

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

ANNUAL FINANCIAL REPORT

2010

CITY OF JEFFERSONVILLE

CLARK COUNTY, INDIANA



FILED
08/22/2011

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SCHEDULE OF OFFICIALS

| <u>Office</u> | <u>Official</u> | <u>Term</u> |
|--|-----------------------------|--|
| Clerk-Treasurer | Peggy Wilder | 01-01-08 to 12-31-11 |
| Mayor | Thomas R. Galligan | 01-01-08 to 12-31-11 |
| President of the Board of Public Works and Safety | Thomas R. Galligan | 01-01-08 to 12-31-11 |
| President of the Common Council | Nathan Samuel Mike Smith | 01-01-10 to 12-31-10 01-01-11 to 12-31-11 |
| Superintendent of Wastewater Utility | Len Ashack | 01-01-10 to 12-31-11 |
| Utility Office Manager | Bruce Wright | 01-01-10 to 12-31-11 |



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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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 JEFFERSONVILLE, CLARK COUNTY, INDIANA

We have audited the accompanying financial statement(s) of the City of Jeffersonville (City), for the year ended December 31, 2010. These financial statement(s) are the responsibility of the City's management. Our responsibility is to express opinions on these financial statement(s) based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement(s) are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement(s). 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 opinion(s).

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

In our opinion, the financial statement(s) referred to above present fairly, in all material respects, the financial position and results of operations of the City for the year ended December 31, 2010, on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued a report dated August 4, 2011, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the City's financial statement(s). The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the financial

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

statement(s). Such information has been subjected to the auditing procedures applied in the audit of the financial statement(s) and, in our opinion, is fairly stated, in all material respects, in relation to the financial statement(s) taken as a whole.

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

The City's response to the Audit Result(s) and Comment(s) identified in our audit is described in the accompanying section of the report entitled Official Response. 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 and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

August 4, 2011



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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 JEFFERSONVILLE, CLARK COUNTY, INDIANA

We have audited the financial statement(s) of the City of Jeffersonville (City), for the year ended December 31, 2010, and have issued our report thereon dated August 4, 2011. 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 opinion(s) on the financial statement(s), 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 was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement(s) will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as item(s) 2010-1 and 2010-2 to be material weaknesses.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statement(s) 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 instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying Schedule of Findings and Questioned Costs as item(s) 2010-1 and 2010-2.

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

STATE BOARD OF ACCOUNTS

August 4, 2011

FINANCIAL STATEMENT(S)

CITY OF JEFFERSONVILLE
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
REGULATORY BASIS
For The Year Ended December 31, 2010

| | Cash and Investments 01-01-10 | Receipts | Disbursements | Cash and Investments 12-31-10 |
|--|-------------------------------------|---------------|---------------|-------------------------------------|
| General | \$ 816,943 | \$ 22,021,893 | \$ 20,862,034 | \$ 1,976,802 |
| Payroll Redevelopment | - | 102,921 | 102,921 | - |
| Petty Cash | - | 810 | - | 810 |
| Cash Change | - | 660 | - | 660 |
| Redevelopment Revolving Loan | 219,293 | 42,698 | 57,000 | 204,991 |
| Redevelopment Operating | 1,062,107 | 1,756,621 | 1,836,260 | 982,468 |
| Redevelopment Veterans Parkway Bond Retainage | 129,119 | 389 | - | 129,508 |
| Redevelopment CASI | 429,342 | 211,980 | 114,800 | 526,522 |
| Motor Vehicle Highway | 188,694 | 594,424 | 751,529 | 31,589 |
| Local Road and Street | 70,895 | 336,969 | 248,471 | 159,393 |
| INDOT and Jeff City | 55,191 | - | - | 55,191 |
| Probation User Fee | 248,079 | 166,500 | 337,870 | 76,709 |
| Donations | 127,570 | 128,791 | 92,263 | 164,098 |
| Animal Shelter Spay/ Neuter Program | 68,522 | 26,639 | 31,020 | 64,141 |
| Sanitation | 202,608 | 2,830,901 | 2,198,774 | 834,735 |
| Juvenile Justice Grant | 2,651 | 22,000 | 18,500 | 6,151 |
| User Fees | 30,543 | 4,058 | 2,511 | 32,090 |
| Law Enforcement Continuing Education | 41,024 | 44,818 | 72,062 | 13,780 |
| Clerk's Record Perpetuation | 992 | 2,038 | 2,092 | 938 |
| Share of Gaming Revenue | 536,109 | 171,232 | 85,406 | 621,935 |
| Jeff Park and Ride | (76,316) | - | - | (76,316) |
| Jeffersonville Police Forfeiture | 71,973 | 53,145 | 104,612 | 20,506 |
| Certified Technology | 1,787,133 | 687,506 | 1,598,495 | 876,144 |
| Federal Asset Forfeiture Program | - | 50,941 | 19,030 | 31,911 |
| Park and Recreation | 1,244,743 | 2,357,742 | 1,952,867 | 1,649,618 |
| Narcotics Surveillance Grant | (144) | - | - | (144) |
| Fire Department Grant | 99,054 | 101,879 | - | 200,933 |
| Federal Grants | - | 4,000 | 4,000 | - |
| JAG Recovery Grant | - | 80,904 | 80,904 | - |
| 09 JAG Formula Grant | 520 | 15,983 | 16,503 | - |
| Jeff Building Authority Operating Nonreverting | 6,699 | - | - | 6,699 |
| Department of Law Nonreverting | 9,666 | - | - | 9,666 |
| Rainy Day | 4,361,560 | 547,004 | 250,200 | 4,658,364 |
| TIF 63 Vogt Valve | 720,056 | 642,997 | 390,500 | 972,553 |
| TIF 65 Gateway | (203,503) | 203,503 | - | - |
| Partnership Program | 2,141 | 63,600 | 65,061 | 680 |
| Major Moves | 118,945 | 7,000 | 24,181 | 101,764 |
| Justice Assistance Grant | (2,059) | 18,321 | 16,186 | 76 |
| TIF 66 Keystone | 285,744 | 166,345 | 24,606 | 427,483 |
| TIF 67 Bethnova | 228,421 | 81,150 | - | 309,571 |
| TIF 57,61 - ICR Allocation | 5,970,735 | 7,056,698 | 3,825,397 | 9,202,036 |
| Tax Increment Financing | 457,865 | - | 457,865 | - |
| TIF 57,61 - ICR Surplus Allocation | 274,625 | - | 274,625 | - |
| TIF 57,61 - ICR Redevelopment Capital | 335,808 | 45,497 | 381,305 | - |
| TIF 62 Harbour Falls | 2,666,776 | 1,938,145 | 2,955,654 | 1,649,267 |
| TIF 64 Galvstar | 293,886 | 370,532 | 68,650 | 595,768 |
| TIF River Ridge Utica | 19,271 | 271,933 | - | 291,204 |
| TIF Salem Rd Utica Twp | 192 | - | - | 192 |
| Youth Football League | 2,108 | 43,053 | 44,374 | 787 |
| Park Trolley Operations Nonreverting | - | 76,997 | 32,694 | 44,303 |
| Public Safety Local Option Income Tax | - | 1,633,036 | 207,398 | 1,425,638 |
| Street Department Nonreverting | 3,632 | 3,573 | 1,472 | 5,733 |
| Beautification Nonreverting | 14,402 | 22,221 | 29,193 | 7,430 |

