5,732        | \$ 247,224              | \$ 29,829               |
| <b>Cash and Investment Assets - Ending</b>                                                              |                                           |                         |                              |                 |                         |                         |
| Cash and investments                                                                                    | \$ -                                      | \$ -                    | \$ -                         | \$ -            | \$ -                    | \$ -                    |
| Restricted assets:                                                                                      |                                           |                         |                              |                 |                         |                         |
| Cash and investments                                                                                    | 64                                        | 3                       | 27,758                       | 5,732           | 247,224                 | 29,829                  |
| <b>Total cash and investment assets - ending</b>                                                        | <b>\$ 64</b>                              | <b>\$ 3</b>             | <b>\$ 27,758</b>             | <b>\$ 5,732</b> | <b>\$ 247,224</b>       | <b>\$ 29,829</b>        |
| <b>Cash and Investment Fund Balance - Ending</b>                                                        |                                           |                         |                              |                 |                         |                         |
| Restricted for:                                                                                         |                                           |                         |                              |                 |                         |                         |
| Public safety                                                                                           | \$ -                                      | \$ -                    | \$ -                         | \$ -            | \$ -                    | \$ -                    |
| Highways and streets                                                                                    | -                                         | -                       | -                            | -               | -                       | -                       |
| Economic development                                                                                    | -                                         | -                       | -                            | -               | -                       | -                       |
| Culture and recreation                                                                                  | -                                         | -                       | -                            | -               | -                       | -                       |
| Debt service                                                                                            | -                                         | 3                       | 27,758                       | 5,732           | 247,224                 | 29,829                  |
| Capital outlay                                                                                          | 64                                        | -                       | -                            | -               | -                       | -                       |
| Unrestricted                                                                                            | -                                         | -                       | -                            | -               | -                       | -                       |
| <b>Total cash and investment fund balance - ending</b>                                                  | <b>\$ 64</b>                              | <b>\$ 3</b>             | <b>\$ 27,758</b>             | <b>\$ 5,732</b> | <b>\$ 247,224</b>       | <b>\$ 29,829</b>        |

CITY OF SHELBYVILLE  
 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)

