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

ANNUAL FINANCIAL REPORT

2009

CITY OF ALEXANDRIA

MADISON COUNTY, INDIANA



FILED
08/26/2010

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Janet M. Lynch	01-01-08 to 12-31-11
Judge	Honorable Brandy M. Goodman	01-01-08 to 12-31-11
Mayor	Honorable John D. Woods	01-01-08 to 12-31-11
President of the Board of Public Works and Safety	Honorable John D. Woods	01-01-08 to 12-31-11
President of the Common Council	P. Eric Schmidt Carol Walker	01-01-09 to 12-31-09 01-01-10 to 12-31-10
Superintendent of Water Utility	Mark Caldwell	01-01-09 to 12-31-10
Superintendent of Wastewater Utility	Roger D. Thomas	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 ALEXANDRIA, MADISON 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 Alexandria (City), as of and for the year ended December 31, 2009, which collectively comprise the City's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

As discussed in Note I, the City prepares its financial statements on the prescribed basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash and investment balances of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of December 31, 2009, and the respective cash receipts and cash disbursements during the year then ended on the basis of accounting described in Note I.

In accordance with Government Auditing Standards, we have also issued a report dated July 8, 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, Schedules of Funding Progress, Schedule of Contributions From the Employer and Other Contributing Entities, 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, and the 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 Long-Term Debt has 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 it.

STATE BOARD OF ACCOUNTS

July 8, 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 ALEXANDRIA, MADISON 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 Alexandria (City), as of and for the year ended December 31, 2009, which collectively comprise the City's basic financial statements and have issued our report thereon dated July 8, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we considered to be significant deficiencies.

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. We consider the deficiencies described in item 2009-1 of the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies in internal control over financial reporting.

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.

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)

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. However, we believe that none of the significant deficiencies described above is a material weakness.

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.

The City's response to the findings identified in our audit is described in the accompanying section of the report entitled Official Response and Corrective Action Plan. We did not audit the City's response and, accordingly, we express no opinion on it.

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

STATE BOARD OF ACCOUNTS

July 8, 2010

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

Functions/Programs	Program Receipts				Net (Disbursement) Receipt and Changes in Net Assets		
	Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Totals
					Governmental Activities	Business-Type Activities	
Primary government:							
Governmental activities:							
General government	\$ 1,331,545	\$ 232,583	\$ 49,500	\$ -	\$ (1,049,462)	\$ -	\$ (1,049,462)
Public safety	2,194,908	426,896	22,535	-	(1,745,477)	-	(1,745,477)
Highways and streets	437,847	2,180	172,943	53,242	(209,482)	-	(209,482)
Sanitation	417,435	164	-	-	(417,271)	-	(417,271)
Health and welfare	-	-	836,500	-	836,500	-	836,500
Economic development	1,087,294	-	-	-	(1,087,294)	-	(1,087,294)
Culture and recreation	36,888	22,581	-	-	(14,307)	-	(14,307)
Urban redevelopment and housing	63,572	-	-	63,572	-	-	-
Principal and interest on indebtedness	23,793	-	-	-	(23,793)	-	(23,793)
Total governmental activities	5,593,282	684,404	1,081,478	116,814	(3,710,586)	-	(3,710,586)
Business-type activities:							
Water	552,322	622,625	-	-	-	70,303	70,303
Wastewater	3,790,374	1,056,005	-	-	-	(2,734,369)	(2,734,369)
Total business-type activities	4,342,696	1,678,630	-	-	-	(2,664,066)	(2,664,066)
Total primary government	\$ 9,935,978	\$ 2,363,034	\$ 1,081,478	\$ 116,814	(3,710,586)	(2,664,066)	(6,374,652)
General receipts:							
Property taxes					1,619,938	-	1,619,938
Intergovernmental					1,365,619	-	1,365,619
Other local sources					696,515	77,140	773,655
Grants and contributions not restricted to specific programs					24,229	-	24,229
Investment earnings					6,506	20,367	26,873
Interfund loan					75,000	(75,000)	-
Total general receipts and interfund loan					3,787,807	22,507	3,810,314
Change in net assets					77,221	(2,641,559)	(2,564,338)
Net assets - beginning					1,398,431	3,890,616	5,289,047
Net assets - ending					\$ 1,475,652	\$ 1,249,057	\$ 2,724,709
Assets							
Cash and investments					\$ 680,645	\$ 279,643	\$ 960,288
Restricted assets:							
Cash and investments					795,007	969,414	1,764,421
Total assets					\$ 1,475,652	\$ 1,249,057	\$ 2,724,709
Net Assets							
Restricted for:							
General government					\$ 11,497	\$ -	\$ 11,497
Public safety					127,992	-	127,992
Highways and streets					585,951	-	585,951
Culture and recreation					11,217	-	11,217
Debt service					-	889,074	889,074
Capital outlay					58,350	-	58,350
Other purposes					-	80,340	80,340
Unrestricted					680,645	279,643	960,288
Total net assets					\$ 1,475,652	\$ 1,249,057	\$ 2,724,709

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

CITY OF ALEXANDRIA
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 Fund	Motor Vehicle Highway	Park	Storm Water Management	Other Governmental Funds	Totals
Receipts:						
Taxes	\$ 1,269,167	\$ 107,526	\$ 71,417	\$ 146,815	\$ 25,013	\$ 1,619,938
Licenses and permits	4,828	-	-	-	-	4,828
Intergovernmental	1,177,986	287,352	9,761	15,055	1,073,757	2,563,911
Charges for services	166,641	1,350	20,514	-	378,558	567,063
Fines and forfeits	21,408	-	-	-	57,234	78,642
Interfund loans	154,465	-	-	-	-	154,465
Other	47,224	-	6,303	-	90,566	144,093
Total receipts	2,841,719	396,228	107,995	161,870	1,625,128	5,132,940
Disbursements:						
General government	631,832	-	-	-	60,341	692,173
Public safety	2,011,568	-	-	-	163,316	2,174,884
Highways and streets	-	353,359	-	-	81,116	434,475
Sanitation	56,837	-	-	151,613	208,985	417,435
Economic development	-	-	86,584	-	1,000,710	1,087,294
Culture and recreation	-	-	-	-	36,888	36,888
Urban redevelopment and housing	-	-	-	-	63,572	63,572
Interfund loans	-	-	-	-	79,465	79,465
Debt service:						
Principal	-	-	-	-	19,247	19,247
Interest	-	-	-	-	4,546	4,546
Capital outlay:						
General government	3,227	-	-	-	3,150	6,377
Public safety	5,574	-	-	-	14,450	20,024
Highways and streets	-	3,372	-	-	-	3,372
Total disbursements	2,709,038	356,731	86,584	151,613	1,735,786	5,039,752
Excess (deficiency) of receipts over disbursements	132,681	39,497	21,411	10,257	(110,658)	93,188
Other financing sources (uses):						
Transfers in	-	100	-	250	20,000	20,350
Transfers out	(20,000)	-	-	-	(350)	(20,350)
Other receipts	13,630	11,627	2,085	54	745	28,141
Total other financing sources (uses)	(6,370)	11,727	2,085	304	20,395	28,141
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	126,311	51,224	23,496	10,561	(90,263)	121,329
Cash and investment fund balance - beginning	174,352	393,101	83,224	146,095	557,226	1,353,998
Cash and investment fund balance - ending	\$ 300,663	\$ 444,325	\$ 106,720	\$ 156,656	\$ 466,963	1,475,327
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.						
						325
Net assets of governmental activities						<u>\$ 1,475,652</u>
Cash and Investment Assets - Ending						
Cash and investments	\$ 300,663	\$ -	\$ 106,720	\$ 156,656	\$ 116,606	\$ 680,645
Restricted assets:						
Cash and investments	-	444,325	-	-	350,357	794,682
Total cash and investment assets - ending	\$ 300,663	\$ 444,325	\$ 106,720	\$ 156,656	\$ 466,963	\$ 1,475,327
Cash and Investment Fund Balance - Ending						
Restricted for:						
General government	\$ -	\$ -	\$ -	\$ -	\$ 11,172	\$ 11,172
Public safety	-	-	-	-	127,992	127,992
Highways and streets	-	444,325	-	-	141,626	585,951
Culture and recreation	-	-	-	-	11,217	11,217
Capital outlay	-	-	-	-	58,350	58,350
Unrestricted	300,663	-	106,720	156,656	116,606	680,645
Total cash and investment fund balance - ending	\$ 300,663	\$ 444,325	\$ 106,720	\$ 156,656	\$ 466,963	\$ 1,475,327