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

CITY OF JEFFERSONVILLE
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
REGULATORY BASIS
For The Year Ended December 31, 2010
(Continued)

| | Cash and Investments 01-01-10 | Receipts | Disbursements | Cash and Investments 12-31-10 |
|---|-------------------------------------|-----------------------|-----------------------|-------------------------------------|
| Thunder Committee Nonreverting | 15,449 | 19,300 | 9,404 | 25,345 |
| City Court Nonreverting | 187,252 | 43,740 | 14,266 | 216,726 |
| Economic Development Abatement Nonreverting | - | 54,551 | 30,105 | 24,446 |
| Nonreverting Floating Stage | 687 | - | - | 687 |
| Sprint Lease Nonreverting | 99,800 | 13,462 | - | 113,262 |
| Duffy's Landing Docks | 12,255 | - | 12,238 | 17 |
| Jeff Riverfront Park Nonreverting | 11,515 | 34,500 | 21,600 | 24,415 |
| Police Automobile Nonreverting | 44,966 | 59,881 | 94,581 | 10,266 |
| Sidewalk Renovation Nonreverting | 992 | 13,149 | 14,131 | 10 |
| Redevelopment Grant | 147,683 | 102,221 | 135,471 | 114,433 |
| Special Nonreverting on Annexation | 251,307 | 250,000 | 471,458 | 29,849 |
| Redevelopment City Hall Bond | 352,447 | 13 | 52,960 | 299,500 |
| Redevelopment Veterans Parkway Bond Account | 1,013,666 | 3,878 | 10,010 | 1,007,534 |
| Cumulative Capital Improvement | 131,621 | 80,116 | - | 211,737 |
| Cumulative Capital Development | 366,443 | 231,044 | 129,546 | 467,941 |
| Mayor's Nonreverting | 52 | - | - | 52 |
| P & R Board Nonreverting Aquatic | 26,619 | 318,249 | 275,692 | 69,176 |
| City Engineer Nonreverting | 38,502 | 7,143 | 4,609 | 41,036 |
| Police Swat Nonreverting | 102 | 20,000 | 19,207 | 895 |
| Fire Department Nonreverting | 5,663 | 4,823 | 9,959 | 527 |
| Park Special Nonreverting | 8,156 | 130,942 | 87,050 | 52,048 |
| Building Demolition Nonreverting | 76,282 | 31,409 | 26,607 | 81,084 |
| Jeff Building Authority Capital Imp. Reserve | 210,000 | 72,660 | 95,826 | 186,834 |
| Economic Development Income Tax | 946,205 | 2,491,659 | 2,018,015 | 1,419,849 |
| Animal Shelter Building and Capital Improvement | 181 | - | - | 181 |
| Nonreverting Health Insurance | 893,124 | 4,026,725 | 4,743,977 | 175,872 |
| Police Pension | 454,706 | 995,640 | 873,154 | 577,192 |
| Fire Pension | 807,942 | 834,716 | 1,174,246 | 468,412 |
| Court Cost Due County | 31,382 | 19,986 | 31,382 | 19,986 |
| Payroll | - | 17,421,397 | 17,421,397 | - |
| Insurance Claim | - | 10,577 | 10,577 | - |
| City Court | 222,726 | 624,854 | 600,804 | 246,776 |
| Wastewater Construction 2005 | 1,567,216 | 1,034,002 | 1,197,598 | 1,403,620 |
| Wastewater Construction 2009 SRF | 215,691 | 2,038,683 | 2,254,374 | - |
| Wastewater Construction 2010 BAB | (7,503) | 17,362,583 | 260,325 | 17,094,755 |
| Wastewater Construction 2010 BAN | 3,341,751 | 21,606 | 3,363,357 | - |
| Wastewater Construction 2010 Series C | - | 5,693,366 | 5,149,664 | 543,702 |
| Wastewater Construction 2010 SRF | - | 484,142 | 484,142 | - |
| Wastewater Construction 2008 SRF | 600,000 | - | 599,942 | 58 |
| Wastewater Cash Change | - | 300 | - | 300 |
| Wastewater Construction New Chapel Grant | 89,979 | 782,518 | 872,497 | - |
| Wastewater Petty Cash | - | 700 | - | 700 |
| Wastewater Construction | (120,826) | 120,826 | - | - |
| Wastewater Improvement | (1,371,019) | 3,407,734 | 1,871,877 | 164,838 |
| Wastewater Drainage Operating | 2,105,004 | 1,375,194 | 2,395,442 | 1,084,756 |
| Wastewater Drainage Bond and Interest | 131,300 | 304,784 | 436,084 | - |
| Wastewater Operating | 1,806,066 | 11,317,781 | 12,123,783 | 1,000,064 |
| Wastewater Debt Service Reserve | 2,027,338 | 181,119 | 69,394 | 2,139,063 |
| Wastewater Bond and Interest | 55,965 | 2,608,626 | 2,664,591 | - |
| Wastewater Bond and Interest SRF | - | 884,112 | 184,570 | 699,542 |
| Totals | <u>\$ 39,722,302</u> | <u>\$ 120,544,758</u> | <u>\$ 101,955,197</u> | <u>\$ 58,311,863</u> |

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

CITY OF JEFFERSONVILLE
NOTES TO FINANCIAL STATEMENT(S)

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

The accompanying financial statement(s) present(s) the financial information for the City (primary government), and does not include financial information for any of the City's legally separate component units, which accounting principles generally accepted in the United States of America require to be reported with the financial information of the City (primary government).

B. Basis of Accounting

The financial statements are reported on a regulatory basis of accounting prescribed by the State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when received and disbursements are recorded when paid.

The regulatory basis of accounting differs from accounting principles generally accepted in the United States of America in that receipts are recognized when received in cash, rather than when earned, and disbursements are recognized when paid, rather than when a liability is incurred.

C. Cash and Investments

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

D. Receipts

Receipts are presented in the aggregate on the face of the financial statements. The aggregate receipts may include, but are not limited to, the following sources:

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

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

CITY OF JEFFERSONVILLE
NOTES TO FINANCIAL STATEMENT(S)
(Continued)

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

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

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

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

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

E. Disbursements

Disbursements are presented in the aggregate on the face of the financial statements. The aggregate disbursements may include, but are not limited to, the following uses:

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

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

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

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

CITY OF JEFFERSONVILLE
NOTES TO FINANCIAL STATEMENT(S)
(Continued)

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

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

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

F. Interfund Transfers

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

G. Fund Accounting

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

Note 2. Budgets

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

Note 3. Property Taxes

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

CITY OF JEFFERSONVILLE
NOTES TO FINANCIAL STATEMENT(S)
(Continued)

Note 4. Deposits and Investments

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

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

Note 5. Risk Management

The City may be exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents; and natural disasters.

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

Note 6. Pension Plan(s)

A. Public Employees' Retirement Fund

Plan Description

The Indiana Public Employees' Retirement Fund (PERF) is 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 this 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 members' contributions, set by state statute at 3 percent of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

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. That report may be obtained by contacting:

CITY OF JEFFERSONVILLE
NOTES TO FINANCIAL STATEMENT(S)
(Continued)

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

Funding Policy and Annual Pension Cost

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

B. 1925 Police Officers' Pension Plan

Plan Description

The 1925 Police Officers' Pension Plan is a single-employer defined benefit pension plan. The plan is administered by the local pension board as authorized by state statute (IC 36-8-6). The plan provides retirement, disability, and death benefits to plan members and beneficiaries. The plan was established by the plan administrator, as provided by state statute. The plan administrator does not issue a publicly available financial report that includes financial statements and required supplementary information of the plan.

Funding Policy

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

On Behalf Payments

The 1925 Police Officers' Pension Plan is funded by the State of Indiana through the Public Employees' Retirement Fund as provided under Indiana Code 5-10.3-11.

C. 1937 Firefighters' Pension Plan

Plan Description

The 1937 Firefighters' Pension Plan is a single-employer defined benefit pension plan. The plan is administered by the local pension board as authorized by state statute (IC 36-8-7). The plan provides retirement, disability, and death benefits to plan members and beneficiaries. The plan was established by the plan administrator, as provided by state statute. The plan administrator does not issue a publicly available financial report that includes financial statements and required supplementary information of the plan.

Funding Policy

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

On Behalf Payments

The 1937 Firefighters' Pension Plan is funded by the State of Indiana through the Public Employees' Retirement Fund as provided under Indiana Code 5-10.3-11.

CITY OF JEFFERSONVILLE
NOTES TO FINANCIAL STATEMENT(S)
(Continued)

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

Plan Description

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

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.

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SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the City of Jeffersonville's Annual Report(s) can be found on the Indiana Transparency Portal website: www.in.gov/itp/annual_reports/.