|                                                                                                         | Knauf<br>Sinking  | Cumulative<br>Capital<br>Development | Cumulative<br>Capital<br>Improvement | EDIT Bond<br>Sewer<br>Construction | Cumulative<br>Thoroughfare | Pool<br>Construction |
|---------------------------------------------------------------------------------------------------------|-------------------|--------------------------------------|--------------------------------------|------------------------------------|----------------------------|----------------------|
| <b>Receipts:</b>                                                                                        |                   |                                      |                                      |                                    |                            |                      |
| Taxes                                                                                                   | \$ -              | \$ 318,582                           | \$ -                                 | \$ -                               | \$ 417,905                 | \$ -                 |
| Special assessments                                                                                     | -                 | -                                    | -                                    | -                                  | -                          | -                    |
| Intergovernmental                                                                                       | -                 | 18,205                               | 55,044                               | -                                  | 24,055                     | -                    |
| Charges for services                                                                                    | -                 | -                                    | -                                    | -                                  | -                          | -                    |
| Fines and forfeits                                                                                      | -                 | -                                    | -                                    | -                                  | -                          | -                    |
| Interfund loans                                                                                         | -                 | 58,000                               | -                                    | -                                  | 553,550                    | -                    |
| Other                                                                                                   | 18,997            | -                                    | -                                    | 12,260                             | -                          | 20                   |
| <b>Total receipts</b>                                                                                   | <b>18,997</b>     | <b>394,787</b>                       | <b>55,044</b>                        | <b>12,260</b>                      | <b>995,510</b>             | <b>20</b>            |
| <b>Disbursements:</b>                                                                                   |                   |                                      |                                      |                                    |                            |                      |
| General government                                                                                      | -                 | -                                    | -                                    | -                                  | -                          | -                    |
| Public safety                                                                                           | -                 | -                                    | -                                    | -                                  | -                          | -                    |
| Highways and streets                                                                                    | -                 | -                                    | -                                    | -                                  | -                          | -                    |
| Economic development                                                                                    | -                 | -                                    | -                                    | -                                  | -                          | -                    |
| Culture and recreation                                                                                  | -                 | -                                    | -                                    | -                                  | -                          | 350                  |
| Interfund loans                                                                                         | -                 | 158,898                              | -                                    | -                                  | 219,882                    | -                    |
| Principal                                                                                               | -                 | -                                    | -                                    | -                                  | 185,000                    | -                    |
| Interest                                                                                                | 589,550           | -                                    | -                                    | -                                  | 163,605                    | -                    |
| Capital outlay:                                                                                         |                   |                                      |                                      |                                    |                            |                      |
| General government                                                                                      | -                 | 288,688                              | 132,178                              | -                                  | -                          | -                    |
| Public safety                                                                                           | -                 | -                                    | -                                    | -                                  | -                          | -                    |
| Highways and streets                                                                                    | -                 | -                                    | -                                    | -                                  | 437,717                    | -                    |
| Economic development                                                                                    | -                 | -                                    | -                                    | -                                  | -                          | -                    |
| Culture and recreation                                                                                  | -                 | -                                    | -                                    | -                                  | -                          | -                    |
| <b>Total disbursements</b>                                                                              | <b>589,550</b>    | <b>447,586</b>                       | <b>132,178</b>                       | <b>-</b>                           | <b>1,006,204</b>           | <b>350</b>           |
| Excess (deficiency) of receipts over disbursements                                                      | (570,553)         | (52,799)                             | (77,134)                             | 12,260                             | (10,694)                   | (330)                |
| <b>Other financing sources:</b>                                                                         |                   |                                      |                                      |                                    |                            |                      |
| Net proceeds from borrowings                                                                            | -                 | -                                    | -                                    | -                                  | -                          | -                    |
| Transfers in                                                                                            | -                 | -                                    | -                                    | -                                  | -                          | -                    |
| Other receipts                                                                                          | -                 | 42,100                               | -                                    | -                                  | -                          | -                    |
| <b>Total other financing sources</b>                                                                    | <b>-</b>          | <b>42,100</b>                        | <b>-</b>                             | <b>-</b>                           | <b>-</b>                   | <b>-</b>             |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | (570,553)         | (10,699)                             | (77,134)                             | 12,260                             | (10,694)                   | (330)                |
| Cash and investment fund balance - beginning                                                            | 935,336           | 11,067                               | 81,252                               | 526,371                            | 10,709                     | 3,513                |
| Cash and investment fund balance - ending                                                               | <u>\$ 364,783</u> | <u>\$ 368</u>                        | <u>\$ 4,118</u>                      | <u>\$ 538,631</u>                  | <u>\$ 15</u>               | <u>\$ 3,183</u>      |
| <b>Cash and Investment Assets - Ending</b>                                                              |                   |                                      |                                      |                                    |                            |                      |
| Cash and investments                                                                                    | \$ -              | \$ -                                 | \$ -                                 | \$ -                               | \$ 15                      | \$ -                 |
| Restricted assets:                                                                                      |                   |                                      |                                      |                                    |                            |                      |
| Cash and investments                                                                                    | 364,783           | 368                                  | 4,118                                | 538,631                            | -                          | 3,183                |
| <b>Total cash and investment assets - ending</b>                                                        | <u>\$ 364,783</u> | <u>\$ 368</u>                        | <u>\$ 4,118</u>                      | <u>\$ 538,631</u>                  | <u>\$ 15</u>               | <u>\$ 3,183</u>      |
| <b>Cash and Investment Fund Balance - Ending</b>                                                        |                   |                                      |                                      |                                    |                            |                      |
| Restricted for:                                                                                         |                   |                                      |                                      |                                    |                            |                      |
| Public safety                                                                                           | \$ -              | \$ -                                 | \$ -                                 | \$ -                               | \$ -                       | \$ -                 |
| Highways and streets                                                                                    | -                 | -                                    | -                                    | -                                  | -                          | -                    |
| Economic development                                                                                    | -                 | -                                    | -                                    | -                                  | -                          | -                    |
| Culture and recreation                                                                                  | -                 | -                                    | -                                    | -                                  | -                          | -                    |
| Debt service                                                                                            | 364,783           | -                                    | -                                    | -                                  | -                          | -                    |
| Capital outlay                                                                                          | -                 | 368                                  | 4,118                                | 538,631                            | -                          | 3,183                |
| Unrestricted                                                                                            | -                 | -                                    | -                                    | -                                  | 15                         | -                    |
| <b>Total cash and investment fund balance - ending</b>                                                  | <u>\$ 364,783</u> | <u>\$ 368</u>                        | <u>\$ 4,118</u>                      | <u>\$ 538,631</u>                  | <u>\$ 15</u>               | <u>\$ 3,183</u>      |

