

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

CITY OF NEW ALBANY
FLOYD COUNTY, INDIANA

January 1, 2014 to December 31, 2014



FILED
05/18/2016

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Controller	Linda S. Moeller	01-01-14 to 12-31-16
Mayor	Jeff Gahan	01-01-12 to 12-31-19
President of the Board of Public Works and Safety	Warren Nash	01-01-14 to 12-31-16
President of the Common Council	Pat McLaughlin	01-01-14 to 12-31-16
Utility Office Manager	April Dickey	01-01-14 to 12-31-16



STATE OF INDIANA
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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE CITY OF NEW ALBANY, FLOYD COUNTY, INDIANA

Report on the Financial Statement

We have audited the accompanying financial statement of the City of New Albany (City), which comprises the financial position and results of operations for the year ended December 31, 2014, and the related notes to the financial statement as listed in the Table of Contents.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the financial reporting provisions of the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6). Management is responsible for and has determined that the regulatory basis of accounting, as established by the Indiana State Board of Accounts, is an acceptable basis of presentation. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of a financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on this financial statement 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 statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As discussed in Note 1 of the financial statement, the City prepares its financial statement on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position and results of operations of the City for the year ended December 31, 2014.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the City for the year ended December 31, 2014, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the City's financial statement. 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 financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statement taken as a whole.


Other Information

Our audit was conducted for the purpose of forming an opinion on the City's financial statement. The Combining Schedule of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis and Schedule of Leases and Debt, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statement. They have not been subjected to the auditing procedures applied by us in the audit of the financial statement and, accordingly, we express no opinion on them.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated March 9, 2016, 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* in considering the City's internal control over financial reporting and compliance.


Paul D. Joyce, CPA
State Examiner

March 9, 2016



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302 WEST WASHINGTON STREET
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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL
STATEMENT PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

TO: THE OFFICIALS OF THE CITY OF NEW ALBANY, FLOYD COUNTY, INDIANA

We have audited, 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, the financial statement of the City of New Albany (City), which comprises the financial position and results of operations for the year ended December 31, 2014, and the related notes to the financial statement, and have issued our report thereon dated March 9, 2016, wherein we noted the City followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of the internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A deficiency in internal control 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 and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items 2014-001 and 2014-002 to be material weaknesses.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL
STATEMENT PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*
(Continued)

Compliance and Other Matters


As part of obtaining reasonable assurance about whether the City's financial statement is 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2014-001 and 2014-002.

City of New Albany's Response to Findings

The City's response to the findings identified in our audit is described in the accompanying Corrective Action Plan. The City's response was not subjected to the auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on it.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


Paul D. Joyce, CPA
State Examiner

March 9, 2016

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FINANCIAL STATEMENT AND ACCOMPANYING NOTES

The financial statement and accompanying notes were approved by management of the City. The financial statement and notes are presented as intended by the City.

CITY OF NEW ALBANY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Year Ended December 31, 2014

Fund	Cash and Investments 01-01-14	Receipts	Disbursements	Cash and Investments 12-31-14
General	\$ 1,703,461	\$ 20,803,841	\$ 21,733,355	\$ 773,947
Motor Vehicle Highway	171,387	1,331,098	1,331,516	170,969
Local Road And Street	206,137	382,292	217,226	371,203
Parking Meter	83,274	86,247	94,897	74,624
Park Nonreverting Operating	96,637	131,122	210,427	17,332
Abandoned Vehicle	64,728	125,752	90,104	100,376
Law Enforcement Continuing Education	7,211	30,852	22,572	15,491
Unsafe Building	34,027	99,551	60,762	72,816
Riverboat	2,191,438	1,064,160	1,114,953	2,140,645
Parks And Recreation Operating	7,908	-	7,908	-
Rainy Day	711,896	-	-	711,896
Grant Line Bond TIF	1,831,805	424,885	140,740	2,115,950
Owner Occupied Rehab	-	19,814	19,814	-
Redevelopment Bond (Proceeds)	4,075,845	1,579,527	598,421	5,056,951
Cumulative Park	393,372	111,747	285,287	219,832
Cumulative Capital Improvement	140,409	96,209	152,886	83,732
CEDIT Capital Projects	2,188,136	2,735,940	2,577,518	2,346,558
Police Pension	739,884	1,644,131	1,996,097	387,918
Fire Pension	360,483	1,977,645	1,964,211	373,917
EPA Brownfield Grant	-	208,035	208,035	-
Federal Grants	520	-	-	520
Police/Child Victim	22	-	-	22
Communications Non-Reverting	15,336	-	-	15,336
New Direction	197	-	-	197
Walking Patrol	15,035	-	-	15,035
Farmer's Market	1,000	-	-	1,000
TIF Grant Line Debt Reserve	533,016	-	-	533,016
TIF Spring Street Debt Reserve	202,950	-	-	202,950
TIF Financing	220,000	-	-	220,000
TIF Daisy Lane Bond Proceeds	276,450	-	-	276,450
Donations	71,028	73,336	80,431	63,933
Federal Surplus Property	20,828	34,929	55,051	706
Grant Line Road TIF	2,680,804	446,034	297,567	2,829,271
Park East TIF	2,612,636	783,040	717,486	2,678,190
State Street TIF	2,813,659	3,430,570	2,174,725	4,069,504
Garage TIF	278,399	434,762	298,299	414,862
Old Monon TIF	1,630,793	655,911	1,331,852	954,852
Abatement	227,998	80,713	43,416	265,295
Ambulance/Ems Non-Reverting	82,645	2,898	55,618	29,925
Animal Control Runs Non-Reverting	52,379	17,500	25,817	44,062
City Redevelopment	6,237	813,979	810,962	9,254
Community Promotions	133	-	69	64
Fire Run Contracts Non-Reverting	138,097	52,160	34,168	156,089
Loop Island	11,909	7,686	6,056	13,539
Shelterhouse Parks	40,191	1,640	-	41,831
State Street Garage	149,498	31,247	28,171	152,574
Tree Board	9,889	-	6,112	3,777
Veterinary Non-Reverting	65,309	27,187	41,259	51,237
Homes Improvement	106,662	7,783	205	114,240
Rental Rehab	200,422	18,300	134,201	84,521
Highway 111	1,735,495	910,769	2,400,475	245,789
Stormwater	1,904,115	1,920,798	1,894,775	1,930,138
Sanitation 2	187,392	2,350,985	2,315,332	223,045
Reserve Liability	224,379	162,742	382,642	4,479
Park East Pledged TIF	644,271	209	-	644,480
Caesar's Donations	935,423	1,282,625	1,257,336	960,712
Self Insurance	13,034	430,759	191,619	252,174
Cemetery Endowment	211,349	30,249	5,962	235,636
Payroll	112,955	26,375,573	26,489,500	(972)
Stormwater Bond	5,029,848	16,590	2,163,513	2,882,925
Sewer Utility Bond and Interest	(450)	450	-	-
SRF Debt Service Reserve	2,047,410	266,140	1,720,613	592,937
SRF Bond and Interest	1,890,439	5,449,978	5,514,385	1,826,032
Sanitation 1	242,142	2,364,984	2,350,985	256,141
SRF Construction	-	2,471	2,471	-
2012 Debt Service Reserve	385,100	1,806,290	-	2,191,390
Wastewater Utility Operating	7,390,769	16,485,083	15,414,417	8,461,435
Sewer Operating Reserve	60,622	-	-	60,622
Totals	\$ 50,486,373	\$ 99,629,218	\$ 101,072,219	\$ 49,043,372