CITY OF JEFFERSONVILLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010

| | General | Payroll Redevelopment | Petty Cash | Cash Change | Redevelopment Revolving Loan | Redevelopment Operating | Redevelopment Veterans Parkway Bond Retainage |
|--|---------------------|--------------------------|---------------|---------------|------------------------------------|----------------------------|--|
| Cash and investments - beginning | \$ 816,943 | \$ - | \$ - | \$ - | \$ 219,293 | \$ 1,062,107 | \$ 129,119 |
| Receipts: | | | | | | | |
| Taxes | 13,488,367 | - | - | - | - | - | - |
| Licenses and permits | 231,958 | - | - | - | - | - | - |
| Intergovernmental | 7,102,964 | - | - | - | - | - | - |
| Charges for services | 541,878 | - | - | - | - | - | - |
| Fines and forfeits | - | - | - | - | - | - | - |
| Utility fees | - | - | - | - | - | - | - |
| Penalties | - | - | - | - | - | - | - |
| Other receipts | 656,726 | 102,921 | 810 | 660 | 42,698 | 1,756,621 | 389 |
| Total receipts | <u>22,021,893</u> | <u>102,921</u> | <u>810</u> | <u>660</u> | <u>42,698</u> | <u>1,756,621</u> | <u>389</u> |
| Disbursements: | | | | | | | |
| Personal services | 12,547,801 | 90,228 | - | - | - | - | - |
| Supplies | 1,007,493 | - | - | - | - | 10,743 | - |
| Other services and charges | 5,293,348 | 12,693 | - | - | - | 362,172 | - |
| Debt service - principal and interest | - | - | - | - | - | 36,203 | - |
| Capital outlay | 224,308 | - | - | - | - | 1,164,874 | - |
| Utility operating expenses | - | - | - | - | - | - | - |
| Other disbursements | 1,789,084 | - | - | - | 57,000 | 262,268 | - |
| Total disbursements | <u>20,862,034</u> | <u>102,921</u> | <u>-</u> | <u>-</u> | <u>57,000</u> | <u>1,836,260</u> | <u>-</u> |
| Excess (deficiency) of receipts over disbursements | <u>1,159,859</u> | <u>-</u> | <u>810</u> | <u>660</u> | <u>(14,302)</u> | <u>(79,639)</u> | <u>389</u> |
| Cash and investments - ending | <u>\$ 1,976,802</u> | <u>\$ -</u> | <u>\$ 810</u> | <u>\$ 660</u> | <u>\$ 204,991</u> | <u>\$ 982,468</u> | <u>\$ 129,508</u> |

CITY OF JEFFERSONVILLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

| | Redevelopment CASI | Motor Vehicle Highway | Local Road and Street | INDOT and Jeff City | Probation User Fee | Donations | Animal Shelter Spay/ Neuter Program |
|--|-----------------------|-----------------------------|-----------------------------|------------------------|--------------------------|------------|---|
| Cash and investments - beginning | \$ 429,342 | \$ 188,694 | \$ 70,895 | \$ 55,191 | \$ 248,079 | \$ 127,570 | \$ 68,522 |
| Receipts: | | | | | | | |
| Taxes | - | - | - | - | - | - | - |
| Licenses and permits | - | 6,713 | - | - | - | - | - |
| Intergovernmental | - | 583,881 | 336,969 | - | - | - | - |
| Charges for services | - | 1,600 | - | - | 166,500 | - | 26,639 |
| Fines and forfeits | - | - | - | - | - | - | - |
| Utility fees | - | - | - | - | - | - | - |
| Penalties | - | - | - | - | - | - | - |
| Other receipts | 211,980 | 2,230 | - | - | - | 128,791 | - |
| Total receipts | 211,980 | 594,424 | 336,969 | - | 166,500 | 128,791 | 26,639 |
| Disbursements: | | | | | | | |
| Personal services | - | 745,563 | - | - | 146,619 | - | - |
| Supplies | - | 961 | 248,471 | - | 6,251 | - | - |
| Other services and charges | 48,639 | 5,005 | - | - | 183,285 | 68,063 | 31,020 |
| Debt service - principal and interest | 43,136 | - | - | - | - | - | - |
| Capital outlay | 23,025 | - | - | - | 1,715 | 24,200 | - |
| Utility operating expenses | - | - | - | - | - | - | - |
| Other disbursements | - | - | - | - | - | - | - |
| Total disbursements | 114,800 | 751,529 | 248,471 | - | 337,870 | 92,263 | 31,020 |
| Excess (deficiency) of receipts over disbursements | 97,180 | (157,105) | 88,498 | - | (171,370) | 36,528 | (4,381) |
| Cash and investments - ending | \$ 526,522 | \$ 31,589 | \$ 159,393 | \$ 55,191 | \$ 76,709 | \$ 164,098 | \$ 64,141 |

CITY OF JEFFERSONVILLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

| | Sanitation | Juvenile Justice Grant | User Fees | Law Enforcement Continuing Education | Clerk's Record Perpetuation | Share of Gaming Revenue | Jeff Park and Ride |
|--|-------------------|------------------------------|------------------|---|--------------------------------|-------------------------------|-----------------------|
| Cash and investments - beginning | \$ 202,608 | \$ 2,651 | \$ 30,543 | \$ 41,024 | \$ 992 | \$ 536,109 | \$ (76,316) |
| Receipts: | | | | | | | |
| Taxes | 2,371,937 | - | - | - | - | - | - |
| Licenses and permits | - | - | - | 13,645 | - | - | - |
| Intergovernmental | 213,121 | 22,000 | - | - | - | 171,232 | - |
| Charges for services | - | - | 4,058 | 31,173 | 2,038 | - | - |
| Fines and forfeits | - | - | - | - | - | - | - |
| Utility fees | - | - | - | - | - | - | - |
| Penalties | - | - | - | - | - | - | - |
| Other receipts | 245,843 | - | - | - | - | - | - |
| Total receipts | <u>2,830,901</u> | <u>22,000</u> | <u>4,058</u> | <u>44,818</u> | <u>2,038</u> | <u>171,232</u> | <u>-</u> |
| Disbursements: | | | | | | | |
| Personal services | 713,289 | - | - | - | - | - | - |
| Supplies | 234,612 | - | - | - | - | - | - |
| Other services and charges | 545,297 | 18,500 | 2,511 | 72,062 | 2,092 | 85,406 | - |
| Debt service - principal and interest | - | - | - | - | - | - | - |
| Capital outlay | 391,168 | - | - | - | - | - | - |
| Utility operating expenses | - | - | - | - | - | - | - |
| Other disbursements | 314,408 | - | - | - | - | - | - |
| Total disbursements | <u>2,198,774</u> | <u>18,500</u> | <u>2,511</u> | <u>72,062</u> | <u>2,092</u> | <u>85,406</u> | <u>-</u> |
| Excess (deficiency) of receipts over disbursements | <u>632,127</u> | <u>3,500</u> | <u>1,547</u> | <u>(27,244)</u> | <u>(54)</u> | <u>85,826</u> | <u>-</u> |
| Cash and investments - ending | <u>\$ 834,735</u> | <u>\$ 6,151</u> | <u>\$ 32,090</u> | <u>\$ 13,780</u> | <u>\$ 938</u> | <u>\$ 621,935</u> | <u>\$ (76,316)</u> |

CITY OF JEFFERSONVILLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

| | Jeffersonville Police Forfeiture | Certified Technology | Federal Asset Forfeiture Program | Park and Recreation | Narcotics Surveillance Grant | Fire Department Grant | Federal Grants |
|--|--|-------------------------|---|------------------------|------------------------------------|-----------------------------|-------------------|
| Cash and investments - beginning | \$ 71,973 | \$ 1,787,133 | \$ - | \$ 1,244,743 | \$ (144) | \$ 99,054 | \$ - |
| Receipts: | | | | | | | |
| Taxes | - | - | - | 2,148,453 | - | - | - |
| Licenses and permits | - | - | - | - | - | - | - |
| Intergovernmental | - | - | - | 194,916 | - | 101,879 | 4,000 |
| Charges for services | - | - | - | 3,989 | - | - | - |
| Fines and forfeits | - | - | 50,941 | - | - | - | - |
| Utility fees | - | - | - | - | - | - | - |
| Penalties | - | - | - | - | - | - | - |
| Other receipts | 53,145 | 687,506 | - | 10,384 | - | - | - |
| Total receipts | 53,145 | 687,506 | 50,941 | 2,357,742 | - | 101,879 | 4,000 |
| Disbursements: | | | | | | | |
| Personal services | - | - | - | 840,238 | - | - | - |
| Supplies | - | - | - | 160,682 | - | - | - |
| Other services and charges | 3,000 | - | 19,030 | 221,082 | - | - | 4,000 |
| Debt service - principal and interest | - | 598,495 | - | - | - | - | - |
| Capital outlay | 101,612 | 1,000,000 | - | 446,052 | - | - | - |
| Utility operating expenses | - | - | - | - | - | - | - |
| Other disbursements | - | - | - | 284,813 | - | - | - |
| Total disbursements | 104,612 | 1,598,495 | 19,030 | 1,952,867 | - | - | 4,000 |
| Excess (deficiency) of receipts over disbursements | (51,467) | (910,989) | 31,911 | 404,875 | - | 101,879 | - |
| Cash and investments - ending | \$ 20,506 | \$ 876,144 | \$ 31,911 | \$ 1,649,618 | \$ (144) | \$ 200,933 | \$ - |