CITY OF SHELBYVILLE  
 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)

|                                                                                                         | Progress<br>Parkway<br>Construction | River<br>Road<br>Construction | Barrett<br>Law  | 2006 Park<br>Project<br>Construction | Downtown<br>Revitalization | Totals              |
|---------------------------------------------------------------------------------------------------------|-------------------------------------|-------------------------------|-----------------|--------------------------------------|----------------------------|---------------------|
| <b>Receipts:</b>                                                                                        |                                     |                               |                 |                                      |                            |                     |
| Taxes                                                                                                   | \$ -                                | \$ -                          | \$ -            | \$ -                                 | \$ -                       | \$ 5,413,008        |
| Special assessments                                                                                     | -                                   | -                             | -               | -                                    | -                          | 86,036              |
| Intergovernmental                                                                                       | -                                   | -                             | -               | -                                    | 500,000                    | 3,644,634           |
| Charges for services                                                                                    | -                                   | -                             | -               | -                                    | -                          | 794,150             |
| Fines and forfeits                                                                                      | -                                   | -                             | -               | -                                    | -                          | 160                 |
| Interfund loans                                                                                         | -                                   | -                             | -               | -                                    | -                          | 1,132,900           |
| Other                                                                                                   | 577                                 | 319                           | -               | 10                                   | -                          | 173,343             |
| <b>Total receipts</b>                                                                                   | <b>577</b>                          | <b>319</b>                    | <b>-</b>        | <b>10</b>                            | <b>500,000</b>             | <b>11,244,231</b>   |
| <b>Disbursements:</b>                                                                                   |                                     |                               |                 |                                      |                            |                     |
| General government                                                                                      | -                                   | -                             | -               | -                                    | -                          | 963,856             |
| Public safety                                                                                           | -                                   | -                             | -               | -                                    | -                          | 116,153             |
| Highways and streets                                                                                    | -                                   | -                             | -               | -                                    | -                          | 1,035,276           |
| Economic development                                                                                    | -                                   | -                             | -               | -                                    | -                          | 200,980             |
| Culture and recreation                                                                                  | -                                   | -                             | -               | -                                    | -                          | 1,535,537           |
| Interfund loans                                                                                         | -                                   | -                             | -               | -                                    | -                          | 2,225,479           |
| Principal                                                                                               | -                                   | -                             | -               | -                                    | -                          | 4,490,093           |
| Interest                                                                                                | -                                   | -                             | -               | -                                    | -                          | 1,549,327           |
| <b>Capital outlay:</b>                                                                                  |                                     |                               |                 |                                      |                            |                     |
| General government                                                                                      | -                                   | -                             | -               | -                                    | -                          | 1,040,376           |
| Public safety                                                                                           | -                                   | -                             | -               | -                                    | -                          | 1,103,157           |
| Highways and streets                                                                                    | 505,148                             | -                             | -               | -                                    | -                          | 955,636             |
| Economic development                                                                                    | -                                   | -                             | -               | -                                    | 445,654                    | 1,246,456           |
| Culture and recreation                                                                                  | -                                   | -                             | -               | 5,091                                | -                          | 26,710              |
| <b>Total disbursements</b>                                                                              | <b>505,148</b>                      | <b>-</b>                      | <b>-</b>        | <b>5,091</b>                         | <b>445,654</b>             | <b>16,489,036</b>   |
| Excess (deficiency) of receipts over disbursements                                                      | (504,571)                           | 319                           | -               | (5,081)                              | 54,346                     | (5,244,805)         |
| <b>Other financing sources:</b>                                                                         |                                     |                               |                 |                                      |                            |                     |
| Net proceeds from borrowings                                                                            | -                                   | -                             | -               | -                                    | -                          | 735,000             |
| Transfers in                                                                                            | -                                   | -                             | -               | -                                    | -                          | 196,975             |
| Other receipts                                                                                          | 121,892                             | -                             | -               | -                                    | -                          | 2,142,626           |
| <b>Total other financing sources</b>                                                                    | <b>121,892</b>                      | <b>-</b>                      | <b>-</b>        | <b>-</b>                             | <b>-</b>                   | <b>3,074,601</b>    |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | (382,679)                           | 319                           | -               | (5,081)                              | 54,346                     | (2,170,204)         |
| Cash and investment fund balance - beginning                                                            | 400,865                             | 237,712                       | 4,853           | 7,260                                | -                          | 7,660,545           |
| Cash and investment fund balance - ending                                                               | <u>\$ 18,186</u>                    | <u>\$ 238,031</u>             | <u>\$ 4,853</u> | <u>\$ 2,179</u>                      | <u>\$ 54,346</u>           | <u>\$ 5,490,341</u> |
| <b>Cash and Investment Assets - Ending</b>                                                              |                                     |                               |                 |                                      |                            |                     |
| Cash and investments                                                                                    | \$ -                                | \$ -                          | \$ 4,853        | \$ -                                 | \$ 54,346                  | \$ 909,024          |
| <b>Restricted assets:</b>                                                                               |                                     |                               |                 |                                      |                            |                     |
| Cash and investments                                                                                    | 18,186                              | 238,031                       | -               | 2,179                                | -                          | 4,581,317           |
| <b>Total cash and investment assets - ending</b>                                                        | <u>\$ 18,186</u>                    | <u>\$ 238,031</u>             | <u>\$ 4,853</u> | <u>\$ 2,179</u>                      | <u>\$ 54,346</u>           | <u>\$ 5,490,341</u> |
| <b>Cash and Investment Fund Balance - Ending</b>                                                        |                                     |                               |                 |                                      |                            |                     |
| <b>Restricted for:</b>                                                                                  |                                     |                               |                 |                                      |                            |                     |
| Public safety                                                                                           | \$ -                                | \$ -                          | \$ -            | \$ -                                 | \$ -                       | \$ 9,657            |
| Highways and streets                                                                                    | -                                   | -                             | -               | -                                    | -                          | (11,031)            |
| Economic development                                                                                    | -                                   | -                             | -               | -                                    | -                          | 1,661,110           |
| Culture and recreation                                                                                  | -                                   | -                             | -               | -                                    | -                          | 648,454             |
| Debt service                                                                                            | -                                   | -                             | -               | -                                    | -                          | 675,329             |
| Capital outlay                                                                                          | 18,186                              | 238,031                       | -               | 2,179                                | -                          | 1,597,798           |
| Unrestricted                                                                                            | -                                   | -                             | 4,853           | -                                    | 54,346                     | 909,024             |
| <b>Total cash and investment fund balance - ending</b>                                                  | <u>\$ 18,186</u>                    | <u>\$ 238,031</u>             | <u>\$ 4,853</u> | <u>\$ 2,179</u>                      | <u>\$ 54,346</u>           | <u>\$ 5,490,341</u> |