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

CITY OF NEW ALBANY
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The City was established under the laws of the State of Indiana. The City operates under a Council-Mayor form of government and provides some or all of the following services: public safety (police and fire), highways and streets, health and social services, culture and recreation, public improvements, planning and zoning, general administrative services, wastewater, storm water, trash, and urban redevelopment and housing.

The accompanying financial statement presents the financial information for the City.

B. Basis of Accounting

The financial statement is reported on a regulatory basis of accounting prescribed by the Indiana State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The basis of accounting involves the reporting of only cash and investments and the changes therein resulting from cash inflows (receipts) and cash outflows (disbursements) reported in the period in which they occurred.

The regulatory 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.

C. Cash and Investments

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

D. Receipts

Receipts are presented in the aggregate on the face of the financial statement. The aggregate receipts include the following sources:

Taxes which can include one or more of the following: property taxes, certified shares (local option tax), property tax replacement credit (local option tax), county option income tax, wheel tax, innkeepers tax, food and beverage tax, county economic development income tax, boat and trailer excise tax, county adjusted gross income tax, and other taxes that are set by the City.

Licenses and permits which include amounts received from businesses, occupations, or nonbusinesses that must be licensed before doing business within the government's jurisdiction or permits levied according to the benefits presumably conferred by the permit. Examples of licenses and permits include: peddler licenses, dog tax licenses, auctioneer licenses, building and planning permits, demolition permits, electrical permits, sign permits, and gun permits.

CITY OF NEW ALBANY
NOTES TO FINANCIAL STATEMENT
(Continued)

Intergovernmental receipts which include receipts from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of these types of receipts include, but are not limited to: federal grants, state grants, cigarette tax distributions received from the state, motor vehicle highway distribution received from the state, local road and street distribution received from the state, financial institution tax received from the state, auto excise surtax received from the state, commercial vehicle excise tax received from the state, major moves distributions received from the state, and riverboat receipts received from the county.

Charges for services which can include, but are not limited to the following: planning commission charges, building department charges, copies of public records, copy machine charges, accident report copies, gun permit applications, 911 telephone services, recycling fees, dog pound fees, emergency medical service fees, park rental fees, swimming pool receipts, cable tv receipts, ordinance violations, fines and fees, bond forfeitures, court costs, and court receipts.

Fines and forfeits which include receipts derived from fines and penalties imposed for the commission of statutory offenses, violation of lawful administrative rules and regulations (fines), and for the neglect of official duty and monies derived from confiscating deposits held as performance guarantees (forfeitures).

Utility fees which are comprised mostly of charges for current services.

Other receipts which include amounts received from various sources which can include, but are not limited to the following: net proceeds from borrowings; interfund loan activity; transfers authorized by statute, ordinance, resolution, or court order; internal service receipts; and fiduciary receipts.

E. Disbursements

Disbursements are presented in the aggregate on the face of the financial statement. The aggregate disbursements include the following uses:

Personal services include outflows for salaries, wages, and related employee benefits provided for all persons employed. In those units where sick leave, vacation leave, overtime compensation, and other such benefits are appropriated separately, such payments would also be included.

Supplies which include articles and commodities that are entirely consumed and materially altered when used and/or show rapid depreciation after use for a short period of time. Examples of supplies include office supplies, operating supplies, and repair and maintenance supplies.

Other services and charges which include, but are not limited to: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

Debt service principal and interest which include fixed obligations resulting from financial transactions previously entered into by the City. It includes all expenditures for the reduction of the principal and interest of the City's general obligation indebtedness.

CITY OF NEW ALBANY
NOTES TO FINANCIAL STATEMENT
(Continued)

Capital outlay which include all outflows for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

Utility operating expenses which include all outflows for operating the utilities.

Other disbursements which include, but are not limited to the following: interfund loan payments, loans made to other funds, internal service disbursements, and transfers out that are authorized by statute, ordinance, resolution, or court order.

F. Interfund Transfers

The City may, from time to time, transfer money from one fund to another. These transfers, if any, are included as a part of the receipts and disbursements of the affected funds and as a part of total receipts and disbursements. The transfers are used for cash flow purposes as provided by various statutory provisions.

G. Fund Accounting

Separate funds are established, maintained, and reported by the City. Each fund is used to account for money received from and used for specific sources and uses as determined by various regulations. Restrictions on some funds are set by statute while other funds are internally restricted by the City. The money accounted for in a specific fund may only be available for use for certain, legally restricted purposes. Additionally, some funds are used to account for assets held by the City in a trustee capacity as an agent of individuals, private organizations, other funds, or other governmental units and therefore the funds cannot be used for any expenditures of the unit itself.

Note 2. Budgets

The operating budget is initially prepared and approved at the local level. The fiscal officer of the City submits a proposed operating budget to the governing board for the following calendar year. The budget is advertised as required by law. Prior to adopting the budget, the governing board conducts public hearings and obtains taxpayer comments. Prior to November 1, the governing board approves the budget for the next year. The budget for funds for which property taxes are levied or highway use taxes are received is subject to final approval by the Indiana Department of Local Government Finance.

Note 3. Property Taxes

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the City in June and December; however, situations can arise which would delay the distributions. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100 percent 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 normally become delinquent if not paid by May 10 and November 10, respectively.

CITY OF NEW ALBANY
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 4. *Deposits and Investments*

Deposits, made in accordance with state statute (IC 5-13), with financial institutions in the State of Indiana at year end should be entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

State statutes authorize the City to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

Note 5. *Risk Management*

The City may be 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.

These risks can be mitigated through the purchase of insurance, establishment of a self-insurance fund, and/or participation in a risk pool. The purchase of insurance transfers the risk to an independent third party. The establishment of a self-insurance fund allows the City to set aside money for claim settlements. The self-insurance fund would be included in the financial statement. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks.