CITY OF JEFFERSONVILLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

| | JAG Recovery Grant | 09 JAG Formula Grant | Jeff Building Authority Operating Nonreverting | Department of Law Nonreverting | Rainy Day | TIF 63 Vogt Valve | TIF 65 Gateway |
|---|-----------------------|-------------------------|---|--------------------------------------|--------------|----------------------|-------------------|
| Cash and investments - beginning | \$ - | \$ 520 | \$ 6,699 | \$ 9,666 | \$ 4,361,560 | \$ 720,056 | \$ (203,503) |
| Receipts: | | | | | | | |
| Taxes | - | - | - | - | - | 642,997 | 203,503 |
| Licenses and permits | - | - | - | - | - | - | - |
| Intergovernmental | 80,904 | 15,983 | - | - | 547,004 | - | - |
| Charges for services | - | - | - | - | - | - | - |
| Fines and forfeits | - | - | - | - | - | - | - |
| Utility fees | - | - | - | - | - | - | - |
| Penalties | - | - | - | - | - | - | - |
| Other receipts | - | - | - | - | - | - | - |
| Total receipts | 80,904 | 15,983 | - | - | 547,004 | 642,997 | 203,503 |
| Disbursements: | | | | | | | |
| Personal services | - | - | - | - | 200 | - | - |
| Supplies | - | - | - | - | - | - | - |
| Other services and charges | - | 520 | - | - | - | - | - |
| Debt service - principal and interest | - | - | - | - | - | 390,500 | - |
| Capital outlay | 80,904 | 15,983 | - | - | - | - | - |
| Utility operating expenses | - | - | - | - | - | - | - |
| Other disbursements | - | - | - | - | 250,000 | - | - |
| Total disbursements | 80,904 | 16,503 | - | - | 250,200 | 390,500 | - |
| Excess (deficiency) of receipts over disbursements | - | (520) | - | - | 296,804 | 252,497 | 203,503 |
| Cash and investments - ending | \$ - | \$ - | \$ 6,699 | \$ 9,666 | \$ 4,658,364 | \$ 972,553 | \$ - |

CITY OF JEFFERSONVILLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

| | Partnership Program | Major Moves | Justice Assistance Grant | TIF 66 Keystone | TIF 67 Bethnova | TIF 57.61 - ICR Allocation | Tax Increment Financing |
|--|------------------------|----------------|--------------------------------|--------------------|--------------------|-------------------------------|----------------------------|
| Cash and investments - beginning | \$ 2,141 | \$ 118,945 | \$ (2,059) | \$ 285,744 | \$ 228,421 | \$ 5,970,735 | \$ 457,865 |
| Receipts: | | | | | | | |
| Taxes | - | - | - | 166,345 | 81,150 | 5,793,813 | - |
| Licenses and permits | - | - | - | - | - | - | - |
| Intergovernmental | - | - | 18,321 | - | - | 66,576 | - |
| Charges for services | - | 7,000 | - | - | - | - | - |
| Fines and forfeits | - | - | - | - | - | - | - |
| Utility fees | - | - | - | - | - | - | - |
| Penalties | - | - | - | - | - | - | - |
| Other receipts | 63,600 | - | - | - | - | 1,196,309 | - |
| Total receipts | 63,600 | 7,000 | 18,321 | 166,345 | 81,150 | 7,056,698 | - |
| Disbursements: | | | | | | | |
| Personal services | - | - | - | - | - | - | - |
| Supplies | - | - | - | - | - | - | - |
| Other services and charges | 65,061 | 24,181 | 16,186 | - | - | - | 457,865 |
| Debt service - principal and interest | - | - | - | - | - | 974,758 | - |
| Capital outlay | - | - | - | 24,606 | - | 2,850,639 | - |
| Utility operating expenses | - | - | - | - | - | - | - |
| Other disbursements | - | - | - | - | - | - | - |
| Total disbursements | 65,061 | 24,181 | 16,186 | 24,606 | - | 3,825,397 | 457,865 |
| Excess (deficiency) of receipts over disbursements | (1,461) | (17,181) | 2,135 | 141,739 | 81,150 | 3,231,301 | (457,865) |
| Cash and investments - ending | \$ 680 | \$ 101,764 | \$ 76 | \$ 427,483 | \$ 309,571 | \$ 9,202,036 | \$ - |

CITY OF JEFFERSONVILLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

| | TIF 57,61 ICR Surplus Allocation | TIF 57,61 - ICR Redevelopment Capital | TIF 62 Harbour Falls | TIF 64 Galvstar | TIF River Ridge Utica | TIF Salem Rd Utica Twp | Youth Football League |
|--|--|---|-------------------------|--------------------|-----------------------------|------------------------------|-----------------------------|
| Cash and investments - beginning | \$ 274,625 | \$ 335,808 | \$ 2,666,776 | \$ 293,886 | \$ 19,271 | \$ 192 | \$ 2,108 |
| Receipts: | | | | | | | |
| Taxes | - | - | 1,938,145 | 370,532 | 271,933 | - | - |
| Licenses and permits | - | - | - | - | - | - | - |
| Intergovernmental | - | - | - | - | - | - | - |
| Charges for services | - | - | - | - | - | - | 30,175 |
| Fines and forfeits | - | - | - | - | - | - | - |
| Utility fees | - | - | - | - | - | - | - |
| Penalties | - | - | - | - | - | - | - |
| Other receipts | - | 45,497 | - | - | - | - | 12,878 |
| Total receipts | - | 45,497 | 1,938,145 | 370,532 | 271,933 | - | 43,053 |
| Disbursements: | | | | | | | |
| Personal services | - | - | - | - | - | - | - |
| Supplies | - | - | - | - | - | - | 28,094 |
| Other services and charges | - | - | - | - | - | - | 11,748 |
| Debt service - principal and interest | 242,559 | 371,305 | 1,471,249 | 68,650 | - | - | - |
| Capital outlay | 32,066 | 10,000 | 1,484,405 | - | - | - | 4,532 |
| Utility operating expenses | - | - | - | - | - | - | - |
| Other disbursements | - | - | - | - | - | - | - |
| Total disbursements | 274,625 | 381,305 | 2,955,654 | 68,650 | - | - | 44,374 |
| Excess (deficiency) of receipts over disbursements | (274,625) | (335,808) | (1,017,509) | 301,882 | 271,933 | - | (1,321) |
| Cash and investments - ending | \$ - | \$ - | \$ 1,649,267 | \$ 595,768 | \$ 291,204 | \$ 192 | \$ 787 |

CITY OF JEFFERSONVILLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

| | Park Trolley Operations Nonreverting | Public Safety Local Option Income Tax | Street Department Nonreverting | Beautification Nonreverting | Thunder Committee Nonreverting | City Court Nonreverting | Economic Development Abatement Nonreverting |
|--|--|---|--------------------------------------|--------------------------------|--------------------------------------|----------------------------|--|
| Cash and investments - beginning | \$ - | \$ - | \$ 3,632 | \$ 14,402 | \$ 15,449 | \$ 187,252 | \$ - |
| Receipts: | | | | | | | |
| Taxes | - | - | - | - | - | - | - |
| Licenses and permits | - | - | - | - | - | - | - |
| Intergovernmental | - | 1,633,036 | - | - | - | - | - |
| Charges for services | 1,997 | - | 3,573 | - | 19,300 | - | - |
| Fines and forfeits | - | - | - | - | - | 43,740 | 54,551 |
| Utility fees | - | - | - | - | - | - | - |
| Penalties | - | - | - | - | - | - | - |
| Other receipts | 75,000 | - | - | 22,221 | - | - | - |
| Total receipts | 76,997 | 1,633,036 | 3,573 | 22,221 | 19,300 | 43,740 | 54,551 |
| Disbursements: | | | | | | | |
| Personal services | - | - | - | - | - | 2,076 | - |
| Supplies | - | - | 1,472 | - | 7,867 | - | - |
| Other services and charges | 32,694 | - | - | 29,193 | 1,537 | 12,190 | 30,105 |
| Debt service - principal and interest | - | - | - | - | - | - | - |
| Capital outlay | - | 207,398 | - | - | - | - | - |
| Utility operating expenses | - | - | - | - | - | - | - |
| Other disbursements | - | - | - | - | - | - | - |
| Total disbursements | 32,694 | 207,398 | 1,472 | 29,193 | 9,404 | 14,266 | 30,105 |
| Excess (deficiency) of receipts over disbursements | 44,303 | 1,425,638 | 2,101 | (6,972) | 9,896 | 29,474 | 24,446 |
| Cash and investments - ending | \$ 44,303 | \$ 1,425,638 | \$ 5,733 | \$ 7,430 | \$ 25,345 | \$ 216,726 | \$ 24,446 |