CITY OF SHELBYVILLE  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND  
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 INTERNAL SERVICE FUNDS  
 As Of And For The Year Ended December 31, 2009

|                                                       | <u>Employee Health<br/>Insurance<br/>Fund</u> | <u>Employer<br/>Health<br/>Insurance Fund</u> | <u>Totals</u>     |
|-------------------------------------------------------|-----------------------------------------------|-----------------------------------------------|-------------------|
| Operating receipts:                                   |                                               |                                               |                   |
| Miscellaneous                                         | \$ 622,837                                    | \$ 2,120,935                                  | \$ 2,743,772      |
| Operating disbursements:                              |                                               |                                               |                   |
| Insurance claims and expense                          | 662,425                                       | 2,165,695                                     | 2,828,120         |
| Deficiency of receipts over disbursements             | (39,588)                                      | (44,760)                                      | (84,348)          |
| Cash and investment fund balance - beginning          | 104,392                                       | 221,240                                       | 325,632           |
| Cash and investment fund balance - ending             | <u>\$ 64,804</u>                              | <u>\$ 176,480</u>                             | <u>\$ 241,284</u> |
| <u>Cash and Investment Assets - December 31</u>       |                                               |                                               |                   |
| Restricted assets:                                    |                                               |                                               |                   |
| Cash and investments                                  | <u>\$ 64,804</u>                              | <u>\$ 176,480</u>                             | <u>\$ 241,284</u> |
| <u>Cash and Investment Fund Balance - December 31</u> |                                               |                                               |                   |
| Restricted for:                                       |                                               |                                               |                   |
| Other purposes                                        | <u>\$ 64,804</u>                              | <u>\$ 176,480</u>                             | <u>\$ 241,284</u> |