Note 6. *Pension Plans*

A. Public Employees' Retirement Fund

Plan Description

The Indiana Public Employees' Retirement Fund (PERF) is a defined benefit pension plan. PERF is a cost-sharing multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the Indiana Public Retirement System (INPRS) 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 members' contributions, set by state statute at 3 percent of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

INPRS administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

Indiana Public Retirement System
One North Capitol, Suite 001
Indianapolis, IN 46204
Ph. (888) 526-1687

CITY OF NEW ALBANY
NOTES TO FINANCIAL STATEMENT
(Continued)

Funding Policy and Annual Pension Cost

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

B. 1925 Police Officers' Pension Plan

Plan Description

The 1925 Police Officers' Pension Plan 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

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 Indiana Public Retirement System as provided under Indiana Code 5-10.3-11.

C. 1937 Firefighters' Pension Plan

Plan Description

The 1937 Firefighters' Pension Plan 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

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 Indiana Public Retirement System as provided under Indiana Code 5-10.3-11.

CITY OF NEW ALBANY
NOTES TO FINANCIAL STATEMENT
(Continued)

D. 1977 Police Officers' and Firefighters' Pension and Disability Fund

Plan Description

The 1977 Police Officers' and Firefighters' Pension and Disability Fund is a cost-sharing multiple-employer defined benefit pension plan administered by the Indiana Public Retirement System (INPRS) 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 52 with 20 years of service. An employee with 20 years of service may leave service, but will not receive benefits until reaching age 52. The plan also provides for death and disability benefits.

INPRS 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:

Indiana Public Retirement System
One North Capitol, Suite 001
Indianapolis, IN 46204
Ph. (888) 526-1687

Funding Policy

The contribution requirements of plan members and the City are established by the Board of Trustees of INPRS.

Note 7. Cash Balance Deficit

The financial statement contained one fund with a deficit in cash. This is a result of a transfer not being made until the subsequent year.

Note 8. Other Postemployment Benefits

The City provides postemployment health insurance benefits, as authorized by Indiana Code 5-10-8, to all policemen and firemen who retire from the City with at least 20 years of service, and to Local 1861 Union and CWA Communications Union employees who retire from the City with at least 10 years of service. These benefits pose a liability to the City for this year and in future years. Information regarding the benefits can be obtained by contacting the City.

CITY OF NEW ALBANY
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 9. Subsequent Events

On October 30, 2015, the Redevelopment Commission issued Tax Increment Revenue Bond Series 2015A (Parking Garage Area) in the amount of \$1,000,000 and Series 2015B (State Street Area) in the amount of \$3,270,000. Both bonds have a 20 year maturity term and an interest rate of 3.46 percent. The bonds were issued for economic development projects that will include various site work, utility extensions and improvements, road and sidewalk improvement, and other related public improvements in serving the State Street Parking Garage Economic Development Area and the State Street/Green Valley/West Street vicinity Economic Development Area in connection with the design and construction of a luxury multi-family residential community, together with approximately 2,000 square feet of retail commercial/office space.

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OTHER INFORMATION - UNAUDITED

The City's Annual Financial Report information can be found on the Gateway website: <https://gateway.ifionline.org/>.

Differences may be noted between the financial information presented in the financial statement contained in this report and the financial information presented in the Annual Financial Report of the City which is referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the audit. This is a common occurrence in any financial statement audit. The financial information presented in this report is audited information, and the accuracy of such information can be determined by reading the opinion given in the Independent Auditor's Report.

The other information presented was approved by management of the City. It is presented as intended by the City.

CITY OF NEW ALBANY
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended December 31, 2014

	General	Motor Vehicle Highway	Local Road And Street	Parking Meter	Park Nonreverting Operating	Abandoned Vehicle	Law Enforcement Continuing Education
Cash and investments - beginning	\$ 1,703,461	\$ 171,387	\$ 206,137	\$ 83,274	\$ 96,637	\$ 64,728	\$ 7,211
Receipts:							
Taxes	12,455,494	-	-	-	-	-	-
Licenses and permits	588,507	-	-	-	-	-	14,012
Intergovernmental	7,097,503	1,327,605	382,292	-	-	-	-
Charges for services	615,421	-	-	86,247	131,122	108,582	16,840
Fines and forfeits	-	-	-	-	-	17,170	-
Utility fees	-	-	-	-	-	-	-
Other receipts	46,916	3,493	-	-	-	-	-
Total receipts	20,803,841	1,331,098	382,292	86,247	131,122	125,752	30,852
Disbursements:							
Personal services	18,046,955	1,047,409	-	45,065	63,934	857	-
Supplies	652,085	126,655	-	-	72,219	10,182	32
Other services and charges	3,026,315	157,452	118,656	48,356	74,274	72,102	22,540
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	98,570	1,476	-	6,963	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	8,000	-	-	-	-	-	-
Total disbursements	21,733,355	1,331,516	217,226	94,897	210,427	90,104	22,572
Excess (deficiency) of receipts over disbursements	(929,514)	(418)	165,066	(8,650)	(79,305)	35,648	8,280
Cash and investments - ending	\$ 773,947	\$ 170,969	\$ 371,203	\$ 74,624	\$ 17,332	\$ 100,376	\$ 15,491

CITY OF NEW ALBANY
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended December 31, 2014
(Continued)

	Unsafe Building	Riverboat	Parks And Recreation Operating	Rainy Day	Grant Line Bond TIF	Owner Occupied Rehab	Redevelopment Bond (Proceeds)
Cash and investments - beginning	\$ 34,027	\$ 2,191,438	\$ 7,908	\$ 711,896	\$ 1,831,805	\$ -	\$ 4,075,845
Receipts:							
Taxes	-	-	-	-	-	-	1,573,759
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	848,695	-	-	-	-	-
Charges for services	99,551	215,465	-	-	424,317	19,814	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	-	-	-	568	-	5,768
Total receipts	99,551	1,064,160	-	-	424,885	19,814	1,579,527
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	60,762	102,979	-	-	-	19,814	-
Debt service - principal and interest	-	237,000	-	-	-	-	-
Capital outlay	-	774,974	-	-	140,740	-	598,421
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	7,908	-	-	-	-
Total disbursements	60,762	1,114,953	7,908	-	140,740	19,814	598,421
Excess (deficiency) of receipts over disbursements	38,789	(50,793)	(7,908)	-	284,145	-	981,106
Cash and investments - ending	\$ 72,816	\$ 2,140,645	\$ -	\$ 711,896	\$ 2,115,950	\$ -	\$ 5,056,951

CITY OF NEW ALBANY
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended December 31, 2014
(Continued)

