

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

EXAMINATION REPORT
OF

JEFFERSONVILLE-CLARK COUNTY
BUILDING AUTHORITY
CLARK COUNTY, INDIANA

January 1, 2008 to December 31, 2009



FILED
12/28/2010

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Building Superintendent	Mark VanGilder	01-01-08 to 12-31-10
Treasurer	Harry H. Oliver William J. Saurer	01-01-08 to 01-31-10 02-01-10 to 12-31-10
President of the Board of Directors	John A. Leuthart	01-01-08 to 12-31-10



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the financial information presented herein of the Jeffersonville-Clark County Building Authority (Building Authority), for the period of January 1, 2008 to December 31, 2009. The Building Authority's management is responsible for the financial information presented herein. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the financial information presented herein and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the financial information referred to above presents fairly, in all material respects, the financial information of the Building Authority for the years ended December 31, 2008 and 2009, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

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

STATE BOARD OF ACCOUNTS

October 25, 2010

JEFFERSONVILLE-CLARK COUNTY BUILDING AUTHORITY
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES
As Of And For The Years Ended December 31, 2008 And 2009

	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
Governmental Funds:				
General	\$ 430,923	\$ 1,541,015	\$ 1,402,564	\$ 569,374
City County Building 2001 Bond Operation and Reserve	26,885	5,484	65	32,304
City County Building 2001 Sinking	208	293,011	293,219	-
City County Building 2001 Construction	65,956	1,012	146	66,822
City County Building 2008 Construction	-	3,769,084	617,002	3,152,082
Fiduciary Fund:				
Payroll	<u>2,660</u>	<u>383,176</u>	<u>384,840</u>	<u>996</u>
Totals	<u>\$ 526,632</u>	<u>\$ 5,992,782</u>	<u>\$ 2,697,836</u>	<u>\$ 3,821,578</u>
	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
Governmental Funds:				
General	\$ 569,374	\$ 1,078,965	\$ 1,557,316	\$ 91,023
City County Building 2001 Bond Operation and Reserve	32,304	1	32,305	-
City County Building 2001 Sinking	-	247,140	247,140	-
City County Building 2001 Construction	66,822	1	66,823	-
City County Building 2008 Bond and Interest	-	162,853	161,601	1,251
City County Building 2008 Construction	3,152,082	10,219	742,984	2,419,317
Fiduciary Fund:				
Payroll	<u>996</u>	<u>443,268</u>	<u>442,516</u>	<u>1,748</u>
Totals	<u>\$ 3,821,578</u>	<u>\$ 1,942,447</u>	<u>\$ 3,250,685</u>	<u>\$ 2,513,340</u>

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

JEFFERSONVILLE-CLARK COUNTY BUILDING AUTHORITY
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

The Building Authority was established under the laws of the State of Indiana. The Building Authority operates under an appointed governing board and provides services related to financing, construction and operating governmental buildings and leasing them to eligible entities.

Note 2. Fund Accounting

The Building Authority uses funds to report on its cash and investments and the results of its operations on a cash basis. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities.

Note 3. Budgets

The operating budget is prepared and approved at the local level.

Note 4. Deposits and Investments

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

State statute (IC 5-13-9) authorizes the Building Authority to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

Note 5. Subsequent Event

Bonds Issued By County

The County issued \$1,925,000 in bond anticipation notes for renovation of the City-County building. Proceeds less issuance costs were paid to the Building Authority as additional funding for this renovation project. There is no lease agreement between the County and the Building Authority connected to this issue. The County intends to sell bonds and repay the County's obligation through the establishment of a debt service property tax rate.

Grant Award

The Building Authority received approval for a \$438,900 federal grant from the U.S. Department of Energy, Energy Efficiency and Conservation Block Grant. Grant funds are to be used for energy efficiency projects.

JEFFERSONVILLE-CLARK COUNTY BUILDING AUTHORITY
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS
December 31, 2009

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

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

JEFFERSONVILLE-CLARK COUNTY BUILDING AUTHORITY
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 December 31, 2009

The Building Authority has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:		
Bonds payable:		
Revenue bonds	\$ 3,747,500	\$ 254,359

JEFFERSONVILLE-CLARK COUNTY BUILDING AUTHORITY
EXAMINATION RESULTS AND COMMENTS

ANNUAL REPORTS NOT FILED

The 2008 and 2009 Special District Annual Report (SDAR) that reports the financial activity and cash and investment balances were not filed with the Indiana State Board of Accounts.

IC 5-11-1-4 states in part:

"The state examiner shall require from every . . . local governmental unit . . . financial reports covering the full period of each fiscal year. These reports shall be . . . filed with the state examiner not later than sixty (60) days after the close of each fiscal year. The reports must be filed electronically, in a manner prescribed by the state examiner . . ."

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

BANK RECONCILEMENTS NOT PERFORMED

Monthly bank reconcilements were not performed during the period November 1, 2008 through December 31, 2009.

IC 5-13-6-1(e) states:

"All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

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 responsibility for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

CONDITION OF RECORDS

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

1. A General Fund savings account with a balance of \$6,439 and \$6,478 at December 31, 2008, and December 31, 2009, respectively, was not recorded on the Building Authority's financial ledger.
2. The Building Authority has a separate payroll bank account. However, the financial activity processed through the bank account was not recorded as a Payroll Fund on the financial ledger.
3. Numerous receipts, interest earnings and disbursements were not posted to the general ledger.

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

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

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

A similar comment was made in prior Reports B27863 and B33793.

PAYROLL PROCEDURES

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

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

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

2. The annual approval of salaries by the Board documented in the minutes showed only the amount of the annual pay increases for employees and did not document the presently approved wage rate or newly approved rate for individual employees. Therefore, we were unable to determine if the individual employee pay rates approved by the Board for each employee were actually being paid.

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, resolution or salary schedule adopted by the governing body unless otherwise authorized by statute. Compensation should be made in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

3. A formal written leave policy has not been adopted.

Each governmental unit should adopt written policy regarding the accrual and use of leave time and compensatory time and the payment of overtime. Negotiated labor contracts approved by the governing board would be considered as written policy. The policy should conform to the requirements of all state and federal regulatory agencies. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

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

A similar comment was made in prior Reports B27863 and B33793.

OPTICAL IMAGES OF WARRANTS

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

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

"(a) . . . 'original records' includes the optical image of a check or deposit document when: (1) the check or deposit document is recorded, copied, or reproduced by an optical imaging process . . . ; and (2) the drawer of the check receives an optical image of the check after the check is processed for payment or the depositor receives an optical image of the deposit document after the document has been processed for the deposit."

Further, IC 26-2-8-111 states in part:

"(a) If a law requires that certain records be retained, that requirement is met by retaining an electronic record of the information in the record that: (1) accurately reflects the information set forth in the record after it was first generated in its final form as an electronic record or otherwise; and (2) remains accessible for later reference."

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

A similar comment was included in prior Report B33793.

JEFFERSONVILLE-CLARK COUNTY BUILDING AUTHORITY
EXIT CONFERENCE

The contents of this report were discussed on October 25, 2010, with John A. Leuthart, President of the Board of Directors; William J. Saurer, Treasurer; and Mark VanGilder, Building Superintendent. The officials concurred with our findings.