CITY OF SHELBYVILLE  
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
 PENSION TRUST FUNDS  
 For The Year Ended December 31, 2009

|                                                    | Police<br>Pension<br>Fund | Fire<br>Pension<br>Fund  | Totals                   |
|----------------------------------------------------|---------------------------|--------------------------|--------------------------|
| Additions:                                         |                           |                          |                          |
| Contributions:                                     |                           |                          |                          |
| Employer                                           | \$ 496,061                | \$ 417,741               | \$ 913,802               |
| State                                              | <u>493,626</u>            | <u>410,908</u>           | <u>904,534</u>           |
| Total contributions                                | <u>989,687</u>            | <u>828,649</u>           | <u>1,818,336</u>         |
| Investment receipts:                               |                           |                          |                          |
| Interest                                           | <u>856</u>                | <u>1,265</u>             | <u>2,121</u>             |
| Total additions                                    | <u>990,543</u>            | <u>829,914</u>           | <u>1,820,457</u>         |
| Deductions:                                        |                           |                          |                          |
| Benefits                                           | 498,894                   | 354,288                  | 853,182                  |
| Repayment of interfund loans                       | 38,522                    | 61,727                   | 100,249                  |
| Administrative and general                         | <u>1,235</u>              | <u>22,150</u>            | <u>23,385</u>            |
| Total deductions                                   | <u>538,651</u>            | <u>438,165</u>           | <u>976,816</u>           |
| Excess of total additions<br>over total deductions | 451,892                   | 391,749                  | 843,641                  |
| Cash and investment fund balance - beginning       | <u>11,651</u>             | <u>13,013</u>            | <u>24,664</u>            |
| Cash and investment fund balance - ending          | <u><u>\$ 463,543</u></u>  | <u><u>\$ 404,762</u></u> | <u><u>\$ 868,305</u></u> |

CITY OF SHELBYVILLE  
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
 PRIVATE-PURPOSE TRUST FUNDS  
 For The Year Ended December 31, 2009

|                                              | <u>Annie<br/>Kent<br/>Trust</u> | <u>Animal<br/>Shelter<br/>Endowment</u> | <u>Totals</u>    |
|----------------------------------------------|---------------------------------|-----------------------------------------|------------------|
| Additions:                                   |                                 |                                         |                  |
| Investment earnings:                         |                                 |                                         |                  |
| Interest                                     | \$ 20                           | \$ -                                    | \$ 20            |
| Cash and investment fund balance - beginning | <u>1,279</u>                    | <u>26,100</u>                           | <u>27,379</u>    |
| Cash and investment fund balance - ending    | <u>\$ 1,299</u>                 | <u>\$ 26,100</u>                        | <u>\$ 27,399</u> |

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

|                                                                 | Payroll<br>Clearing | PERF            | Indiana<br>Firefighters<br>Pension | Indiana<br>Police<br>Pension | Totals           |
|-----------------------------------------------------------------|---------------------|-----------------|------------------------------------|------------------------------|------------------|
| Additions:                                                      |                     |                 |                                    |                              |                  |
| Agency fund additions                                           | \$ 3,134,062        | \$ 7,629        | \$ 149,039                         | \$ 122,806                   | \$ 3,413,536     |
| Deductions:                                                     |                     |                 |                                    |                              |                  |
| Agency fund deductions                                          | 3,178,123           | 7,255           | 155,213                            | 119,397                      | 3,459,988        |
| Excess (deficiency) of total additions<br>over total deductions | (44,061)            | 374             | (6,174)                            | 3,409                        | (46,452)         |
| Cash and investment fund balance - beginning                    | 63,518              | 1,860           | 38,840                             | 23,814                       | 128,032          |
| Cash and investment fund balance - ending                       | <u>\$ 19,457</u>    | <u>\$ 2,234</u> | <u>\$ 32,666</u>                   | <u>\$ 27,223</u>             | <u>\$ 81,580</u> |

CITY OF SHELBYVILLE  
 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.

General infrastructure assets (those reported by governmental activities) are included regardless of their acquisition date or amount. The government was able to estimate the historical cost for the initial reporting of these assets through backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). As the government constructs or acquires additional capital assets each period, including infrastructure assets, they are reported at historical cost.