CITY OF JEFFERSONVILLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

| | Nonreverting Floating Stage | Sprint Lease Nonreverting | Duffy's Landing Docks | Jeff Riverfront Park Nonreverting | Police Automobile Nonreverting | Sidewalk Renovation Nonreverting | Redevelopment Grant |
|--|--------------------------------|------------------------------|-----------------------------|---|--------------------------------------|--|------------------------|
| Cash and investments - beginning | \$ 687 | \$ 99,800 | \$ 12,255 | \$ 11,515 | \$ 44,966 | \$ 992 | \$ 147,683 |
| Receipts: | | | | | | | |
| Taxes | - | - | - | - | - | - | - |
| Licenses and permits | - | - | - | - | - | - | - |
| Intergovernmental | - | - | - | - | - | - | - |
| Charges for services | - | - | - | - | 59,881 | 3,149 | - |
| Fines and forfeits | - | - | - | - | - | - | - |
| Utility fees | - | - | - | - | - | - | - |
| Penalties | - | - | - | - | - | - | - |
| Other receipts | - | 13,462 | - | 34,500 | - | 10,000 | 102,221 |
| Total receipts | - | 13,462 | - | 34,500 | 59,881 | 13,149 | 102,221 |
| Disbursements: | | | | | | | |
| Personal services | - | - | - | - | - | - | - |
| Supplies | - | - | - | - | - | - | 341 |
| Other services and charges | - | - | 12,238 | - | - | 14,131 | - |
| Debt service - principal and interest | - | - | - | - | - | - | - |
| Capital outlay | - | - | - | 21,600 | 94,581 | - | 33,250 |
| Utility operating expenses | - | - | - | - | - | - | - |
| Other disbursements | - | - | - | - | - | - | 101,880 |
| Total disbursements | - | - | 12,238 | 21,600 | 94,581 | 14,131 | 135,471 |
| Excess (deficiency) of receipts over disbursements | - | 13,462 | (12,238) | 12,900 | (34,700) | (982) | (33,250) |
| Cash and investments - ending | \$ 687 | \$ 113,262 | \$ 17 | \$ 24,415 | \$ 10,266 | \$ 10 | \$ 114,433 |

CITY OF JEFFERSONVILLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

| | Special Nonreverting on Annexation | Redevelopment City Hall Bond | Redevelopment Veterans Parkway Bond Account | Cumulative Capital Improvement | Cumulative Capital Development | Mayor's Nonreverting | P & R Board Nonreverting Aquatic |
|--|--|------------------------------------|--|--------------------------------------|--------------------------------------|-------------------------|--|
| Cash and investments - beginning | \$ 251,307 | \$ 352,447 | \$ 1,013,666 | \$ 131,621 | \$ 366,443 | \$ 52 | \$ 26,619 |
| Receipts: | | | | | | | |
| Taxes | - | - | - | - | 211,143 | - | - |
| Licenses and permits | - | - | - | - | - | - | - |
| Intergovernmental | - | - | - | 80,116 | 18,971 | - | - |
| Charges for services | - | - | - | - | - | - | 263,966 |
| Fines and forfeits | - | - | - | - | - | - | (5,952) |
| Utility fees | - | - | - | - | - | - | - |
| Penalties | - | - | - | - | - | - | - |
| Other receipts | 250,000 | 13 | 3,878 | - | 930 | - | 60,235 |
| Total receipts | <u>250,000</u> | <u>13</u> | <u>3,878</u> | <u>80,116</u> | <u>231,044</u> | <u>-</u> | <u>318,249</u> |
| Disbursements: | | | | | | | |
| Personal services | 2,913 | - | - | - | - | - | 154,005 |
| Supplies | 47 | - | - | - | - | - | 88,077 |
| Other services and charges | 468,498 | - | - | - | - | - | 33,610 |
| Debt service - principal and interest | - | - | - | - | - | - | - |
| Capital outlay | - | - | 10,010 | - | 101,576 | - | - |
| Utility operating expenses | - | - | - | - | - | - | - |
| Other disbursements | - | 52,960 | - | - | 27,970 | - | - |
| Total disbursements | <u>471,458</u> | <u>52,960</u> | <u>10,010</u> | <u>-</u> | <u>129,546</u> | <u>-</u> | <u>275,692</u> |
| Excess (deficiency) of receipts over disbursements | <u>(221,458)</u> | <u>(52,947)</u> | <u>(6,132)</u> | <u>80,116</u> | <u>101,498</u> | <u>-</u> | <u>42,557</u> |
| Cash and investments - ending | <u>\$ 29,849</u> | <u>\$ 299,500</u> | <u>\$ 1,007,534</u> | <u>\$ 211,737</u> | <u>\$ 467,941</u> | <u>\$ 52</u> | <u>\$ 69,176</u> |

CITY OF JEFFERSONVILLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

| | City Engineer Nonreverting | Police Swat Nonreverting | Fire Department Nonreverting | Park Special Nonreverting | Building Demolition Nonreverting | Jeff Building Authority Capital Imp. Reserve | Economic Development Income Tax |
|--|-------------------------------|--------------------------------|------------------------------------|------------------------------|--|---|--|
| Cash and investments - beginning | \$ 38,502 | \$ 102 | \$ 5,663 | \$ 8,156 | \$ 76,282 | \$ 210,000 | \$ 946,205 |
| Receipts: | | | | | | | |
| Taxes | - | - | - | - | - | - | - |
| Licenses and permits | - | - | - | - | - | - | - |
| Intergovernmental | - | - | - | - | - | - | 2,321,500 |
| Charges for services | 7,143 | - | - | 79,452 | - | - | - |
| Fines and forfeits | - | - | - | 1,013 | 31,409 | - | - |
| Utility fees | - | - | - | - | - | - | - |
| Penalties | - | - | - | - | - | - | - |
| Other receipts | - | 20,000 | 4,823 | 50,477 | - | 72,660 | 170,159 |
| Total receipts | 7,143 | 20,000 | 4,823 | 130,942 | 31,409 | 72,660 | 2,491,659 |
| Disbursements: | | | | | | | |
| Personal services | - | - | - | - | - | - | - |
| Supplies | - | - | - | 43,036 | - | - | - |
| Other services and charges | 4,609 | - | - | 44,014 | 26,607 | - | 369,051 |
| Debt service - principal and interest | - | - | - | - | - | - | - |
| Capital outlay | - | 19,207 | 9,959 | - | - | 95,826 | 1,648,964 |
| Utility operating expenses | - | - | - | - | - | - | - |
| Other disbursements | - | - | - | - | - | - | - |
| Total disbursements | 4,609 | 19,207 | 9,959 | 87,050 | 26,607 | 95,826 | 2,018,015 |
| Excess (deficiency) of receipts over disbursements | 2,534 | 793 | (5,136) | 43,892 | 4,802 | (23,166) | 473,644 |
| Cash and investments - ending | \$ 41,036 | \$ 895 | \$ 527 | \$ 52,048 | \$ 81,084 | \$ 186,834 | \$ 1,419,849 |