	Cumulative Park	Cumulative Capital Improvement	CEDIT Capital Projects	Police Pension	Fire Pension	EPA Brownfield Grant	Federal Grants
Cash and investments - beginning	\$ 393,372	\$ 140,409	\$ 2,188,136	\$ 739,884	\$ 360,483	\$ -	\$ 520
Receipts:							
Taxes	98,907	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	12,001	96,209	2,735,940	1,644,131	1,977,645	-	-
Charges for services	839	-	-	-	-	208,035	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	111,747	96,209	2,735,940	1,644,131	1,977,645	208,035	-
Disbursements:							
Personal services	-	-	936,292	1,994,856	1,963,817	-	-
Supplies	-	-	1,396	347	-	-	-
Other services and charges	23,900	-	253,527	767	394	208,035	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	261,387	152,886	1,386,303	127	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	285,287	152,886	2,577,518	1,996,097	1,964,211	208,035	-
Excess (deficiency) of receipts over disbursements	(173,540)	(56,677)	158,422	(351,966)	13,434	-	-
Cash and investments - ending	\$ 219,832	\$ 83,732	\$ 2,346,558	\$ 387,918	\$ 373,917	\$ -	\$ 520

CITY OF NEW ALBANY
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended December 31, 2014
(Continued)

	Police/Child Victim	Communications Non-Reverting	New Direction	Walking Patrol	Farmer's Market	TIF Grant Line Debt Reserve	TIF Spring Street Debt Reserve
Cash and investments - beginning	\$ 22	\$ 15,336	\$ 197	\$ 15,035	\$ 1,000	\$ 533,016	\$ 202,950
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	-	-	-	-	-	-	-
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	-	-	-	-	-	-	-
Excess (deficiency) of receipts over disbursements	-	-	-	-	-	-	-
Cash and investments - ending	\$ 22	\$ 15,336	\$ 197	\$ 15,035	\$ 1,000	\$ 533,016	\$ 202,950

CITY OF NEW ALBANY
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended December 31, 2014
(Continued)

	TIF Financing	TIF Daisy Lane Bond Proceeds	Donations	Federal Surplus Property	Grant Line Road TIF	Park East TIF	State Street TIF
Cash and investments - beginning	\$ 220,000	\$ 276,450	\$ 71,028	\$ 20,828	\$ 2,680,804	\$ 2,612,636	\$ 2,813,659
Receipts:							
Taxes	-	-	-	-	442,534	779,973	1,930,605
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	30,278	-	-	-
Charges for services	-	-	-	4,633	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	-	73,336	18	3,500	3,067	1,499,965
Total receipts	-	-	73,336	34,929	446,034	783,040	3,430,570
Disbursements:							
Personal services	-	-	-	-	89,830	-	-
Supplies	-	-	-	50,410	-	-	-
Other services and charges	-	-	80,431	8	-	-	-
Debt service - principal and interest	-	-	-	4,633	-	-	1,008,467
Capital outlay	-	-	-	-	207,737	717,486	1,166,258
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	-	-	80,431	55,051	297,567	717,486	2,174,725
Excess (deficiency) of receipts over disbursements	-	-	(7,095)	(20,122)	148,467	65,554	1,255,845
Cash and investments - ending	\$ 220,000	\$ 276,450	\$ 63,933	\$ 706	\$ 2,829,271	\$ 2,678,190	\$ 4,069,504

CITY OF NEW ALBANY
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended December 31, 2014
(Continued)

	Garage TIF	Old Monon TIF	Abatement	Ambulance/Ems Non-Reverting	Animal Control Runs Non-Reverting	City Redevelopment	Community Promotions
Cash and investments - beginning	\$ 278,399	\$ 1,630,793	\$ 227,998	\$ 82,645	\$ 52,379	\$ 6,237	\$ 133
Receipts:							
Taxes	434,470	653,974	-	-	-	-	-
Licenses and permits	-	-	-	-	7,565	-	-
Intergovernmental	-	-	-	-	-	727,068	-
Charges for services	-	-	80,713	2,898	9,935	86,868	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	292	1,937	-	-	-	43	-
Total receipts	434,762	655,911	80,713	2,898	17,500	813,979	-
Disbursements:							
Personal services	-	-	38,615	4,000	-	208,199	-
Supplies	-	-	-	13,447	-	-	-
Other services and charges	-	-	-	5,626	25,817	1	69
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	298,299	1,331,852	4,801	32,545	-	602,762	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	298,299	1,331,852	43,416	55,618	25,817	810,962	69
Excess (deficiency) of receipts over disbursements	136,463	(675,941)	37,297	(52,720)	(8,317)	3,017	(69)
Cash and investments - ending	\$ 414,862	\$ 954,852	\$ 265,295	\$ 29,925	\$ 44,062	\$ 9,254	\$ 64

CITY OF NEW ALBANY
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended December 31, 2014
(Continued)

	Fire Run Contracts Non-Reverting	Loop Island	Shelterhouse Parks	State Street Garage	Tree Board	Veterinary Non-Reverting	Homes Improvement
Cash and investments - beginning	\$ 138,097	\$ 11,909	\$ 40,191	\$ 149,498	\$ 9,889	\$ 65,309	\$ 106,662
Receipts:							
Taxes	-	7,686	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	52,160	-	1,640	31,247	-	27,187	7,783
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	52,160	7,686	1,640	31,247	-	27,187	7,783
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	28,171	-	12,415	49
Other services and charges	-	-	-	-	6,112	28,844	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	34,168	6,056	-	-	-	-	156
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	34,168	6,056	-	28,171	6,112	41,259	205
Excess (deficiency) of receipts over disbursements	17,992	1,630	1,640	3,076	(6,112)	(14,072)	7,578
Cash and investments - ending	\$ 156,089	\$ 13,539	\$ 41,831	\$ 152,574	\$ 3,777	\$ 51,237	\$ 114,240

CITY OF NEW ALBANY
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended December 31, 2014
(Continued)

	Rental Rehab	Highway 111	Stormwater	Sanitation 2	Reserve Liability	Park East Pledged TIF	Caesar's Donations
Cash and investments - beginning	\$ 200,422	\$ 1,735,495	\$ 1,904,115	\$ 187,392	\$ 224,379	\$ 644,271	\$ 935,423
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	18,300	909,106	-	-	162,742	209	143,206
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	1,663	1,920,798	2,350,985	-	-	1,139,419
Total receipts	18,300	910,769	1,920,798	2,350,985	162,742	209	1,282,625
Disbursements:							
Personal services	-	-	868,844	-	-	-	-
Supplies	-	-	117,922	-	-	-	-
Other services and charges	134,201	2,400,475	204,653	2,315,332	382,642	-	1,256,336
Debt service - principal and interest	-	-	654,349	-	-	-	-
Capital outlay	-	-	49,007	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	1,000
Total disbursements	134,201	2,400,475	1,894,775	2,315,332	382,642	-	1,257,336
Excess (deficiency) of receipts over disbursements	(115,901)	(1,489,706)	26,023	35,653	(219,900)	209	25,289
Cash and investments - ending	\$ 84,521	\$ 245,789	\$ 1,930,138	\$ 223,045	\$ 4,479	\$ 644,480	\$ 960,712