| <u>Primary Government</u>                                              | <u>Ending<br/>Balance</u> |
|------------------------------------------------------------------------|---------------------------|
| Governmental activities:                                               |                           |
| Capital assets, not being depreciated:                                 |                           |
| Land                                                                   | \$ 6,654,861              |
| Infrastructure                                                         | 20,889,472                |
| Buildings                                                              | 16,974,917                |
| Improvements other than buildings                                      | 8,012,336                 |
| Machinery and equipment                                                | 5,817,178                 |
| Construction in progress                                               | <u>368,854</u>            |
| Total governmental activities, capital<br>assets not being depreciated | <u>\$ 58,717,618</u>      |

| <u>Primary Government</u>                        | <u>Ending<br/>Balance</u> |
|--------------------------------------------------|---------------------------|
| Business-type activities:                        |                           |
| Wastewater Utility:                              |                           |
| Capital assets, not being depreciated:           |                           |
| Land                                             | \$ 16,000.00              |
| Construction in progress                         | 481,689                   |
| Buildings                                        | 25,076,862                |
| Improvements other than buildings                | 13,715,205                |
| Machinery and equipment                          | <u>1,176,381</u>          |
| Total Wastewater Utility capital assets          | <u>40,466,137</u>         |
| Storm Water Utility:                             |                           |
| Capital assets, not being depreciated:           |                           |
| Improvements other than buildings                | 10,865,641                |
| Machinery and equipment                          | <u>72,709</u>             |
| Total Storm Water Utility capital assets         | <u>10,938,350</u>         |
| Total business-type activities<br>capital assets | <u>\$ 51,404,487</u>      |

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

The City has entered into the following debt:

| Description of Debt                 | Ending<br>Principal<br>Balance | Principal and<br>Interest Due<br>Within One<br>Year |
|-------------------------------------|--------------------------------|-----------------------------------------------------|
| Governmental activities:            |                                |                                                     |
| Capital leases:                     |                                |                                                     |
| Medtec Ambulances (2)               | \$ 77,204                      | \$ 81,982                                           |
| 2008 Smeal Aerial Truck             | 636,022                        | 88,350                                              |
| Notes and loans payable             | 895,186                        | 147,300                                             |
| Bonds payable:                      |                                |                                                     |
| General obligation bonds:           |                                |                                                     |
| Fire Station                        | 5,085,000                      | 438,600                                             |
| Progress Parkway                    | 4,000,000                      | 348,260                                             |
| Park Phase # 1                      | 2,060,000                      | 321,868                                             |
| Park District                       | 4,330,000                      | 398,499                                             |
| Revenue bonds:                      |                                |                                                     |
| Northwest Sewer                     | 1,660,000                      | 191,975                                             |
| 2009 Redevelopment Bond             | 735,000                        | 66,105                                              |
| Kroger TIF                          | 470,000                        | 72,000                                              |
| Wal-Mart TIF                        | 1,805,000                      | 165,392                                             |
| Knauf TIF                           | 9,070,000                      | 589,550                                             |
| Total governmental activities debt  | <u>\$ 30,823,412</u>           | <u>\$ 2,909,881</u>                                 |
| Business-type activities:           |                                |                                                     |
| Wastewater Utility:                 |                                |                                                     |
| Revenue bonds:                      |                                |                                                     |
| Plant Expansion                     | \$ 4,770,000                   | \$ 583,020                                          |
| River Road                          | 4,297,471                      | 355,242                                             |
| Total Wastewater Utility            | <u>9,067,471</u>               | <u>938,262</u>                                      |
| Storm Water Utility:                |                                |                                                     |
| Revenue bonds:                      |                                |                                                     |
| Various Projects                    | 2,725,000                      | 265,305                                             |
| River Road                          | 1,897,529                      | 156,855                                             |
| Total Storm Water Utility           | <u>4,622,529</u>               | <u>422,160</u>                                      |
| Total business-type activities debt | <u>\$ 13,690,000</u>           | <u>\$ 1,360,422</u>                                 |

CITY OF SHELBYVILLE  
AUDIT RESULTS AND COMMENTS

OVERDRAWN CASH BALANCES

The cash balances of the Motor Vehicle Highway, Local Road & Street, and Wastewater Utility Operating funds were overdrawn in 2009.

The cash balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

CONFLICT OF INTEREST

Three individuals employed by the City of Shelbyville have contracts for services with the City. These services include plumbing, electrical, general construction, remodeling, and computer service and support. In addition, another city employee owns a fire equipment distributor business and sells fire equipment and supplies to the City. The four employees each completed a Uniform Conflict of Interest Disclosure statement; however, none of the statements have been filed.

IC 35-44-1-3 states in part:

"(a) A public servant who knowingly or intentionally: (1) has a pecuniary interest in; or (2) derives a profit from; a contract or purchase connected with an action by the governmental entity served by the public servant commits conflict of interest, a Class D felony . . ."