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

CITY OF ALEXANDRIA
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

	<u>Water</u>	<u>Wastewater</u>	<u>Totals</u>	<u>Internal Service Funds</u>
Operating receipts:				
Sales	\$ 510,394	\$ 1,055,702	\$ 1,566,096	\$ -
Fire protection receipts	86,081	-	86,081	-
Fees	6,465	-	6,465	-
Charges for services	-	-	-	583,319
Miscellaneous	19,685	303	19,988	5,484
	<u>622,625</u>	<u>1,056,005</u>	<u>1,678,630</u>	<u>588,803</u>
Total operating receipts				
Operating disbursements:				
Salaries and wages	164,940	219,211	384,151	-
Employee pensions and benefits	106,018	120,763	226,781	-
Purchased water	-	7,338	7,338	-
Sludge removal	-	78,671	78,671	-
Purchased power	52,052	76,178	128,230	-
Chemicals	4,412	7,992	12,404	-
Material and supplies	55,888	20,089	75,977	-
Transportation	6,277	7,951	14,228	-
Insurance claims and expense	14,242	19,689	33,931	632,995
Customer accounts	1,442	3,335	4,777	-
Refunds	15,647	512	16,159	-
Equipment and capital improvements	80,468	3,015,665	3,096,133	-
Interfund loan made	75,000	-	75,000	-
Miscellaneous	50,936	31,596	82,532	-
	<u>627,322</u>	<u>3,608,990</u>	<u>4,236,312</u>	<u>632,995</u>
Total operating disbursements				
Excess (deficiency) of operating receipts over operating disbursements	<u>(4,697)</u>	<u>(2,552,985)</u>	<u>(2,557,682)</u>	<u>(44,192)</u>
Nonoperating receipts (disbursements):				
Investment income	1,424	18,943	20,367	84
Refunds	2,649	74,491	77,140	-
Debt service of principal	-	(16,000)	(16,000)	-
Interest disbursements	-	(165,384)	(165,384)	-
	<u>4,073</u>	<u>(87,950)</u>	<u>(83,877)</u>	<u>84</u>
Total nonoperating receipts (disbursements)				
Deficiency of receipts over disbursements and nonoperating receipts (disbursements)	(624)	(2,640,935)	(2,641,559)	(44,108)
Cash and investment fund balance - beginning	<u>178,634</u>	<u>3,711,982</u>	<u>3,890,616</u>	<u>44,433</u>
Cash and investment fund balance - ending	<u>\$ 178,010</u>	<u>\$ 1,071,047</u>	<u>\$ 1,249,057</u>	<u>\$ 325</u>
<u>Cash and Investment Assets - December 31</u>				
Cash and investments	\$ 97,670	\$ 181,973	\$ 279,643	\$ -
Restricted assets:				
Cash and investments	<u>80,340</u>	<u>889,074</u>	<u>969,414</u>	<u>325</u>
Total cash and investment assets - December 31	<u>\$ 178,010</u>	<u>\$ 1,071,047</u>	<u>\$ 1,249,057</u>	<u>\$ 325</u>
<u>Cash and Investment Fund Balance - December 31</u>				
Restricted for:				
Debt service	\$ -	\$ 889,074	\$ 889,074	\$ -
Other purposes	80,340	-	80,340	325
Unrestricted	<u>97,670</u>	<u>181,973</u>	<u>279,643</u>	<u>-</u>
Total cash and investment fund balance - December 31	<u>\$ 178,010</u>	<u>\$ 1,071,047</u>	<u>\$ 1,249,057</u>	<u>\$ 325</u>

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

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

	Pension Trust Funds	Agency Funds
Additions:		
Contributions:		
Employer	\$ 50,773	
State	<u>249,159</u>	
Total contributions	<u>299,932</u>	
Investment earnings:		
Interest	<u>2,198</u>	
Total additions	<u>302,130</u>	
Deductions:		
Benefits	385,718	
Administrative and general	<u>188</u>	
Total deductions	<u>385,906</u>	
Deficiency of total additions over total deductions	(83,776)	
Cash and investment fund balance - beginning	<u>317,076</u>	
Cash and investment fund balance - ending	<u>\$ 233,300</u>	<u>\$ 181,192</u>

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

CITY OF ALEXANDRIA
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

Primary Government: City of Alexandria, Including Wastewater and Water Utility, and City Court

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

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

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

Fund Financial Statements

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

The City reports the following major governmental funds:

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

The motor vehicle highway fund accounts for receipts from property taxes levied and state motor vehicle highway distributions to be used for the construction and maintenance of streets and alleys plus a limited amount of law enforcement purposes.

The park fund accounts for receipts and disbursements made in connection with the city provided recreation programs and facilities.

CITY OF ALEXANDRIA
NOTES TO FINANCIAL STATEMENTS
(Continued)

The storm water management fund accounts for receipts from property taxes levied to be used for the operation and maintenance of the storm sewers.

The City reports the following major enterprise funds:

The water utility fund accounts for the operation of the water distribution system.

The wastewater utility fund accounts for the operation of the wastewater treatment plant, pumping stations, and collection systems.

Additionally, the City reports the following fund types:

The internal service fund accounts for health insurance coverage provided to other departments on a cost-reimbursement basis.

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

Agency funds account for assets held by the City as an agent for private organizations and other governments and serve as control of accounts for certain cash transactions during the time they are a liability to the City.

C. Measurement Focus and Basis of Accounting

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

The cash and investment basis of accounting differs from accounting principles generally accepted in the United States of America in that receipts are recognized when received in cash rather than when earned and disbursements are recognized when paid rather than when a liability is incurred. Investment transactions are not presented on the financial statements.

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

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

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

CITY OF ALEXANDRIA
NOTES TO FINANCIAL STATEMENTS
(Continued)

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's policy is to use restricted resources first, then unrestricted resources as they are needed.

D. Assets and Cash and Investment Balances

1. Restricted Assets

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

2. Cash and Investments

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

3. Property Taxes

Normally, property taxes levied are collected by the County Treasurer and are distributed to the City in June and in December. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. Taxable property is assessed at 100% of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance).

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.

CITY OF ALEXANDRIA
NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

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 transfers – Flow of assets from one fund to another where repayment is not expected is reported as transfers in and out.
2. Interfund loans – Flow of assets from one fund to another where repayment is expected is reported as interfund loans.