CITY OF JEFFERSONVILLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

| | Animal Shelter Building and Capital Improvement | Nonreverting Health Insurance | Police Pension | Fire Pension | Court Cost Due County | Payroll | Insurance Claim |
|--|--|-------------------------------------|-------------------|-----------------|--------------------------|------------|--------------------|
| Cash and investments - beginning | \$ 181 | \$ 893,124 | \$ 454,706 | \$ 807,942 | \$ 31,382 | \$ - | \$ - |
| Receipts: | | | | | | | |
| Taxes | - | - | - | - | - | - | - |
| Licenses and permits | - | - | - | - | - | - | - |
| Intergovernmental | - | - | 995,640 | 832,978 | - | - | - |
| Charges for services | - | - | - | - | - | - | - |
| Fines and forfeits | - | - | - | - | - | - | - |
| Utility fees | - | - | - | - | - | - | - |
| Penalties | - | - | - | - | - | - | - |
| Other receipts | - | 4,026,725 | - | 1,738 | 19,986 | 17,421,397 | 10,577 |
| Total receipts | - | 4,026,725 | 995,640 | 834,716 | 19,986 | 17,421,397 | 10,577 |
| Disbursements: | | | | | | | |
| Personal services | - | - | 868,683 | 1,169,870 | - | 17,421,397 | - |
| Supplies | - | - | 4,296 | 4,098 | 31,382 | - | - |
| Other services and charges | - | 4,743,977 | 175 | 176 | - | - | - |
| Debt service - principal and interest | - | - | - | - | - | - | - |
| Capital outlay | - | - | - | 102 | - | - | - |
| Utility operating expenses | - | - | - | - | - | - | - |
| Other disbursements | - | - | - | - | - | - | 10,577 |
| Total disbursements | - | 4,743,977 | 873,154 | 1,174,246 | 31,382 | 17,421,397 | 10,577 |
| Excess (deficiency) of receipts over disbursements | - | (717,252) | 122,486 | (339,530) | (11,396) | - | - |
| Cash and investments - ending | \$ 181 | \$ 175,872 | \$ 577,192 | \$ 468,412 | \$ 19,986 | \$ - | \$ - |

CITY OF JEFFERSONVILLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

| | City Court | Wastewater Construction 2005 | Wastewater Construction 2009 SRF | Wastewater Construction 2010 BAB | Wasterwater Construction 2010 BAN | Wastewater Construction 2010 Series C | Wastewater Construction 2010 SRF |
|--|------------|------------------------------------|--|--|---|---|--|
| Cash and investments - beginning | \$ 222,726 | \$ 1,567,216 | \$ 215,691 | \$ (7,503) | \$ 3,341,751 | \$ - | \$ - |
| Receipts: | | | | | | | |
| Taxes | - | - | - | - | - | - | - |
| Licenses and permits | - | - | - | - | - | - | - |
| Intergovernmental | - | - | - | - | - | - | - |
| Charges for services | - | - | - | - | - | - | - |
| Fines and forfeits | - | - | - | - | - | - | - |
| Utility fees | - | - | - | - | - | - | - |
| Penalties | - | - | - | - | - | - | - |
| Other receipts | 624,854 | 1,034,002 | 2,038,683 | 17,362,583 | 21,606 | 5,693,366 | 484,142 |
| Total receipts | 624,854 | 1,034,002 | 2,038,683 | 17,362,583 | 21,606 | 5,693,366 | 484,142 |
| Disbursements: | | | | | | | |
| Personal services | - | - | - | - | - | - | - |
| Supplies | - | - | - | - | - | - | - |
| Other services and charges | - | - | - | - | - | - | - |
| Debt service - principal and interest | - | - | - | - | - | 4,000,000 | - |
| Capital outlay | - | 117,732 | 1,568,369 | - | 1,941,529 | - | 121,136 |
| Utility operating expenses | - | - | - | - | - | - | - |
| Other disbursements | 600,804 | 1,079,866 | 686,005 | 260,325 | 1,421,828 | 1,149,664 | 363,006 |
| Total disbursements | 600,804 | 1,197,598 | 2,254,374 | 260,325 | 3,363,357 | 5,149,664 | 484,142 |
| Excess (deficiency) of receipts over disbursements | 24,050 | (163,596) | (215,691) | 17,102,258 | (3,341,751) | 543,702 | - |
| Cash and investments - ending | \$ 246,776 | \$ 1,403,620 | \$ - | \$ 17,094,755 | \$ - | \$ 543,702 | \$ - |

CITY OF JEFFERSONVILLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

| | Wastewater Construction 2008 SRF | Wastewater Cash Change | Wastewater Construction New Chapel Grant | Wastewater Petty Cash | Wastewater Construction | Wastewater Improvement | Wastewater Drainage Operating |
|--|--|---------------------------|---|--------------------------|----------------------------|---------------------------|-------------------------------------|
| Cash and investments - beginning | \$ 600,000 | \$ - | \$ 89,979 | \$ - | \$ (120,826) | \$ (1,371,019) | \$ 2,105,004 |
| Receipts: | | | | | | | |
| Taxes | - | - | - | - | - | - | - |
| Licenses and permits | - | - | - | - | - | - | - |
| Intergovernmental | - | - | - | - | - | - | - |
| Charges for services | - | - | - | - | - | - | - |
| Fines and forfeits | - | - | - | - | - | - | - |
| Utility fees | - | - | - | - | - | - | - |
| Penalties | - | - | - | - | - | - | 1,781 |
| Other receipts | - | 300 | 782,518 | 700 | 120,826 | 3,407,734 | 1,373,413 |
| Total receipts | - | 300 | 782,518 | 700 | 120,826 | 3,407,734 | 1,375,194 |
| Disbursements: | | | | | | | |
| Personal services | - | - | - | - | - | - | - |
| Supplies | - | - | - | - | - | - | - |
| Other services and charges | - | - | - | - | - | - | - |
| Debt service - principal and interest | - | - | - | - | - | - | - |
| Capital outlay | 83,997 | - | 847,497 | - | - | 1,037,994 | 5,581 |
| Utility operating expenses | - | - | - | - | - | - | 1,940,218 |
| Other disbursements | 515,945 | - | 25,000 | - | - | 833,883 | 449,643 |
| Total disbursements | 599,942 | - | 872,497 | - | - | 1,871,877 | 2,395,442 |
| Excess (deficiency) of receipts over disbursements | (599,942) | 300 | (89,979) | 700 | 120,826 | 1,535,857 | (1,020,248) |
| Cash and investments - ending | <u>\$ 58</u> | <u>\$ 300</u> | <u>\$ -</u> | <u>\$ 700</u> | <u>\$ -</u> | <u>\$ 164,838</u> | <u>\$ 1,084,756</u> |

CITY OF JEFFERSONVILLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

| | Wastewater Drainage Bond and Interest | Wastewater Operating | Wastewater Debt Service Reserve | Wastewater Bond and Interest | Wastewater Bond and Interest SRF | Totals |
|--|--|-------------------------|---------------------------------------|------------------------------------|--|----------------------|
| Cash and investments - beginning | \$ 131,300 | \$ 1,806,066 | \$ 2,027,338 | \$ 55,965 | \$ - | \$ 39,722,302 |
| Receipts: | | | | | | |
| Taxes | - | - | - | - | - | 27,688,318 |
| Licenses and permits | - | - | - | - | - | 252,316 |
| Intergovernmental | - | - | - | - | - | 15,341,991 |
| Charges for services | - | - | - | - | - | 1,253,511 |
| Fines and forfeits | - | - | - | - | - | 175,702 |
| Utility fees | - | 8,820,415 | - | - | - | 8,820,415 |
| Penalties | - | 19,446 | - | - | - | 21,227 |
| Other receipts | 304,784 | 2,477,920 | 181,119 | 2,608,626 | 884,112 | 66,991,278 |
| Total receipts | <u>304,784</u> | <u>11,317,781</u> | <u>181,119</u> | <u>2,608,626</u> | <u>884,112</u> | <u>120,544,758</u> |
| Disbursements: | | | | | | |
| Personal services | - | - | - | - | - | 34,702,882 |
| Supplies | - | - | - | - | - | 1,877,923 |
| Other services and charges | - | - | - | - | - | 13,375,571 |
| Debt service - principal and interest | - | - | - | 1,828,663 | 184,570 | 10,210,088 |
| Capital outlay | - | 546,720 | - | - | - | 16,393,117 |
| Utility operating expenses | - | 6,126,700 | - | - | - | 8,066,918 |
| Other disbursements | 436,084 | 5,450,363 | 69,394 | 835,928 | - | 17,328,698 |
| Total disbursements | <u>436,084</u> | <u>12,123,783</u> | <u>69,394</u> | <u>2,664,591</u> | <u>184,570</u> | <u>101,955,197</u> |
| Excess (deficiency) of receipts over disbursements | <u>(131,300)</u> | <u>(806,002)</u> | <u>111,725</u> | <u>(55,965)</u> | <u>699,542</u> | <u>18,589,561</u> |
| Cash and investments - ending | <u>\$ -</u> | <u>\$ 1,000,064</u> | <u>\$ 2,139,063</u> | <u>\$ -</u> | <u>\$ 699,542</u> | <u>\$ 58,311,863</u> |