"(c) This section does not prohibit a public servant from having a pecuniary interest in or deriving a profit from a contract or purchase connected with the governmental entity served . . . (3) if the public servant; (A) is an elected public servant . . . and (B) makes a disclosure under subsection (d)(1) through (d)(6)."

"(d) A disclosure required by this section must: (1) be in writing; (2) describe the contract or purchase to be made by the governmental entity; (3) describe the pecuniary interest that the public servant has in the contract or purchase; (4) be affirmed under penalty of perjury; (5) be submitted to the governmental entity and be accepted by the governmental entity in a public meeting of the governmental entity prior to final action on the contract or purchase; (6) be filed within fifteen (15) days after final action on the contract or purchase with: (A) the state board of accounts; and (B) . . . the clerk of the circuit court in the county where the governmental entity takes final action on the contract or purchase . . ."

"(g) A public servant has a pecuniary interest in a contract or purchase if the contract or purchase will result or is intended to result in an ascertainable increase in the income or net worth of: (1) the public servant; or (2) a dependent of the public servant who: (A) is under the direct or indirect administrative control of the public servant; or (B) receives a contract or purchase order that is reviewed, approved, or directly or indirectly administered by the public servant . . ."

"(k) As used in this section, 'dependent' means any of the following: (1) The spouse of a public servant. (2) A child, stepchild, or adoptee (as defined in IC 31-3-4-1) of a public servant who is: (A) unemancipated; and (B) less than eighteen (18) years of age. (3) Any individual more than one-half (2) of whose support is provided during a year by the public servant."

CITY OF SHELBYVILLE  
AUDIT RESULTS AND COMMENTS  
(Continued)

CONDITION OF RECORDS – PAYROLL WITHHOLDING FUND

As stated in prior Reports B33223, B30484, and B35516, financial records presented for audit were incomplete and not reflective of the activity of the Payroll Withholding Fund. The records presented did not provide sufficient information to audit or establish beginning balances, receipts, disbursements, ending balances, or the accuracy or correctness of the transactions.

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

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 Cities and Towns, Chapter 7)

In April 2009, officials of the Clerk-Treasurer's office began the process of changing the method of entering the payroll records into the Payroll Withholding fund within the computerized general ledger system. This reduced the overstatement of disbursements in the Payroll Withholding fund. Final correction of all remaining payroll components included in the Payroll Withholding fund was completed in April 2010.

APPROPRIATIONS

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

| <u>Fund</u>             | <u>Excess<br/>Amount<br/>Expended</u> |
|-------------------------|---------------------------------------|
| Local Road and Street   | \$ 751                                |
| Cumulative Thoroughfare | 229,921                               |
| Fire Station Bond       | 900                                   |

IC 6-1.1-18-4 states in part: ". . . the proper officers of a political subdivision shall appropriate funds in such a manner that the expenditures for a year do not exceed its budget for that year as finally determined under this article."

INTERNAL CONTROLS - PARKS AND RECREATION DEPARTMENT

As stated in our prior Reports B33223 and B35516, application and controls for receipt forms generated by the Parks and Recreation Department are insufficient. Due to computer system limitations, receipts are issued for all transactions, including reservations for particular programs with no monetary amount and refunds to customers for cancelled programs with a negative receipt amount.

CITY OF SHELBYVILLE  
AUDIT RESULTS AND COMMENTS  
(Continued)

In order to properly account for revenues, manual controls should be implemented to compensate for system limitations.

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

SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



**STATE OF INDIANA**  
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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 SHELBYVILLE, SHELBY COUNTY, INDIANA

Compliance

We have audited the compliance of the City of Shelbyville (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, City Council, Mayor, and Clerk-Treasurer, 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