CITY OF ALEXANDRIA
NOTES TO FINANCIAL STATEMENTS
(Continued)

Government-Wide Financial Statements

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

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

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

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

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
Rainy Day	\$ 12,611
Riverboat Wagering Tax Revenue	5,164
Court Non-reverting	2,843
Probation Department	17,185
Cumulative Capital Improvement	5,748
Cumulative Capital Development	425
Total	\$ 43,976

These disbursements were funded by available fund balances.

CITY OF ALEXANDRIA
NOTES TO FINANCIAL STATEMENTS
(Continued)

III. Detailed Notes on All Funds

A. Deposits and Investments

1. Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. IC 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision. The City does not have a deposit policy for custodial credit risk. At December 31, 2009, the City had deposit balances in the amount of \$3,284,485.

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.

B. Interfund Transfers

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

Transfer From	Transfer To	2009
Other governmental funds	General Fund	\$ 20,000
Motor Vehicle Highway	Other governmental funds	100
Storm Water Management	Other governmental funds	250
Total		\$ 20,350

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

IV. Other Information

A. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; 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; job related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents; and natural disasters are covered by commercial insurance from independent third parties.

The City has chosen to establish a risk financing fund for risks associated with Medical Benefits to Employees, Retirees, and Dependents (Excluding Postemployment Benefits). The risk financing fund is accounted for in the Self Insurance, an internal service fund, where assets are set aside for claim settlements. The City purchases commercial insurance for claims in excess of

CITY OF ALEXANDRIA
NOTES TO FINANCIAL STATEMENTS
(Continued)

coverage provided by the fund. Interfund premiums are paid into the fund by all affected funds and are available to pay claims, claim reserves, and administrative costs of the program. Interfund premiums are based upon an overall premium percentage which is applied to each affected fund and are reported as quasi-external interfund transactions

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

B. Subsequent Events

On May 17, 2010, the Board of Public Works and Safety approved the purchase of a vacuum truck to Jack Doheny Supplies for the net price after trade-in of \$240,993.

C. Other Postemployment Benefits

Single-Employer Defined Benefit Healthcare Plan

Plan Description

Self-Insurance is a single-employer defined benefit healthcare plan administered by Pekin Life Insurance Company. The plan provides Medical and dental insurance to eligible retirees and their spouses. Ordinance 1522 assigns the authority to establish and amend benefit provisions to the City. The Self Insurance issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for the participants. That report may be obtained by contacting the plan administrator:

Pekin Life Insurance Company
P.O. Box 129
Pekin, Illinois 61558
800-322-0160

Funding Policy

The contribution requirements of plan members for the Self Insurance are established by the City's governing board. The required contribution is based on projected pay-as-you-go financing requirements. For the year ended December 31, 2009, the City contributed \$6,124 to the plan for current premiums (approximately 92.7% of total premiums). Plan members receiving benefits contributed \$481, or approximately 7.3% of the total premiums.

D. Rate Structure – Enterprise Funds

Water Utility

On June 7, 2004, the City Council adopted Ordinance 1469 to withdraw from the jurisdiction of the Indiana Utility Regulatory Commission. The current rate structure was approved by the Council on September 4, 2007.

Wastewater Utility

The current rate structure was approved by the City Council on March 3, 2008.

CITY OF ALEXANDRIA
NOTES TO FINANCIAL STATEMENTS
(Continued)

E. Receipts Pledged

Wastewater Utility Receipts Pledged

The City has pledged future net operating receipts, net of specified operating expenditures, to repay revenue bonds issued in 2006. Proceeds from the bonds provided financing for the acquisition, construction, and installation of a new aerobic digester, aeration tank, clarifier, yard piping, raw sewage pumps and structures, and the conversion of existing pump station. The bonds are payable solely from net operating net receipts and are payable through 2028. Annual principal and interest payments are expected to require less than 5.47 percent of net receipts.

The City has pledged future net operating receipts, net of specified operating expenditures, to repay revenue bonds issued in 2008. Proceeds from the bonds provided financing for improvements to the wastewater distribution system. The bonds are payable solely from net operating net receipts and are payable through 2029. Annual principal and interest payments are expected to require less than 74.09 percent of net receipts.

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 member's contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

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

Public Employees' Retirement Fund
Harrison Building, Room 800
143 West Market Street
Indianapolis, IN 46204
Ph. (317) 233-4162

Funding Policy

The contribution requirements of plan members for PERF are established by the Board of Trustees of PERF. The total contributions made to PERF by the City during the period were \$100,337.

CITY OF ALEXANDRIA
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

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 \$11,627 on behalf of the City. On behalf contributions from the State of Indiana approximates the amount paid out for benefits.

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

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

On-behalf Payments

The 1937 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 \$11,627 on behalf of the City. On behalf contributions from the State of Indiana approximates the amount paid out for benefits.

CITY OF ALEXANDRIA
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

Funding Policy

The contribution requirements of plan members and the City are established by the Board of Trustees of PERF. The City's contributions to the plan during the period were \$232,691.

CITY OF ALEXANDRIA
 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

	Local Road and Street	Park Non-reverting Operating	Probation	Trash	Agressive Driving Grant	Law Enforcement Continuing Education	Clerk's Document Fees	Riverboat Wagering Tax Revenue
Receipts:								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	53,242	-	-	-	-	-	-	-
Charges for services	-	2,897	-	198,682	-	-	-	-
Fines and forfeits	-	-	43,996	-	-	5,496	1,092	-
Other	-	-	-	-	-	-	-	-
Total receipts	53,242	2,897	43,996	198,682	-	5,496	1,092	-
Disbursements:								
General government	-	-	-	-	-	-	2,985	-
Public safety	-	-	37,185	-	-	3,574	-	-
Highways and streets	81,116	-	-	-	-	-	-	-
Sanitation	-	-	-	202,207	-	-	-	-
Economic development	-	-	-	-	-	-	-	55,163
Culture and recreation	-	6,059	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Capital outlay:								
General government	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-
Total disbursements	81,116	6,059	37,185	202,207	-	3,574	2,985	55,163
Excess (deficiency) of receipts over disbursements	(27,874)	(3,162)	6,811	(3,525)	-	1,922	(1,893)	(55,163)
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Other receipts	-	-	-	745	-	-	-	-
Total other financing sources (uses)	-	-	-	745	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(27,874)	(3,162)	6,811	(2,780)	-	1,922	(1,893)	(55,163)
Cash and investment fund balance - beginning	169,500	4,802	2,542	7,849	89	3,866	1,893	55,344
Cash and investment fund balance - ending	<u>\$ 141,626</u>	<u>\$ 1,640</u>	<u>\$ 9,353</u>	<u>\$ 5,069</u>	<u>\$ 89</u>	<u>\$ 5,788</u>	<u>\$ -</u>	<u>\$ 181</u>
<u>Cash and Investment Assets - Ending</u>								
Cash and investments	\$ -	\$ -	\$ 9,353	\$ 5,069	\$ 89	\$ 5,788	\$ -	\$ 181
Restricted assets:								
Cash and investments	141,626	1,640	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 141,626	\$ 1,640	\$ 9,353	\$ 5,069	\$ 89	\$ 5,788	\$ -	\$ 181
<u>Cash and Investment Fund Balance - Ending</u>								
Restricted for:								
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	-	-	-	-	-	-	-	-
Highways and streets	141,626	-	-	-	-	-	-	-
Culture and recreation	-	1,640	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Unrestricted	-	-	9,353	5,069	89	5,788	-	181
Total cash and investment fund balance - ending	\$ 141,626	\$ 1,640	\$ 9,353	\$ 5,069	\$ 89	\$ 5,788	\$ -	\$ 181