CITY OF JEFFERSONVILLE
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS

December 31, 2010

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

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

| <u>Primary Government</u> | <u>Ending Balance</u> |
|--|---------------------------|
| Governmental activities: | |
| Capital assets, not being depreciated: | |
| Land | \$ 4,963,840 |
| Infrastructure | 26,883,863 |
| Buildings | 18,770,557 |
| Improvements other than buildings | 6,238,968 |
| Machinery and equipment | 9,556,158 |
| Construction in progress | <u>6,653,254</u> |
| Total governmental activities, capital assets not being depreciated | <u>\$ 73,066,640</u> |
| | |
| <u>Primary Government</u> | <u>Ending Balance</u> |
| Business-type activities: | |
| Wastewater Utility: | |
| Capital assets, not being depreciated: | |
| Land | 888,703 |
| Land - Drainage | 11,000 |
| Infrastructure | 3,050,784 |
| Infrastructure - Drainage | 3,405,487 |
| Construction in progress | 9,449,128 |
| Construction in progress - Drainage | 878,537 |
| Buildings | 18,417,707 |
| Improvements other than buildings | 26,843,270 |
| Machinery and equipment | 1,784,673 |
| Machinery and equipment - Drainage | <u>436,391</u> |
| Total Wastewater Utility capital assets | <u>65,165,680</u> |
| Total business-type activities capital assets | <u>\$ 65,165,680</u> |

CITY OF JEFFERSONVILLE
SUPPLEMENTARY INFORMATION
SCHEDULE OF LONG-TERM DEBT
December 31, 2010

The City has entered into the following debt:

| Description of Debt | Ending Principal Balance | Principal and Interest Due Within One Year |
|--|--------------------------------|---|
| Governmental Activities: | | |
| Capital leases: | | |
| Galvpro - Redevelopment Authority | \$ 595,000 | 160,600 |
| Riverside Landing - Redevelopment Authority | 1,765,000 | 201,119 |
| Aquatic Center - Redevelopment Authority | 3,200,000 | 324,225 |
| Sound and Light Equipment - Riverstage | 49,768 | 38,540 |
| Fire Station #2 | 3,640,000 | 342,000 |
| Fire Station #4 | 1,980,000 | 189,000 |
| City Service Building | 4,190,000 | 390,000 |
| 2008 Fire truck | 795,121 | 129,795 |
| 2008 Garbage truck | 114,144 | 48,636 |
| 2010 Garbage Truck | 232,413 | 58,550 |
| 2011 Garbage Trucks (2) | 364,208 | 91,355 |
| Police System | 757,695 | 273,018 |
| Perrin Land Purchase (Parks) | 161,250 | 60,200 |
| Notes and loans payable: | | |
| Redevelopment Loan - CASI | 370,440 | 46,730 |
| State Infrastructure Bank Program Loan | 3,155,404 | 85,000 |
| Redevelopment Loan - Real Estate 520 W 7th St | 298,271 | 72,407 |
| Bonds payable: | | |
| Revenue bonds: | | |
| 2003 Capital Development Tourism Bonds | 114,160 | 42,762 |
| 2005 Tax Increment Revenue Bonds - Series A - City Hall | 1,645,000 | 185,203 |
| 2005 Tax Increment Revenue Bonds - Series B - Medventure | 3,265,003 | 614,284 |
| 2008 Tax Increment Revenue Bonds - Veteran's Highway | <u>2,620,000</u> | <u>124,433</u> |
| Total governmental activities debt | <u>\$ 29,312,877</u> | <u>\$ 3,477,857</u> |
| Business-type Activities: | | |
| Wastewater Utility | | |
| Notes and loans payable: | | |
| 1999 Wastewater State Revolving Loan | \$ 2,077,605 | \$ 212,429 |
| 2008 Wastewater State Revolving Loan | 9,799,000 | 301,814 |
| 2009 Wastewater State Revolving Loan (See Note 1 Below) | 294,997 | 31,428 |
| 2010 Wastewater State Revolving Loan (See Note 2 Below) | 111,538 | 48,133 |
| Revenue bonds: | | |
| 2003 Drainage Improvement Revenue Bonds | 2,365,000 | 246,787 |
| 2005 Sewage Works Revenue Bonds | 6,500,000 | 322,624 |
| 2009 Sewage Works Refunding Revenue Bonds | 3,365,000 | 479,337 |
| 2010 Series B Sewage works refunding revenue bonds | 17,355,000 | 610,120 |
| 2010 Series C Sewage works refunding revenue bonds | <u>4,315,000</u> | <u>60,858</u> |
| Total business-type activities debt: | <u>\$ 46,183,140</u> | <u>\$ 2,313,530</u> |

NOTE 1 : The 2009 Wastewater State Revolving Loan has an established maximum draw of \$1,400,000. As of December 31, 2010, the Utility had drawn down \$294,997 and may still draw an additional \$1,105,003. The final principal balance will not be determined until the planned construction projects are completed.

NOTE 2 : The 2010 Wastewater State Revolving Loan has an established maximum draw of \$2,500,000. As of December 31, 2010, the Utility had drawn down \$111,538 and may still draw an additional \$2,388,462. The final principal balance will not be determined until the planned construction projects are completed.

CITY OF JEFFERSONVILLE
AUDIT RESULT(S) AND COMMENT(S)

CONDITION OF RECORDS (Applies to Clerk-Treasurer)

We noted the following internal control deficiencies related to the accounting and recording of financial activity:

1. Bank reconcilements were either not performed timely or not performed properly as noted below:

- a. A manual check in the amount of \$246,794, dated April 16, 2010, was processed through the City's bank account in April. However, the check was not recorded on the accounting records until October.

The untimely recording of the manual check also contributed to a duplicate payment to the contractor. On June 16, 2010, a second check was issued to the same contractor for the same amount through the normal claim process. The duplicate payment was not discovered until October at which time the contractor was notified and refunded the overpayment on November 8, 2010.

If timely or properly performed reconcilements had been performed, the unrecorded check would have been identified in May when the April bank reconciliation should have been performed.

- b. Check 11859 dated December 11, 2009, in the amount of \$62,999 was included on the City's outstanding checklist at December 31, 2010. However, it was subsequently discovered that this check had been voided and replaced by a second check dated December 17, 2009.

Failure to reconcile in a timely manner or to identify all reconciling items could cause errors to occur and go undetected for long periods of time.

Indiana Code 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 responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

2. The City receives distributions from the State of Indiana through an electronic transfer process (EFT) which deposits the distributions directly into the City's bank account. It is the City's responsibility to review the bank account in a timely manner and properly receipt into the records all EFT's received from the State. Several instances were noted where the EFT was received in the City's bank account but not receipted into the records for long periods of time as noted below:

- a. An EFT dated January 22, 2010, in the amount of \$58,748, was not receipted into the records until May 26, 2010.

CITY OF JEFFERSONVILLE
AUDIT RESULT(S) AND COMMENT(S)
(Continued)

b. An EFT dated April 12, 2010, in the amount of \$144,963 was not receipted into the records until June 16, 2010.

The City transferred \$146,100 from the Wastewater Operating Fund to the Wastewater Bond and Interest Fund on May 7, 2010. The check used to make the transfer of funds was on the outstanding checklist at December 31, 2010. No evidence was presented for audit that a receipt was recorded for the transfer or that the transfer was deposited.

Failure to receipt monies to the records in a timely manner could result in improper reporting and an environment for the potential of fraud to occur and go undetected.

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

3. Checks written from November 13, 2009 to June 23, 2010, and totaling \$78,359 for construction retainage were not remitted to the contractor's escrow account but placed in a safe located in the Clerk-Treasurer's office. The checks should have been deposited in a separate retainage account because the contractor was not eligible to receive the retainage at the time the checks were written. The checks were voided on December 23, 2010, after a replacement check for \$78,359 was written to the contractor on November 7, 2010, when the contractor became eligible to receive the retainage.