CITY OF NEW ALBANY
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended December 31, 2014
(Continued)

	Self Insurance	Cemetery Endowment	Payroll	Stormwater Bond	Sewer Utility Bond and Interest	SRF Debt Service Reserve	SRF Bond and Interest
Cash and investments - beginning	\$ 13,034	\$ 211,349	\$ 112,955	\$ 5,029,848	\$ (450)	\$ 2,047,410	\$ 1,890,439
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	29	30,000	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	2,158	-
Other receipts	430,730	249	26,375,573	16,590	450	263,982	5,449,978
Total receipts	430,759	30,249	26,375,573	16,590	450	266,140	5,449,978
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	191,619	1,871	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	5,514,385
Capital outlay	-	4,091	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	26,489,500	2,163,513	-	1,720,613	-
Total disbursements	191,619	5,962	26,489,500	2,163,513	-	1,720,613	5,514,385
Excess (deficiency) of receipts over disbursements	239,140	24,287	(113,927)	(2,146,923)	450	(1,454,473)	(64,407)
Cash and investments - ending	\$ 252,174	\$ 235,636	\$ (972)	\$ 2,882,925	\$ -	\$ 592,937	\$ 1,826,032

CITY OF NEW ALBANY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014
 (Continued)

	Sanitation 1	SRF Construction	2012 Debt Service Reserve	Wastewater Utility Operating	Sewer Operating Reserve	Totals
Cash and investments - beginning	\$ 242,142	\$ -	\$ 385,100	\$ 7,390,769	\$ 60,622	\$ 50,486,373
Receipts:						
Taxes	-	-	-	-	-	18,377,402
Licenses and permits	-	-	-	-	-	610,084
Intergovernmental	-	-	-	-	-	16,879,367
Charges for services	-	-	-	-	-	3,494,889
Fines and forfeits	-	-	-	-	-	17,170
Utility fees	2,364,984	-	-	16,473,465	-	18,840,607
Other receipts	-	2,471	1,806,290	11,618	-	41,409,699
Total receipts	2,364,984	2,471	1,806,290	16,485,083	-	99,629,218
Disbursements:						
Personal services	-	-	-	2,434,741	-	27,743,414
Supplies	-	-	-	-	-	1,085,330
Other services and charges	-	-	-	-	-	11,223,910
Debt service - principal and interest	-	-	-	-	-	7,418,834
Capital outlay	-	-	-	2,308,150	-	10,185,215
Utility operating expenses	-	-	-	5,239,584	-	5,239,584
Other disbursements	2,350,985	2,471	-	5,431,942	-	38,175,932
Total disbursements	2,350,985	2,471	-	15,414,417	-	101,072,219
Excess (deficiency) of receipts over disbursements	13,999	-	1,806,290	1,070,666	-	(1,443,001)
Cash and investments - ending	\$ 256,141	\$ -	\$ 2,191,390	\$ 8,461,435	\$ 60,622	\$ 49,043,372

CITY OF NEW ALBANY
SCHEDULE OF LEASES AND DEBT
December 31, 2014

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
ally	Fire Vehicle 9234	\$ 8,805	06/25/2012	06/25/2016
ally	Parks Truck 3257	5,459	02/20/2013	02/19/2017
ally	Fire Vehicle 5439	8,351	12/20/2013	12/20/2018
ally	Fire Vehicle 3545	15,642	03/26/2013	03/26/2017
ally	Fire Vehicle 9052	7,240	12/20/2013	12/20/2018
ally	Fire Vehicle 3716	5,139	12/20/2013	12/20/2018
ally	Parks Vehicle 8853	5,235	10/17/2013	10/17/2016
ally	Fire Vehicle 5172	16,903	03/26/2013	03/26/2017
Ford Motor Credit Co.	Diesel Dump Truck 7507	4,202	06/18/2011	05/25/2015
New Albany Redevelopment Authority	Scribner Aquatic Center	1,231,000	12/12/2005	02/01/2022
New Albany Redevelopment Authority	Park Facilities *	<u>1,685,000</u>	03/12/2013	01/01/2036
Total governmental activities		<u>2,992,976</u>		
Wastewater:				
PNC	Jetaway Easement Machine	4,209	08/23/2010	07/27/2015
Sun Trust	Freightliner Aquatech 0283	<u>63,403</u>	06/27/2013	07/01/2017
Total Wastewater		<u>67,612</u>		
Total of annual lease payments		<u>\$ 3,060,588</u>		

* - First lease payment due January 1, 2016

Type	Description of Debt	Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:				
Revenue bonds	Economic Development-Kemper Project **		\$ 178,572	\$ 94,348
Revenue bonds	TIF Bonds Charlestown Road		270,000	276,210
Revenue bonds	TIF Bonds State Street (Daisy Lane Project)		1,825,000	266,259
Revenue bonds	TIF Bonds State Street Parking Garage		1,615,000	195,700
Revenue bonds	TIF Park East and Grant Line Series 2008		5,025,000	522,778
Notes and loans payable	Firehouse Loan		3,765,241	416,122
Notes and loans payable	Fire Ladder Truck Loan		<u>1,100,500</u>	<u>172,669</u>
Total governmental activities			<u>13,779,313</u>	<u>1,944,086</u>
Wastewater:				
Revenue bonds	Sewage Works Refunding Revenue Bonds of 2014		28,365,000	2,471,886
Revenue bonds	Sewage Works Refunding Revenue Bonds of 2006		7,080,000	1,976,113
Revenue bonds	Sewage Works Revenue Bonds of 2006 (SRF)		873,000	110,309
Revenue bonds	Sewage Works Revenue Bonds of 2010 (SRF)		6,320,000	482,336
Revenue bonds	Sewage Works Refunding Bonds Series 2012		<u>5,570,000</u>	<u>371,550</u>
Total Wastewater			<u>48,208,000</u>	<u>5,412,194</u>
Totals			<u>\$ 61,987,313</u>	<u>\$ 7,356,280</u>

** - Bond payments are made by Kemper Foods International, LLC. As part of the bond agreement, the City has pledged tax increment revenue receipts to cover the debt should Kemper Foods International, LLC default on the bonds. The City is required to maintain in reserve an amount equal to the principal amount of outstanding bonds plus six months of accrued interest.

SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE

TO: THE OFFICIALS OF THE CITY OF NEW ALBANY, FLOYD COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

We have audited the City of New Albany's (City) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2014. 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.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2014.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
(Continued)

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2014-004. Our opinion on each major federal program is not modified with respect to these matters.

The City's response to the noncompliance finding identified in our audit is described in the accompanying Corrective Action Plan. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance


Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2014-003 and 2014-004 to be material weaknesses.

The City's response to the internal control over compliance findings identified in our audit is described in the accompanying Corrective Action Plan. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.