CITY OF ALEXANDRIA
 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)

	Drug Recovery	Ambulance Donation	Fire and Rescue Donation	Court Equipment Donation	A. L. S. Donation Fund	FEMA Buy-Out Project (05)	FEMA Fire Grant 2004/2009	Comprehensive Plan Grant
Receipts:								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-	19,000	49,500
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Other	-	5,140	1,500	-	-	-	-	-
Total receipts	-	5,140	1,500	-	-	-	19,000	49,500
Disbursements:								
General government	-	-	-	-	-	-	-	-
Public safety	-	5,000	1,530	-	1,762	-	18,134	-
Highways and streets	-	-	-	-	-	-	-	-
Sanitation	-	-	-	-	-	462	-	-
Economic development	-	-	-	-	-	-	-	49,500
Culture and recreation	-	-	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Capital outlay:								
General government	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-
Total disbursements	-	5,000	1,530	-	1,762	462	18,134	49,500
Excess (deficiency) of receipts over disbursements	-	140	(30)	-	(1,762)	(462)	866	-
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	140	(30)	-	(1,762)	(462)	866	-
Cash and investment fund balance - beginning	1,334	742	386	149	1,897	2,765	1,000	-
Cash and investment fund balance - ending	<u>\$ 1,334</u>	<u>\$ 882</u>	<u>\$ 356</u>	<u>\$ 149</u>	<u>\$ 135</u>	<u>\$ 2,303</u>	<u>\$ 1,866</u>	<u>\$ -</u>
<u>Cash and Investment Assets - Ending</u>								
Cash and investments	\$ 1,334	\$ 882	\$ 356	\$ 149	\$ 135	\$ 2,303	\$ 1,866	\$ -
Restricted assets:								
Cash and investments	-	-	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 1,334</u>	<u>\$ 882</u>	<u>\$ 356</u>	<u>\$ 149</u>	<u>\$ 135</u>	<u>\$ 2,303</u>	<u>\$ 1,866</u>	<u>\$ -</u>
<u>Cash and Investment Fund Balance - Ending</u>								
Restricted for:								
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	-	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Unrestricted	1,334	882	356	149	135	2,303	1,866	-
Total cash and investment fund balance - ending	<u>\$ 1,334</u>	<u>\$ 882</u>	<u>\$ 356</u>	<u>\$ 149</u>	<u>\$ 135</u>	<u>\$ 2,303</u>	<u>\$ 1,866</u>	<u>\$ -</u>

CITY OF ALEXANDRIA
 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)

	Police Vest (DOJ) Grant	1999 State Fire Grant	Hazardous Waste Clean-Up	Fire Non-Reverting	Fire Copy	State Farm Safe Neighbors Grant	Rehab (113 N Harrison)	Rainy Day
Receipts:								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	3,535	-	-	-	-	-	63,572	20,719
Charges for services	-	-	4,650	172,298	31	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	3,535	-	4,650	172,298	31	-	63,572	20,719
Disbursements:								
General government	-	-	-	-	-	-	-	22,000
Public safety	3,535	-	-	71,250	-	-	-	-
Highways and streets	-	-	-	-	-	-	-	-
Sanitation	-	-	6,316	-	-	-	-	-
Economic development	-	-	-	-	-	-	-	611
Culture and recreation	-	-	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-	63,572	-
Interfund loans	-	-	-	-	-	-	-	20,000
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Capital outlay:								
General government	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-
Total disbursements	3,535	-	6,316	71,250	-	-	63,572	42,611
Excess (deficiency) of receipts over disbursements	-	-	(1,666)	101,048	31	-	-	(21,892)
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	20,000
Transfers out	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	20,000
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	(1,666)	101,048	31	-	-	(1,892)
Cash and investment fund balance - beginning	-	410	14,963	25,691	119	189	-	6,248
Cash and investment fund balance - ending	\$ -	\$ 410	\$ 13,297	\$ 126,739	\$ 150	\$ 189	\$ -	\$ 4,356
<u>Cash and Investment Assets - Ending</u>								
Cash and investments	\$ -	\$ 410	\$ 13,297	\$ -	\$ 150	\$ 189	\$ -	\$ 4,356
Restricted assets:								
Cash and investments	-	-	-	126,739	-	-	-	-
Total cash and investment assets - ending	\$ -	\$ 410	\$ 13,297	\$ 126,739	\$ 150	\$ 189	\$ -	\$ 4,356
<u>Cash and Investment Fund Balance - Ending</u>								
Restricted for:								
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	-	-	-	126,739	-	-	-	-
Highways and streets	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Unrestricted	-	410	13,297	-	150	189	-	4,356
Total cash and investment fund balance - ending	\$ -	\$ 410	\$ 13,297	\$ 126,739	\$ 150	\$ 189	\$ -	\$ 4,356

CITY OF ALEXANDRIA
 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)

	Police K-9 Donation	Emery Lee Building Donation	Bramel Ditch Project	Kennedy Enterprises Grant	Kleenco, Inc. Grant	Lincoln Heights Project	Yard Waste Management Grant '97
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	486,500	350,000	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other	1,205	-	-	-	-	-	-
Total receipts	1,205	-	-	486,500	350,000	-	-
Disbursements:							
General government	-	-	-	-	-	-	-
Public safety	1,014	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-
Economic development	-	-	-	486,500	350,000	-	-
Culture and recreation	-	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Capital outlay:							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Total disbursements	1,014	-	-	486,500	350,000	-	-
Excess (deficiency) of receipts over disbursements	191	-	-	-	-	-	-
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	(250)	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	(250)	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	191	-	(250)	-	-	-	-
Cash and investment fund balance - beginning	2,543	698	250	-	-	17	253
Cash and investment fund balance - ending	<u>\$ 2,734</u>	<u>\$ 698</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17</u>	<u>\$ 253</u>
<u>Cash and Investment Assets - Ending</u>							
Cash and investments	\$ 2,734	\$ 698	\$ -	\$ -	\$ -	\$ 17	\$ 253
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 2,734</u>	<u>\$ 698</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17</u>	<u>\$ 253</u>
<u>Cash and Investment Fund Balance - Ending</u>							
Restricted for:							
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Unrestricted	2,734	698	-	-	-	17	253
Total cash and investment fund balance - ending	<u>\$ 2,734</u>	<u>\$ 698</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17</u>	<u>\$ 253</u>

CITY OF ALEXANDRIA
 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)