August 24, 2010

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

| Federal Grantor Agency/Pass-Through Entity<br>Program Title/Project Title                      | Federal<br>CFDA<br>Number | Pass-Through<br>Entity (or Other)<br>Identifying<br>Number | Total<br>Federal Awards<br>Expended |
|------------------------------------------------------------------------------------------------|---------------------------|------------------------------------------------------------|-------------------------------------|
| <u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>                                        |                           |                                                            |                                     |
| Pass-Through Indiana Office of Community & Rural Affairs<br>Community Development Block Grant  | 14.218                    | CF-08-125                                                  | \$ 500,000                          |
| Total for federal grantor agency                                                               |                           |                                                            | <u>500,000</u>                      |
| <u>U.S. DEPARTMENT OF JUSTICE</u>                                                              |                           |                                                            |                                     |
| Direct Grant                                                                                   |                           |                                                            |                                     |
| Public Safety Partnership and Community Policing Grants                                        | 16.710                    | 2008LKW0821<br>2009CKWX0607                                | 266,560<br><u>815,599</u>           |
| Total for federal grantor agency                                                               |                           |                                                            | <u>1,082,159</u>                    |
| <u>U.S. DEPARTMENT OF TRANSPORTATION</u>                                                       |                           |                                                            |                                     |
| Direct Grant                                                                                   |                           |                                                            |                                     |
| Airport Improvement Grant                                                                      | 20.106                    | 3-18-0077-20<br>3-18-0077-21                               | 123,209<br><u>227,163</u>           |
| Total for program                                                                              |                           |                                                            | <u>350,372</u>                      |
| Pass-Through Indiana Criminal Justice Institute<br>Traffic Safety and Drunk Driving Prevention | 20.601                    |                                                            | <u>6,184</u>                        |
| Total for federal grantor agency                                                               |                           |                                                            | <u>356,556</u>                      |
| Total federal awards expended                                                                  |                           |                                                            | <u>\$ 1,938,715</u>                 |

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

CITY OF SHELBYVILLE  
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 Shelbyville (City) and is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Accordingly, the amount of federal awards expended is based on when the activity related to the award occurs. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

CITY OF SHELBYVILLE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Qualified

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<br>Number | Name of Federal Program or Cluster                      |
|----------------|---------------------------------------------------------|
| 16.710         | Public Safety Partnership and Community Policing Grants |

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.

SHELBYVILLE



INDIANA

*Office of the City Clerk-Treasurer*

44 WEST WASHINGTON STREET 46176 • (317) 392-5103 • FAX (317) 392-5158

**RODNEY L. MEYERHOLTZ**

June 11, 2010

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

Finding 2008-1, Davis Bacon Act

Original SBA Audit Report Number: B35516

Fiscal Year: 2008

Auditee Contact Person: Rodney L. Meyerholtz

Title of Contact Person: Clerk-Treasurer

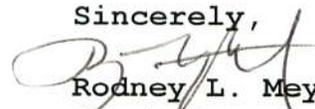
Phone Number: (317) 392-5103

Status of Finding: The Clerk-Treasurer will confirm for any future construction projects where the city receives grant funds from the State of Indiana that Davis Bacon requirement will be determined and complied with.

The status of the prior findings related to the Davis Bacon Act is that a corrective action plan was initiated in November, 2010 to set in place procedures to ensure that facets of the Davis Bacon Act are complied with in the future.

Since November, 2009, all projects that may have been grant related have been scrutinized by the Clerk-Treasurer and the department head associated with the project to determine if any facets of the Davis Bacon Act apply. The City of Shelbyville is keenly aware of their responsibilities where the Davis Bacon Act is concerned.

Sincerely,

  
Rodney L. Meyerholtz  
Clerk-Treasurer

SHELBYVILLE



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**RODNEY L. MEYERHOLTZ**

June 11, 2010

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Finding 2008-2, Davis Bacon Act

Original SBA Audit Report Number: B35516

Fiscal Year: 2008

Auditee Contact Person: Rodney L. Meyerholtz

Title of Contact Person: Clerk-Treasurer

Phone Number: (317) 392-5103

Status of Finding: The Clerk-Treasurer will confirm for any future construction projects where the city receives grant funds from the State of Indiana that Davis Bacon requirement will be determined and complied with.

The status of the prior findings related to the Davis Bacon Act is that a corrective action plan was initiated in November, 2010 to set in place procedures to ensure that facets of the Davis Bacon Act are complied with in the future.

Since November, 2009, all projects that may have been grant related have been scrutinized by the Clerk-Treasurer and the department head associated with the project to determine if any facets of the Davis Bacon Act apply. The City of Shelbyville is keenly aware of their responsibilities where the Davis Bacon Act is concerned.

Sincerely,

Rodney L. Meyerholtz  
Clerk-Treasurer

CITY OF SHELBYVILLE  
EXIT CONFERENCE

The contents of this report were discussed on August 24, 2010, with Scott Furgeson, Mayor; Rodney Meyerholtz, Clerk-Treasurer; and Carol Fowler, Deputy Clerk Treasurer.