Paul D. Joyce, CPA
State Examiner

March 9, 2016

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

The Schedule of Expenditures of Federal Awards and accompanying notes presented were approved by management of the City. The schedule and notes are presented as intended by the City.

CITY OF NEW ALBANY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2014

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<u>Department of Commerce</u>				
Economic Development Cluster				
Economic Adjustment Assistance	Direct Grant	11.307		
Grant Line Road West			06-79-05510	\$ 424,317
Total - Economic Development Cluster				424,317
Total - Department of Commerce				424,317
<u>Department of Housing and Urban Development</u>				
CDBG - Entitlement Grants Cluster				
Community Development Block Grants/Entitlement Grants	Direct Grant	14.218		
FY12			B-12-MC-180018	201,474
FY13			B-13-MC-180018	525,594
Total - CDBG - Entitlement Grants Cluster				727,068
CDBG - State-Administered CDBG Cluster				
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	Indiana Housing and Community Development Authority	14.228		
Owner Occupied Rehab			DR20R-011-003	19,814
Total - CDBG - State-Administered CDBG Cluster				19,814
Total - Department of Housing and Urban Development				746,882
<u>Department of Transportation</u>				
Highway Planning and Construction Cluster				
Highway Planning and Construction	Indiana Department of Transportation	20.205		
McDonald Lane Rehabilitation			DES#0300779	133,987
Reconstruction of Mt. Tabor			DES#0710808	7,258
Grant Line Bike/Ped Way			DES#0710810	8,571
Grant Line 111 South			DES#0901276	65,735
Spring St/Silver St Intersection			DES#1006046	2,273
Charlestown Rd/Beechwood Ave Intersection			DES#1006047	4,387
Total - Highway Planning and Construction Cluster				222,211
Highway Safety Cluster				
State and Community Highway Safety	Indiana Criminal Justice Institute	20.600		
Fiscal Year 2014			D3-14-8170	23,595
Total - Highway Safety Cluster				23,595
Total - Department of Transportation				245,806
<u>Environmental Protection Agency</u>				
Clean Water State Revolving Fund Cluster				
Capitalization Grants for Clean Water State Revolving Funds	Indiana Finance Authority	66.458		
2010 SRF Grant			WWW09712250	823
Total - Clean Water State Revolving Fund Cluster				823
Brownfields Assessment and Cleanup Cooperative Agreements	Direct Grant	66.818		
Brownfields Assessment			BF-00E00886	208,035
Total - Environmental Protection Agency				208,858
<u>Department of Homeland Security</u>				
Assistance to Firefighters Grant	Direct Grant	97.044		
Vehicle Exhaust Project			EMW-2012-FO-03249-002	156,600
Total - Assistance to Firefighters Grant				156,600
Staffing for Adequate Fire and Emergency Response (SAFER)	Direct Grant	97.083		
Assistance to Firefighters Grant			EMW-2010-FH-00772	445,057
Total - Staffing for Adequate Fire and Emergency Response (SAFER)				445,057
Total - Department of Homeland Security				601,657
Total federal awards expended				\$ 2,227,520

The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards.

CITY OF NEW ALBANY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

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

Note 2. Subrecipients

Of the federal expenditures presented in the schedule, the City provided federal awards to subrecipients as follows for the year ended December 31, 2014:

Program Title	Federal CFDA Number	2014
Community Development Block Grants/Entitlement Grants	14.218	\$ 158,213
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	17,801

CITY OF NEW ALBANY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statement:

Type of auditor's report issued:	Adverse as to GAAP; Unmodified as to Regulatory Basis
Internal control over financial reporting:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Noncompliance material to financial statement noted?	yes

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section .510(a) of OMB Circular A-133?	yes

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
97.083	Economic Development Cluster CDBG - Entitlement Grants Cluster Staffing for Adequate Fire and Emergency Response (SAFER)

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

FINDING 2014-001 - PREPARATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The City did not have a proper system of internal control in place to prevent, or detect and correct, errors on the Schedule of Expenditures of Federal Awards (SEFA). The City should have proper controls in place over the preparation of the SEFA to ensure accurate reporting of federal awards. Without a proper system of internal control in place that operates effectively, material misstatements of the SEFA could remain undetected.

CITY OF NEW ALBANY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

The City has not established controls to effectively identify, manage, and report federal financial assistance. Under the current system, each department independently monitors their grant activities. Grant agreements and request for advances or reimbursements of federal funds are not always provided to the City Controller. Federal and state monitoring reports are prepared by each department based upon the records of grant activities maintained by the department. The City Controller relies on each department to report their federal financial assistance activities for use in preparing the SEFA. The City Controller inputs the grant information received from the departments into the grant schedule section of the Annual Report from which the SEFA is prepared. The City Controller compares the information provided by the departments to the prior audit report in an attempt to verify the inclusiveness of all grants in the schedule; however, the transactions reported are not verified to the financial records. Additionally, documentation was not presented to indicate that a control was in place to ensure the accuracy and completeness of the schedule.

The City initially reported federal expenditures of \$1,898,393, but the audit of the SEFA identified errors totaling \$329,127. The errors included the omission of one of the City's federal grants from the SEFA that resulted in an understatement of federal expenditures in the amount of \$156,600, and four federal grants in which incorrect amounts were reported, resulting in a net understatement of \$172,527 in federal expenditures. Audit adjustments were proposed, accepted by the City, and made to the SEFA presented in this report.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets, and all forms of information processing are necessary for proper internal control.

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)

OMB Circular A-133, Subpart C, section .300 states in part: "The auditee shall: . . . (d) Prepare appropriate financial statements, including the schedule of expenditures of Federal Awards in accordance with section .310."

OMB Circular A-133, Subpart C, section .310(b) states:

"Schedule of expenditures of Federal awards. The auditee shall also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements. While not required, the auditee may choose to provide information requested by Federal awarding agencies and pass-through entities to make the schedule easier to use. For example, when a Federal program has multiple award years, the auditee may list the amount of Federal awards expended for each award year separately. At a minimum, the schedule shall:

- (1) List individual Federal programs by Federal agency. For Federal programs included in a cluster of programs, list individual Federal programs within a cluster of programs. For R&D, total Federal awards expended shall be shown either by individual award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.

CITY OF NEW ALBANY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity shall be included.
- (3) Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available.
- (4) Include notes that describe the significant accounting policies used in preparing the schedule.
- (5) To the extent practical, pass-through entities should identify in the schedule the total amount provided to subrecipients from each Federal program.
- (6) Include, in either the schedule or a note to the schedule, the value of the Federal awards expended in the form of non-cash assistance, the amount of insurance in effect during the year, and loans or loan guarantees outstanding at year end. While not required, it is preferable to present this information in the schedule."

***FINDING 2014-002 - INTERNAL CONTROLS AND COMPLIANCE
OVER FINANCIAL TRANSACTIONS AND REPORTING***

We noted several deficiencies in the internal control system of the City related to financial transactions and reporting.