	Police Federal Grant	Community Foundation A. L. S. Grant	Donations	Animal Shelter Donation	Police Car Restoration Donation	Dive Team Donation	Bike Donation
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	2,965	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other	-	-	-	228	-	381	448
Total receipts	2,965	-	-	228	-	381	448
Disbursements:							
General government	-	-	-	-	-	-	-
Public safety	3,664	1,500	-	-	1,875	1,423	-
Highways and streets	-	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Capital outlay:							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Total disbursements	3,664	1,500	-	-	1,875	1,423	-
Excess (deficiency) of receipts over disbursements	(699)	(1,500)	-	228	(1,875)	(1,042)	448
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(699)	(1,500)	-	228	(1,875)	(1,042)	448
Cash and investment fund balance - beginning	699	1,505	597	3	3,650	1,808	177
Cash and investment fund balance - ending	\$ -	\$ 5	\$ 597	\$ 231	\$ 1,775	\$ 766	\$ 625
<u>Cash and Investment Assets - Ending</u>							
Cash and investments	\$ -	\$ 5	\$ 597	\$ 231	\$ 1,775	\$ 766	\$ 625
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	\$ -	\$ 5	\$ 597	\$ 231	\$ 1,775	\$ 766	\$ 625
<u>Cash and Investment Fund Balance - Ending</u>							
Restricted for:							
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Unrestricted	-	5	597	231	1,775	766	625
Total cash and investment fund balance - ending	\$ -	\$ 5	\$ 597	\$ 231	\$ 1,775	\$ 766	\$ 625

CITY OF ALEXANDRIA
 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)

	MVH Donation	Ordinance Violations	Harrison St. Tree Donation Project	Auxiliary Police Donation	Tax Abatement	Court Non-Reverting	Alex Reserve Police Non-Reverting
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	6,650	-	-	-	-	-
Other	-	-	3,100	836	200	13,256	1,075
Total receipts	-	6,650	3,100	836	200	13,256	1,075
Disbursements:							
General government	-	-	-	-	1,803	7,843	-
Public safety	-	5,892	-	791	-	-	-
Highways and streets	-	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Culture and recreation	-	-	59	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Capital outlay:							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Total disbursements	-	5,892	59	791	1,803	7,843	-
Excess (deficiency) of receipts over disbursements	-	758	3,041	45	(1,603)	5,413	1,075
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	(100)	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total other financing sources (uses)	(100)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(100)	758	3,041	45	(1,603)	5,413	1,075
Cash and investment fund balance - beginning	100	1,094	5,956	-	1,688	5,759	178
Cash and investment fund balance - ending	\$ -	\$ 1,852	\$ 8,997	\$ 45	\$ 85	\$ 11,172	\$ 1,253
<u>Cash and Investment Assets - Ending</u>							
Cash and investments	\$ -	\$ 1,852	\$ 8,997	\$ 45	\$ 85	\$ -	\$ -
Restricted assets:							
Cash and investments	-	-	-	-	-	11,172	1,253
Total cash and investment assets - ending	\$ -	\$ 1,852	\$ 8,997	\$ 45	\$ 85	\$ 11,172	\$ 1,253
<u>Cash and Investment Fund Balance - Ending</u>							
Restricted for:							
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,172	\$ -
Public safety	-	-	-	-	-	-	1,253
Highways and streets	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Unrestricted	-	1,852	8,997	45	85	-	-
Total cash and investment fund balance - ending	\$ -	\$ 1,852	\$ 8,997	\$ 45	\$ 85	\$ 11,172	\$ 1,253

CITY OF ALEXANDRIA
 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)

	Econ. Dev. Food & Beverage	Mayor's Youth Council	Police Equipment Donation	Economic Dev. Project (EDIT)	Defib Donation (05)	Park Tree	Emery Lee Security Deposits
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	2,199	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other	-	-	10,256	-	-	1,655	5,000
Total receipts	-	-	10,256	2,199	-	1,655	5,000
Disbursements:							
General government	-	-	-	-	-	-	4,900
Public safety	-	-	5,187	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-
Economic development	52,823	-	-	3,232	-	-	-
Culture and recreation	-	-	-	-	-	1,355	-
Urban redevelopment and housing	-	-	-	-	-	-	-
Interfund loans	59,465	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Capital outlay:							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Total disbursements	112,288	-	5,187	3,232	-	1,355	4,900
Excess (deficiency) of receipts over disbursements	(112,288)	-	5,069	(1,033)	-	300	100
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(112,288)	-	5,069	(1,033)	-	300	100
Cash and investment fund balance - beginning	140,349	81	9,801	1,351	9	1,024	795
Cash and investment fund balance - ending	<u>\$ 28,061</u>	<u>\$ 81</u>	<u>\$ 14,870</u>	<u>\$ 318</u>	<u>\$ 9</u>	<u>\$ 1,324</u>	<u>\$ 895</u>
<u>Cash and Investment Assets - Ending</u>							
Cash and investments	\$ 28,061	\$ 81	\$ 14,870	\$ 318	\$ 9	\$ 1,324	\$ 895
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 28,061</u>	<u>\$ 81</u>	<u>\$ 14,870</u>	<u>\$ 318</u>	<u>\$ 9</u>	<u>\$ 1,324</u>	<u>\$ 895</u>
<u>Cash and Investment Fund Balance - Ending</u>							
Restricted for:							
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Unrestricted	28,061	81	14,870	318	9	1,324	895
Total cash and investment fund balance - ending	<u>\$ 28,061</u>	<u>\$ 81</u>	<u>\$ 14,870</u>	<u>\$ 318</u>	<u>\$ 9</u>	<u>\$ 1,324</u>	<u>\$ 895</u>

CITY OF ALEXANDRIA
 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)

	Federal Cops Grant	Pool Non-Reverting	Park Donation	Redevelopment Donation	Cumulative Capital Improvement	Cumulative Capital Development	Totals
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25,013	\$ 25,013
Intergovernmental	-	-	-	-	19,195	3,330	1,073,757
Charges for services	-	-	-	-	-	-	378,558
Fines and forfeits	-	-	-	-	-	-	57,234
Other	-	38,877	112	6,933	20	344	90,566
Total receipts	-	38,877	112	6,933	19,215	28,687	1,625,128
Disbursements:							
General government	-	-	-	-	20,810	-	60,341
Public safety	-	-	-	-	-	-	163,316
Highways and streets	-	-	-	-	-	-	81,116
Sanitation	-	-	-	-	-	-	208,985
Economic development	-	-	-	2,881	-	-	1,000,710
Culture and recreation	-	29,300	115	-	-	-	36,888
Urban redevelopment and housing	-	-	-	-	-	-	63,572
Interfund loans	-	-	-	-	-	-	79,465
Debt service:							
Principal	-	-	-	-	-	19,247	19,247
Interest	-	-	-	-	-	4,546	4,546
Capital outlay:							
General government	-	-	-	-	-	3,150	3,150
Public safety	-	-	-	-	-	14,450	14,450
Total disbursements	-	29,300	115	2,881	20,810	41,393	1,735,786
Excess (deficiency) of receipts over disbursements	-	9,577	(3)	4,052	(1,595)	(12,706)	(110,658)
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	20,000
Transfers out	-	-	-	-	-	-	(350)
Other receipts	-	-	-	-	-	-	745
Total other financing sources (uses)	-	-	-	-	-	-	20,395
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	9,577	(3)	4,052	(1,595)	(12,706)	(90,263)
Cash and investment fund balance - beginning	760	-	1,652	-	24,195	48,456	557,226
Cash and investment fund balance - ending	<u>\$ 760</u>	<u>\$ 9,577</u>	<u>\$ 1,649</u>	<u>\$ 4,052</u>	<u>\$ 22,600</u>	<u>\$ 35,750</u>	<u>\$ 466,963</u>
<u>Cash and Investment Assets - Ending</u>							
Cash and investments	\$ 760	\$ -	\$ 1,649	\$ 4,052	\$ -	\$ -	\$ 116,606
Restricted assets:							
Cash and investments	-	9,577	-	-	22,600	35,750	350,357
Total cash and investment assets - ending	<u>\$ 760</u>	<u>\$ 9,577</u>	<u>\$ 1,649</u>	<u>\$ 4,052</u>	<u>\$ 22,600</u>	<u>\$ 35,750</u>	<u>\$ 466,963</u>
<u>Cash and Investment Fund Balance - Ending</u>							
Restricted for:							
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,172
Public safety	-	-	-	-	-	-	127,992
Highways and streets	-	-	-	-	-	-	141,626
Culture and recreation	-	9,577	-	-	-	-	11,217
Capital outlay	-	-	-	-	22,600	35,750	58,350
Unrestricted	760	-	1,649	4,052	-	-	116,606
Total cash and investment fund balance - ending	<u>\$ 760</u>	<u>\$ 9,577</u>	<u>\$ 1,649</u>	<u>\$ 4,052</u>	<u>\$ 22,600</u>	<u>\$ 35,750</u>	<u>\$ 466,963</u>

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

	<u>Police Pension</u>	<u>Fire Pension</u>	<u>Totals</u>
Additions:			
Contributions:			
Employer	\$ 28,185	\$ 22,588	\$ 50,773
State	<u>153,438</u>	<u>95,721</u>	<u>249,159</u>
Total contributions	<u>181,623</u>	<u>118,309</u>	<u>299,932</u>
Investment receipts:			
Interest	<u>1,112</u>	<u>1,086</u>	<u>2,198</u>
Total additions	<u>182,735</u>	<u>119,395</u>	<u>302,130</u>
Deductions:			
Benefits	209,669	176,049	385,718
Administrative and general	<u>95</u>	<u>93</u>	<u>188</u>
Total deductions	<u>209,764</u>	<u>176,142</u>	<u>385,906</u>
Deficiency of total additions over total deductions	(27,029)	(56,747)	(83,776)
Cash and investment fund balance - beginning	<u>178,813</u>	<u>138,263</u>	<u>317,076</u>
Cash and investment fund balance - ending	<u>\$ 151,784</u>	<u>\$ 81,516</u>	<u>\$ 233,300</u>

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

	Payroll	Alexandria Insurance	City Court Fees Due County	User Fee LECE	Summitville O.V. Fines	Orestes Court Ordinance Fees	City Court	Totals
Additions:								
Agency fund additions	\$ 2,563,701	\$ 788,552	\$ 9,795	\$ 1,823	\$ 338	\$ -	\$ 206,458	\$ 3,570,667
Deductions:								
Agency fund deductions	2,560,276	745,193	8,661	1,690	-	-	153,856	3,469,676
Excess of total additions over total deductions	3,425	43,359	1,134	133	338	-	52,602	100,991
Cash and investment fund balance - beginning	22,178	14,597	740	12,704	233	293	29,456	80,201
Cash and investment fund balance - ending	<u>\$ 25,603</u>	<u>\$ 57,956</u>	<u>\$ 1,874</u>	<u>\$ 12,837</u>	<u>\$ 571</u>	<u>\$ 293</u>	<u>\$ 82,058</u>	<u>\$ 181,192</u>

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

The City has entered into the following long-term debt:

Description of Asset	Ending Balance	Due Within One Year
Governmental activities:		
Capital leases:		
Ambulance	\$ 86,454	\$ 23,793
Total governmental activities long-term debt	<u>\$ 86,454</u>	<u>\$ 23,793</u>
Business-type activities:		
Wastewater Utility:		
Revenue bonds:		
Sewage Works Plant Improvements, 2006A Issue	\$ 384,000	\$ 27,020
Sewage Works Plant Improvements, 2008 Issue	<u>5,045,000</u>	<u>338,969</u>
Total Wastewater Utility	<u>5,429,000</u>	<u>365,989</u>
Total business-type activities long-term debt	<u>\$ 5,429,000</u>	<u>\$ 365,989</u>

CITY OF ALEXANDRIA
AUDIT RESULTS AND COMMENTS

ANNUAL REPORT

An annual report for 2009 was not timely presented for audit.

IC 5-3-1-3(a) states in part: "Within sixty (60) days after the expiration of each calendar year, the fiscal officer of each civil city and town in Indiana shall publish an annual report of the receipts and expenditures of the city or town . . ."

APPROPRIATIONS

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

<u>Fund</u>	<u>Excess Amount Expended</u>
Rainy Day	\$ 12,611
Riverboat Wagering Tax Revenue	5,164
Court Non-reverting	2,843
Probation Department	17,185
Cumulative Capital Improvement	5,748
Cumulative Capital Development	425

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."

CAPITAL ASSET RECORDS

As similarly stated in several prior reports, most recently Report B34589, information presented for audit indicated the City and Utilities do not maintain sufficient detailed records of capital assets. Records providing historical costs for all of the City's and Utilities' capital assets were not available, and records classifying and summarizing the City's and Utilities' capital assets were incomplete. Additions and disposals of capital assets were not recorded.

Every governmental unit should have a complete inventory of all capital assets owned which reflect their acquisition value. Such inventory should be recorded in the Capital Assets Ledger form. A complete inventory should be taken every year for good internal control and for verifying account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

CITY OF ALEXANDRIA
AUDIT RESULTS AND COMMENTS
(Continued)

INTERNAL CONTROLS

We noted several deficiencies in the internal control system of the City related to financial transactions and financial reporting that were considered to be material weaknesses. One of these deficiencies was related to the City's self-insurance fund. The City has an agreement with a third party administrator to pay insurance claims for the City. The City maintains a bank account to which the third-party administrator has access to and actually pays insurance claims directly from the account. The City receives monthly bank statements on this account, but no reconciliation of the account is performed. Additionally, no records are maintained by the City on the activity of this fund. The fund is not included in the City's ledger, and no supplemental ledger is maintained. By the lack of oversight over this fund, the City would be unable to determine any fraud or errors that might occur in this fund.

A similar deficiency exists with the handling of the State Revolving Loan Fund (SRF). Several bank accounts are maintained for accounting of funds for construction and debt repayment related to the SRF money received for a construction project of the wastewater utility. The activity of these funds is not accounted for on the City's records. These bank accounts are not reconciled by the City. By the lack of oversight over this fund, the City would be unable to determine any fraud or errors that might occur in this fund.

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 managements objections, 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)

UTILITY SERVICES

All customers receiving utility services should be charged for those services and those customers should be accounted for through the accounts receivable system including the City. The City is not being billed for water and wastewater services provided at the following city locations: Fire Department, Park Concession Stand and Restrooms, Pool and Pool Office, and the Water Utility Plant. Additionally, the City's public hydrant services and various business sprinkler charges are also not being processed through the accounts receivable system.

Governmental units have a responsibility to collect amounts owed to the governmental unit pursuant to procedures authorized by statute. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

CITY OF ALEXANDRIA
AUDIT RESULTS AND COMMENTS
(Continued)

Under normal conditions the individual active accounts of customers should at all times show debit balances and at the end of each month the individual active accounts should be added and the total so obtained checked against the balance of the control account. If any adjustments are necessary to be made either to the control or to the individual active accounts, a proper explanation should be recorded in the records. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 4)

CONDITION OF RECORDS (Emergency Medical Services)

The City uses an outside service organization (AccuMed) to handle their billing for Emergency Medical Services (EMS). AccuMed determines the billing amount, prepares bills and sends out the billing statements to patients. AccuMed also posts receipts to the patient's billing accounts. Several types of reports are provided to the City by AccuMed, but the City is not provided with a detailed listing of receivables; therefore, there is not proper oversight of the receivable balance by the City. A similar comment appeared in the prior Report B34589.