1. Lack of Segregation of Duties: The City has not separated incompatible activities related to financial close and reporting. At year end, a fund equity report is printed out, along with the revenue ledger and disbursements ledger, that is the basis for preparing the City's Annual Financial Report. The financial information is entered by the Controller into the Gateway system, a financial reporting system established by the state to allow governmental units to file Annual Financial Reports. Information entered into the Gateway system is reviewed by the Controller to ensure that it agrees with the ledger. When the information agrees, the Controller submits the Annual Financial Report. There was no documentation presented to indicate that someone other than the Controller reviewed or approved the Annual Financial Report prior to submission. The failure to establish these controls could enable material misstatements or irregularities to remain undetected. Control activities should be in place to reduce the risks of errors in financial reporting.
2. Transaction Recording: The City has not developed controls to ensure all financial transactions of the Redevelopment Commission are timely and accurately recorded in the City's records. The City previously transferred its Green Valley Road Fire Station to the Redevelopment Commission. The Redevelopment Commission subsequently sold the property for economic development purposes and received net proceeds of \$1,495,897 from the sale. The net proceeds were wired to a financial institution and with authorization from representatives of the Redevelopment Commission the proceeds were disbursed for the following expenses related to the purchase/construction of the City's Daisy Lane Fire Station:
 - A. Scheduled loan payment on the new Daisy Lane Fire Station in the amount of \$208,061.
 - B. Principal reduction on loan for new Daisy Lane Fire Station in the amount of \$800,406.
 - C. Additional contribution to the project fund for the construction on the new Daisy Lane Fire Station in the amount of \$487,430.

CITY OF NEW ALBANY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Representatives of the Redevelopment Commission failed to provide the Controller with the information and documentation of the above transactions. As a result of the City not having controls in place over financial transactions of the Redevelopment Commission, the City failed to record the net proceeds of \$1,495,897 from the sale of the Green Valley Road Fire Station and the \$1,495,897 in disbursements as outlined above. Audit adjustments were proposed, accepted by the City, and made to the financial statement presented in this report. These adjustments resulted in a financial statement that is materially correct.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets, and all forms of information processing are necessary for proper internal control.

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)

All documents and entries to records should be done in a timely manner to ensure that accurate financial information is available to allow the governmental unit to make informed management decisions and to help ensure compliance with IC 5-15-1-1 et seq., commonly referred to as the Public Records Law. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Section III - Federal Award Findings and Questioned Costs

***FINDING 2014-003 - INTERNAL CONTROLS OVER STAFFING
FOR ADEQUATE FIRE AND EMERGENCY RESPONSE (SAFER)***

Federal Agency: Department of Homeland Security
Federal Program: Staffing for Adequate Fire and Emergency Response (SAFER)
CFDA Number: 97.083
Federal Award Number and Year (or Other Identifying Number): EMW-2010-FH-00772

Management of the City has not established an effective internal control system, which would include segregation of duties, related to the grant agreement and the following compliance requirements: Activities Allowed or Unallowed; Allowable Costs/Costs Principles; Cash Management; Period of Availability; and Reporting.

Activities Allowed or Unallowed

The City's Program Administrator prepared and submitted the SAFER Request for Funds to obtain reimbursement for expenses incurred. No evidence was presented to indicate that a control was in place to ensure all costs submitted for reimbursement were for activities allowed under the program.

Allowable Costs/Costs Principles

The City's Program Administrator prepared and submitted the SAFER Request for Funds to obtain reimbursement for expenses incurred. No evidence was presented to indicate that a control was in place to ensure all costs submitted for reimbursement were for allowable costs of the program.

CITY OF NEW ALBANY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Cash Management

The City's Program Administrator prepared and submitted the SAFER Request for Funds to obtain reimbursement for expenses incurred. No evidence was presented to indicate that a control was in place to ensure all costs submitted for reimbursement had been incurred and paid prior to requesting reimbursements.

Period of Availability

The City's Program Administrator prepared and submitted the SAFER Request for Funds to obtain reimbursement for expenses incurred. No evidence was presented to indicate that a control was in place to ensure all costs submitted for reimbursement had been incurred within the period of availability.

Reporting

The City's Program Administrator prepared and submitted all required reports for the program. No evidence was presented that a control was in place to ensure the reports were accurate and complete.

The failure to establish an effective internal control system places the City at risk of noncompliance with the grant agreement and the compliance requirements. A lack of segregation of duties within an internal control system could also allow noncompliance with compliance requirements and allow the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the program.

An internal control system, including segregation of duties, should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement or a compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis. In order to have an effective internal control system, it is important to have proper segregation of duties. This is accomplished by making sure proper oversight, reviews, and approvals take place and to have a separation of functions over certain activities related to the program. The fundamental premise of segregation of duties is that an individual or small group of individuals should not be in a position to initiate, approve, undertake, and review the same activity.

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

The failure to establish internal controls could enable material noncompliance to go undetected. Noncompliance with the grant agreement or the compliance requirements could result in the loss of federal funds to the City.

We recommended that the City's management establish and implement controls, including segregation of duties, related to the grant agreement and compliance requirements listed above.

CITY OF NEW ALBANY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

FINDING 2014-004 - REPORTING

Federal Agency: Department of Housing and Urban Development
Federal Program: Community Development Block Grants/Entitlement Grants
CFDA Number: 14.218
Federal Award Numbers: B-12-MC-180018, B13-MC-180018

The City was the prime awardee for the Community Development Block Grants/Entitlement Grants program. As a prime awardee, the City is required to report in the Federal Funding Accountability and Transparency Act (FFATA) Sub-award Reporting System (FSRS) on its subgrants. Prime awardees are required to file a FFATA sub-award report by the end of the month following the month in which the prime awardee awards any subgrant equal to or greater than \$25,000. Management of the City has not established an effective internal control system to ensure all subgrants equal to or greater than \$25,000 are properly reported. In 2014, the City awarded three subgrants of at least \$25,000, but no FFATA reports were filed.

The failure to establish an effective internal control system places the City at risk of noncompliance with the grant agreement and the compliance requirements. A lack of segregation of duties within an internal control system allowed noncompliance with compliance requirements and could allow the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the program.

An internal control system, including segregation of duties, should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement or a compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis. In order to have an effective internal control system, it is important to have proper segregation of duties. This is accomplished by making sure proper oversight, reviews, and approvals take place and to have a separation of functions over certain activities related to the program. The fundamental premise of segregation of duties is that an individual or small group of individuals should not be in a position to initiate, approve, undertake, and review the same activity.

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

2 CFR, Subtitle A, Chapter I, Subpart C, Appendix A to Part 170, states in part:

"a. Reporting of first-tier subawards.