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)

BAD DEBTS AND UNCOLLECTIBLE ACCOUNTS (Emergency Medical Services)

There has not been a policy established for the approved procedures on writing off fees for Emergency Medical Services (EMS).. Each time EMS fees are written off, a resolution is passed by the board. Additionally, the Fire Chief approves adjustments for hardship. There is not a policy in place for these adjustments nor is there any documentation of approval by the city council for these adjustments.

The governing body of a governmental unit should have a written policy concerning a procedure for the writing off of bad debts, uncollectible accounts receivable, or any adjustments to record balances.

Documentation should exist for all efforts made by the governmental unit to collect amounts owed prior to any write-offs.

Officials or employees authorizing, directing or executing write-offs or adjustments to records which are not documented or warranted may be held personally responsible. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

CITY OF ALEXANDRIA
AUDIT RESULTS AND COMMENTS
(Continued)

PENSION BENEFITS (Fire Department)

Based on the guidelines set forth in the State Statutes, one of the 1937 Plan Members was underpaid a total of \$216 for 2008 and 2009.

IC 36-8-7-12.1 states in part:

"(b) A member who has been in service twenty (20) years, upon making a written application to the fire chief, may be retired from all service with the department without a medical examination or disability. Except as provided in subsection (f), the local board shall authorize the payment to the retired member of fifty percent (50%) of the salary of a fully paid first class firefighter of the unit at the time of the payment of the pension, plus: (1) for a member who retires before January 1, 1986, two percent (2%) of that salary for each year of service; or (2) for a member who retires after December 31, 1985, one percent (1%) of that salary for each six (6) months of service; over twenty (20) years. However, the pension in one (1) year may not exceed an amount greater than seventy-four percent (74%) of the salary of a fully paid first class firefighter."

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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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 ALEXANDRIA, MADISON COUNTY, INDIANA

Compliance

We have audited the compliance of the City of Alexandria (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. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements 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 2009-2.

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)

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

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. We consider the deficiencies in internal control over compliance described in item 2009-2 of the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies.

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. Of the significant deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs, we consider item 2009-2 to be a material weakness.

The City's response to the findings identified in our audit is described in the accompanying Corrective Action Plan. We did not audit the City's response and, accordingly, we express no opinion on it.

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

STATE BOARD OF ACCOUNTS

July 8, 2010

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

Federal Grantor Agency/Pass-Through Entity Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
Pass-Through Indiana Housing and Community Development Authority Community Development Block Grants - State-Administered Small Cities Program Cluster	14.228	HD-008-021 PL-05-44 DR2-09-030	\$ 86,564 49,500 <u>836,500</u>
Total for cluster and federal grantor agency			<u>972,564</u>
<u>U.S. DEPARTMENT OF JUSTICE</u>			
Pass-Through Indiana Criminal Justice Institute Bulletproof Vest Partnership Program	16.607		<u>3,535</u>
Total for program and federal grantor agency			<u>3,535</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
Pass-Through Indiana Criminal Justice Institute Highway Safety Cluster Operation Pullover	20.600		<u>2,965</u>
Total for cluster and federal grantor agency			<u>2,965</u>
<u>U.S. ENVIRONMENTAL PROTECTION AGENCY</u>			
Pass-Through Indiana Finance Authority Capitalization Grants for Clean Water State Revolving Funds	66.458	WW07014802	<u>1,106,889</u>
Total for program and federal grantor agency			<u>1,106,889</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>			
Assistance to Firefighters Grant	97.044		<u>19,000</u>
Total for program and federal grantor agency			<u>19,000</u>
Total federal awards expended			<u>\$ 2,104,953</u>

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

CITY OF ALEXANDRIA
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

I. Basis of Presentation

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

CITY OF ALEXANDRIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified?	no
Significant deficiencies identified that are not considered to be material weaknesses?	yes

Noncompliance material to financial statements noted? no

Federal Awards:

Internal control over major programs:

Material weaknesses identified?	yes
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? yes

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
66.458	Community Development Block Grants – State-Administered Small Cities Program Cluster Capitalization Grants for Clean Water State Revolving Funds

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

Auditee qualified as low-risk auditee? no

CITY OF ALEXANDRIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Section II – Financial Statement Findings

FINDING 2009-1, INTERNAL CONTROLS OVER
FINANCIAL TRANSACTIONS AND REPORTING

We noted several deficiencies in the internal control system of the City related to financial transactions and financial reporting that were considered to be material weaknesses.

1. The City has an agreement with a third party administrator to pay insurance claims for the City. The City maintains a bank account which the administrator has access to in order to pay the insurance claims. The City receives monthly bank statements on this account, but no reconciliation of the account is performed. Additionally, no records are maintained by the City on the activity of this fund. The fund is not included in the City's ledger, and no supplemental ledger is maintained. By the lack of oversight over this fund, the City would be unable to determine any fraud or errors that might occur in this fund.
2. A similar deficiency exists with the handling of the State Revolving Loan Fund (SRF). Several bank accounts are maintained for accounting of funds for construction and debt repayment related to the SRF money received for a construction project of the Wastewater Utility. The activity of these funds is not accounted for on the City's records. These bank accounts are not reconciled by the City. By the lack of oversight over this fund, the City would be unable to determine any fraud or errors that might occur in this fund.
3. A deficiency was also noted regarding no segregation of duties at the City Court. The clerk is responsible for collecting money, writing receipts, posting the cash book, and making deposits. There are no reconciliations to the bank completed for the court funds. The lack of segregation of duties could allow fraud or error to occur with court funds.

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 objections, 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)

We recommended that the City establish a system to record the activity of the Self-Insurance Fund and the SRF loan, and that the records be reconciled to the bank statements on a monthly basis. Additionally, we recommend that proper controls be established to address the deficiencies noted with the receipting process, bank reconciliation process, and maintenance of the City Court records.

CITY OF ALEXANDRIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Section III – Federal Award Findings and Questioned Costs

FINDING 2009-2, INTERNAL CONTROL MATERIAL WEAKNESS/
EQUIPMENT AND REAL PROPERTY MANAGEMENT

Federal Agency: U.S. Dept of Housing and Urban Development
Federal Program: Capitalization Grants for Clean Water State Revolving Funds
CFDA Number: 66.458
Federal Award Number: WW07014802
Pass-Through Entity: Indiana Finance Authority

The City of Alexandria and enterprise funds (Water and Wastewater Utilities) do not maintain records for construction-in-progress, and equipment or property purchased with Federal monies. No system exists to provide separated identification for items acquired with Federal and non-Federal funds. Without adequate records, periodic physical inventories cannot be compared to property records.

The City and Utilities capital asset records are not adequate. The capital asset records do not adequately document additions, deletions or construction-in-progress. During 2009, \$1,106,889 of monies from the SRF loan were used to pay for construction, which should be accounted for as construction-in-progress in the City's capital asset records.

Pursuant to 24 CFR 84.34 (f) (1) through (3): "(f) The recipient's property management standards for equipment acquired with Federal funds and federally-owned equipment shall include all of the following.

- (1) Equipment records shall be maintained accurately and shall include the following information.
 - (i) A description of the equipment.
 - (ii) Manufacturer's serial number, model number, Federal stock number, national stock number, or other identification number.
 - (iii) Source of the equipment, including the award number.
 - (iv) Whether title vests in the recipient or the Federal Government.
 - (v) Acquisition date (or date received, if the equipment was furnished by the Federal Government) and cost.
 - (vi) Information from which one can calculate the percentage of Federal participation in the cost of the equipment (not applicable to equipment furnished by the Federal Government).
 - (vii) Location and condition of the equipment and the date the information was reported.
 - (viii) Unit acquisition cost.
 - (ix) Ultimate disposition data, including date of disposal and sales price or the method used to determine current fair market value where a recipient compensates EPA for its share.

CITY OF ALEXANDRIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

- (2) Equipment owned by the Federal Government shall be identified to indicate Federal ownership.
- (3) A physical inventory of equipment shall be taken and the results reconciled with the equipment records at least once every two years. Any differences between quantities determined by the physical inspection and those shown in the accounting records shall be investigated to determine the causes of the difference. The recipient shall, in connection with the inventory, verify the existence, current utilization, and continued need for the equipment."

Failure to maintain detailed and accurate equipment and property records and to reconcile physical inventory could result in assets being lost, stolen, misappropriated, or disposed of improperly and not detected within a reasonable time.

We recommended that the City design and properly monitor procedures that would ensure accurate detailed capital asset records are maintained and that inventories of property and equipment and construction-in-progress are conducted at least once every two years and reconciled to the detailed capital asset ledger. Any significant differences should be investigated and the appropriate adjustments made to the records. Also any assets acquired with Federal Funds must be designated as such so that they are not disposed of improperly.

CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Finding Number 2008-1

Original SBA Audit Report Number	379789
Fiscal Year	2009
Auditee Contact Person	Janet M. Lynch
Title of Contact Person	Clerk-Treasurer
Phone Number	765-724-2541

Status of Finding

INTERNAL CONTROLS OVER FINANCIAL
TRANSACTIONS AND REPORTING – MATERIAL WEAKNESSES

The City is no longer insured by the company in question. There is a small balance in the account mentioned in this finding. The City will check on this and cancel the account and put whatever balance left in the account into the City's Insurance Fund where it will be accounted for.

The SRF loan activity will be over by the end of this year and will no longer be an issue.

All other issues will be dealt with as efficiently as possible.

Finding Number 2008-2

Original SBA Audit Report Number	379789
Fiscal Year	2009
Auditee Contact Person	Janet M. Lynch
Title of Contact Person	Clerk-Treasurer
Phone Number	765-724-2541

Status of Finding

CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
(Continued)

INTERNAL CONTROLS OVER FINANCIAL
TRANSACTIONS AND REPORTING-MATERIAL WEAKNESSES

The City is in talks with its third party billing agency for ambulance runs to have them furnish the City with a monthly an up to date listing of all accounts receivables. Further the City has contacted its City Attorney to have him prepare a policy in writing addressing write-off procedures on accounts deemed uncollectable. This policy will also apply to all monies owed the City including any utilities presently unpaid.

Finding Number 2008-3

Original SBA Audit Report Number	379789
Fiscal Year	2009
Auditee Contact Person	Janet M. Lynch
Title of Contact Person	Clerk-Treasurer
Phone Number	765-724-2541

Status of Finding

INTERNAL CONTROL MATERIAL WEAKNESS/ EQUIPMENT
AND REAL PROPERTY MANAGEMENT

As stated before the City has hired Kieser Consulting, LLC to prepare its fixed assets for all departments in the City, including wastewater and water utilities. The City has begun to receive the records for the capital assets and is in the process of putting the finishing touches on the records. After the records have been established it will then be possible to update them as needed.

Respectfully submitted,

Janet M. Lynch, IAMC
Clerk-Treasurer
City of Alexandria

CITY OF ALEXANDRIA

ALEXANDRIA, INDIANA 46001

Office of the Clerk-Treasurer

JANET M. LYNCH
Clerk-Treasurer
alexclk-tr@comcast.net

125 N. Wayne St.
P.O. Box 149
Ph. (765) 724-2541
Fax (765) 724-5012

July 7, 2010

TO WHOM IT MAY CONCERN:

IN RE: CORRECTIVE PLAN OF ACTION

Please be advised that the State Board of Accounts has asked for a corrective plan of action concerning several issues they deem to be deficient. I will try to address these deficiencies in this correspondence.

The first issue is the agreement with a third party administrator to pay insurance claims. The insurance carrier for 10/01/2008 to 10/01/2009 was paid a set monthly amount to cover administration and claims. If there was any funds not used they were put into an escrow account at the end of the month. The insurance company could put fund into the account but only the City had the authority to authorize taking funds out of the account. The City received monthly statements on this account. In the event the monthly payment did not cover the claims they company asked the City to authorize removing funds from the account to cover the cost of the claims. Most months the set amount paid for the administrative fees and claims was sufficient.

Effective 10/01/2009 the City entered into a new insurance agreement with Pekin Insurance Company. Pekin pays claims weekly. They do have the ability to write checks on the City's insurance account. Once claims are written for the week I am notified of the amount needed to pay these claims and I deposit the appropriate amount into the insurance bank account. This account is reconciled at the end of the month just like all the City's bank accounts. The City definitely has control of this account.

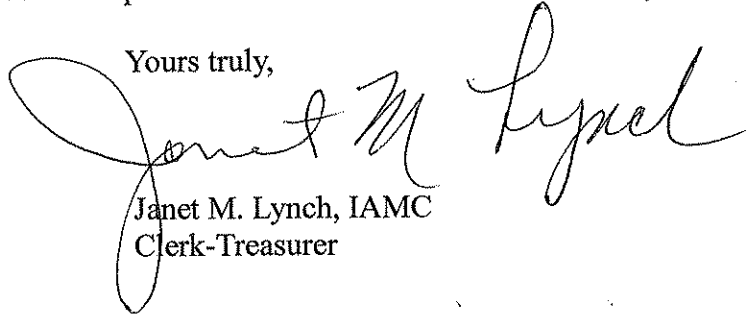
The next issue addressed is the State Revolving Loan Fund for a construction bond on the City's wastewater treatment plant. All I do is send draw downs to the SRF so the bills associated with the construction costs may be paid. The checks for payment are sent directly to the vendor. I do not have any physical contact with this money as everything is sent directly to the vendors as stated above. I make monthly transfers to the bond holding company for bond principle, bond interest and debt service charges. The amount I transfer each month was set by an amortization table which was set at the time the bond was awarded. The construction work at the sewage plant will be finished this year and all the City will be required to do is make the payments to the bond holding company.

Regarding the segregation of duties at the City Court, the current Judge is fairly new and is still in the process of setting necessary controls over Court matters.

The last finding I am going to address is the fixed assets of the City, including all equipment in City departments as well as the utilities. The city has hired Kaiser, inc. to formulate a capital assets record. In fact, the process has started but due to a mix-up in email addresses my office did not receive the first group of assets recorded. The City is now taking action to bring all assets of the City up to date. This includes water, wastewater, all City Departments and all purchases with federal money.

If you have any other questions or concerns please do not hesitate to contact me at my office.

Yours truly,

A handwritten signature in cursive script, reading "Janet M. Lynch". The signature is written in black ink and is positioned above the typed name and title.

Janet M. Lynch, IAMC
Clerk-Treasurer

CITY OF ALEXANDRIA
EXIT CONFERENCE

The contents of this report were discussed on July 8, 2010, with Janet M. Lynch, Clerk-Treasurer; and Honorable John D. Woods, Mayor.