1. *Applicability.* Unless you are exempt as provided in paragraph d. of this award term, you must report each action that obligates \$25,000 or more in Federal funds that does not include Recovery funds (as defined in section 1512(a)(2) of the American Recovery and Reinvestment Act of 2009, Pub. L. 111-5) for a subaward to an entity (see definitions in paragraph e. of this award term).

CITY OF NEW ALBANY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

2. *Where and when to report.*

- i. You must report each obligating action described in paragraph a.1. of this award term to <http://www.fsrs.gov>.
- ii. For subaward information, report no later than the end of the month following the month in which the obligation was made. (For example, if the obligation was made on November 7, 2010, the obligation must be reported by no later than December 31, 2010.)

3. *What to report.* You must report the information about each obligating action that the submission instructions posted at <http://www.fsrs.gov> specify. . . ."

The failure to establish internal controls enabled material noncompliance to go undetected. Noncompliance with the grant agreement or the compliance requirements that have a direct and material effect to the program could result in the loss of Federal funds to the City.

We recommended that the City's management establish controls, including segregation of duties, related to the grant agreement and compliance requirements that apply to Reporting. We further recommended that the City follow the reporting requirements related to the Federal Funding Accountability and Transparency Act (FFATA).

AUDITEE PREPARED DOCUMENTS

The subsequent documents were provided by management of the City. The documents are presented as intended by the City.



City of New Albany

City Controller

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2013-003 – DAVIS BACON

Original Assigned SBA Audit Report Number: B44400
Report Period: January 1, 2013 to December 31, 2013
Pass-Through Entity or Federal Grantor Agency: Department of Commerce
Contact Person Responsible for Corrective Action: Linda S. Moeller, Controller
Contact Phone Number: 812-948-5333

Status of Audit Finding:
Continue to review and assist the grant administrator.

FINDING 2013-004 –INTERNAL CONTROLS OVER COMPLIANCE REQUIREMENTS THAT HAVE A DIRECT AND MATERIAL EFFECT TO STAFFING FOR ADEQUATE FIRE AND EMERGENCY RESPONSE (SAFER)

Original Assigned SBA Audit Report Number: B44400
Report Period: January 1, 2013 to December 31, 2013
Pass-Through Entity or Federal Grantor Agency: Department of Homeland Security
Contact Person Responsible for Corrective Action: Linda S. Moeller, Controller
Contact Phone Number: 812-948-5333

Status of Audit Finding:

The designated person in the Controller's Office maintains contact with the Grant writer in the department.

FINDING 2013-005 – REPORTING

Original Assigned SBA Audit Report Number: B44400

Report Period: January 1, 2013 to December 31, 2013

Pass-Through Entity or Federal Grantor Agency: Department of Homeland Security

Contact Person Responsible for Corrective Action: Linda S. Moeller, Controller

Contact Phone Number: 812-948-5333

Status of Audit Finding:

The City remains in contact with Grant writer to verify timely reporting.

Linda Moeller

(Signature)

Controller

(Title)

Aug. 24, 2015

(Date)



City of New Albany

City Controller

CORRECTIVE ACTION PLAN

FINDING 2014-001

Contact Person Responsible for Corrective Action: Linda Moeller
Contact Phone Number: 812-948-5333

Description of Corrective Action Plan:

The Federal Award information is obtained from the departments by the Controller. The file provided is verified with supporting documentation of date submissions and ledgers by the Controller. The Federal Award or Grant is then reporting into Gateway. Prior to submission of the Gateway report the data is audited by an accountant in the Controller's Office and initialed.

Linda Moeller
(Signature)

Controller
(Title)

Feb. 17 2016
(Date)



City of New Albany

City Controller

CORRECTIVE ACTION PLAN

FINDING 2014-002

Contact Person Responsible for Corrective Action: Linda Moeller
Contact Phone Number: 812-948-5333

Description of Corrective Action Plan:

- (1) The financial data entered into Gateway from the ledgers are verified and reviewed by the Controller and by the Accountant in the Controller's Office. I have initiated a procedure that the person verifying the figures in Gateway to the reports will initial the ledgers, these ledgers and supporting documentation will be maintained in the Controller's Office records.

Linda Moeller
(Signature)

Controller
(Title)

Feb. 17, 2016
(Date)



City of New Albany

City Controller


CORRECTIVE ACTION PLAN

FINDING 2014-002

Contact Person Responsible for Corrective Action: Irving Joshua
Contact Phone Number: 812-948-5333

Description of Corrective Action Plan:

(2) The proceeds from the Kroger acquisition and purchase from the City for the former fire house on Green Valley Road in the amount of \$1,495,897 were wired at closing directly to River Valley Bank to comply with the request of the New Albany Redevelopment Commission to pay down the obligations of the construction loan balance for the new Daisy Lane Firehouse and properties. The Commission has established a policy for future similar transactions that will provide the Controller's Office with closing and/or wiring instructions in order to properly record receipting, disbursing, and accounting over similar transactions.



(Signature)
President of Redevelopment

(Title)
02/23/2016

(Date)



City of New Albany

City Controller

CORRECTIVE ACTION PLAN

FINDING 2014-003

Contact Person Responsible for Corrective Action: Matt Juliot
Contact Phone Number: 812-948-5333

Description of Corrective Action Plan:


The SAFER Grant through Homeland Security was awarded in September of 2011, last report was filed March 25, 2014 and last payment request filed March 26, 2014. On July 27, 2015 the Grant Administrator received notice that the web site to file closeout was not available so close out was filed October 8, 2015 at the first available opportunity.

This Grant provided salaries and benefits for eight firefighters. The figures were obtained from the Controller's Office, reports prepared by the Grant Administrator and reviewed by myself. Due to when the audit findings were released for 2013 it was not possible to impose corrective action for the reports filed in March of 2014. There were no further reports filed for reimbursement in 2014 or 2015, Homeland Security has sent notice acknowledging the official closing of this Grant in April, 2015.

I have met with the Controller and Grant Administrator to review internal controls and will continue to monitor all aspects of Grant reporting.


(Signature)


(Title)


(Date)



City of New Albany

City Controller


CORRECTIVE ACTION PLAN

FINDING 2014-004

Contact Person Responsible for Corrective Action: David Duggins
Contact Phone Number: 812-948-5333

Description of Corrective Action Plan:

The years reviewed by the auditor actually were for 2013 and 2014. There was two subgrants in 2013 and one in 2014. HUD did not send out any notice to their grantees regarding this new federal tracking system and when we were made aware of the new requirement during the audit the three subgrants were entered into the FSRS immediately. Everything was current by October 2015. Corrective action was taken promptly and controls established for any future subgrants that need to be reported.


(Signature)

Redevelopment Director
(Title)

02/23/2016
(Date)

OTHER REPORTS

In addition to this report, other reports may have been issued for the City. All reports can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>.