Retaining written checks results in improper reporting of financial activity and could result in an environment for the potential of fraud to occur and go undetected.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

REIMBURSEMENT REQUESTS NOT SUBMITTED TIMELY (Applies to Clerk-Treasurer)

The City has several construction projects in progress partially funded through grants with the Indiana Department of Transportation (INDOT). All of the grants are on a reimbursement basis which means that the cost is incurred by the City then reimbursement is requested from INDOT for these costs. The City has not established procedures to monitor grant reimbursement requests which could result in a loss of grant receipts and increased costs to the City from local sources. Costs incurred and unreimbursed for these projects are as follows:

CITY OF JEFFERSONVILLE
 AUDIT RESULT(S) AND COMMENT(S)
 (Continued)

| Project | Period Costs Were Incurred | Drawdowns Not Submitted as of March 16, 2011 | Notes |
|-----------------------------|----------------------------|---|-------|
| 10th Street Rehabilitation | 01-01-10 to 01-31-11 | \$ 163,074 | (1) |
| Hamburg Pike Rehabilitation | 03-01-09 to 06-23-10 | 676,858 | (2) |
| Park and Ride Lot | 06-29-09 to 09-27-09 | <u>15,267</u> | |
| Totals | | <u>\$ 855,199</u> | |

Notes to Schedule:

- (1) Reimbursements were requested by the City on March 16, 2011, after the unreimbursed costs were brought to the City's attention during the audit.
- (2) The City submitted fourteen reimbursement requests (vouchers) to INDOT totaling \$360,281 during February of 2010. All 14 vouchers were returned by INDOT instructing City officials to correct various errors and resubmit them for reimbursement. Corrected vouchers had not been submitted for the vouchers returned by INDOT and no vouchers had been submitted for the remaining costs as of March 16, 2011.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

It is recommended that the City established procedures to monitor grant related costs and to file reimbursement requests in a timely manner to reduce the risk of loss of grant receipts and increased costs to the City from local sources.

RETAINAGE ON CONSTRUCTION CONTRACTS (Applies to Clerk-Treasurer)

The City drew down loan proceeds from a State of Indiana loan program to pay construction costs. The portion of loan draw downs representing retainage was deposited in the Wastewater Utility's Operating and Improvement Funds instead of a separate retainage fund. During the course of one construction project, the City drew down \$350,995 in excess of required retainage amounts. This error was discovered during the audit and the excess loan draw downs were refunded.

Indiana Code 36-1-12-14 states in part:

"(a) This section applies to public work contracts in excess of two hundred thousand dollars (\$200,000) for projects other than highways, roads, streets, alleys, bridges, and appurtenant structures situated on streets, alleys, and dedicated highway rights-of-way. . . . (b) A board that enters into a contract for public work . . . shall include in their respective contracts provisions for the retainage of portions of payments by the board to contractors . . . At the discretion of the contractor, the retainage shall be held by the board or shall be placed in an escrow account with a bank, savings and loan institution, or the state as the escrow agent . . ."

CITY OF JEFFERSONVILLE
 AUDIT RESULT(S) AND COMMENT(S)
 (Continued)

Controls over the receipting, disbursing, recording and accounting for 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)

APPROPRIATIONS (Applies to Clerk-Treasurer)

Expenditures exceeded approved appropriations as follows:

| Fund | Excess Amount Expended |
|-----------------------|------------------------------|
| Local Road and Street | \$ 45,367 |
| Sanitation | 94,747 |

Indiana Code 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."

OVERDRAWN CASH BALANCES (Applies to Clerk-Treasurer)

The following funds had overdrawn cash balances as of December 31, 2010:

| Fund | Amount |
|------------------------------|-----------|
| Jeff Park and Ride | \$ 76,316 |
| Narcotics Surveillance Grant | 144 |
| Total | \$ 76,460 |

Overdrawn cash balances can occur only because several City funds share a common depository account. When a deficit cash balance occurs, the Clerk-Treasurer is in effect borrowing funds from other City funds without obtaining formal approval from the City Council.

Indiana Code 36-1-8-4 (a) states:

"The fiscal body of a political subdivision may, by ordinance or resolution, permit the transfer of a prescribed amount, for a prescribed period, to a fund in need of money for cash flow purposes from another fund of the political subdivision if all these conditions are met:

- (1) It must be necessary to borrow money to enhance the fund that is in need of money for cash flow purposes.
- (2) There must be sufficient money on deposit to the credit of the other fund that can be temporarily transferred.
- (3) Except as provided in subsection (b), the prescribed period must end during the budget year of the year in which the transfer occurs.

CITY OF JEFFERSONVILLE
AUDIT RESULT(S) AND COMMENT(S)
(Continued)

- (4) The amount transferred must be returned to the other fund at the end of the prescribed period.
- (5) Only revenues derived from the levying and collection of property taxes or special taxes or from operation of the political subdivision may be included in the amount transferred."

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

A similar comment was reported in prior reports B31275, B33749, B35650, and B37386.

The City Council approved the transfer of other funds to close out the above funds on February 28, 2011.

SURVIVING SPOUSE BENEFITS (Applies to Firefighters' Pension Secretary and City Council)

The surviving spouse benefit of a member of the 1937 Firefighters' Pension Fund that dies while in active service or after retirement was paid based on 50% of the salary of a fully paid first class firefighter. However, no ordinance was presented for audit showing the basis for computing surviving spouse benefit was approved by the City Council. The Firefighters' Pension Secretary presented for audit a document that showed that the surviving spouse is eligible to receive a benefit equal to 60% of a fund member's monthly benefit. However, the document could not be verified to a current ordinance or labor contract.

Indiana Code 36-8-7-12.2(d) states in part:

"If a member dies while in active service or after retirement:

- (1) the surviving spouse is entitled to receive an amount fixed by ordinance but not less than:
 - (A) for the surviving spouse of a member who dies before January 1, 1989, thirty percent (30%) of the salary of a fully paid first class firefighter in the unit at the time of the payment of the pension; and
 - (B) for the surviving spouse of a member who dies after December 31, 1988, except as otherwise provided in this clause, an amount per month, during the spouse's life, equal to the greater of thirty percent (30%) of the monthly pay of a first class firefighter or fifty-five percent (55%) of the monthly benefit the deceased member was receiving or was entitled to receive on the date of the member's death (these amounts shall be proportionately increased or decreased if the salary of a first class firefighter is increased or decreased); however, if the deceased member was not entitled to a benefit because the member had not completed twenty (20) years of service, for purposes of computing the second amount under this item, the member's benefit is considered to be fifty percent (50%) of the monthly salary of a first class firefighter in the unit at the time of payment of the pension . . ."

CITY OF JEFFERSONVILLE
AUDIT RESULT(S) AND COMMENT(S)
(Continued)

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 Cities and Towns, Chapter 7)

OVERPAYMENT OF PENSION BENEFITS (Applies to Firefighters' Pension Secretary and City Council)

Leah James, a surviving child of a firefighter that passed away from causes other than in the line of duty, received pension payments from the 1937 Firefighters' Pension Fund after the age of 23. Leah James was born on June 2, 1985, and was a full-time student in an accredited university between the ages of 18 and 23. Leah James was paid a total of \$18,110 from June 2, 2008 to March 10, 2010, after she reached the age of 23.

Indiana Code 36-8-7-12.2 states in part:

"(a) This section applies to an active or retired member who dies other than in the line of duty . . ."

"(b) If a member of the fire department or a retired member of the 1937 fund dies and leaves: . . . a child or children less than twenty-three (23) years of age who are:

(A) enrolled in and regularly attending a secondary school; or

(B) full-time students at an accredited college or university; the local board shall authorize the payment . . . to the child or children the amount from the fund prescribed by this section. . . ."

"(d) If a member dies while in active service or after retirement . . . the member's children who are . . . less than twenty-three (23) years of age if the children are enrolled in and regularly attending a secondary school or are full-time students at an accredited college or university; are each entitled to receive an amount fixed by ordinance but not less than twenty percent (20%) of the salary of a fully paid first class firefighter in the unit at the time of the payment of the pension . . ."

The above comment was reported in the prior Report 37386. Information was not presented for audit showing that City officials had made arrangements with Leah James regarding refunding the overpayment.

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)

Marvena Allen, Firefighters' Pension Secretary, was responsible for certifying payments made to Leah James on Form 355 (Pension Funds – Schedule of Payments).

CITY OF JEFFERSONVILLE
AUDIT RESULT(S) AND COMMENT(S)
(Continued)

Indiana Code 36-8-7-21 states in part:

"Payments to beneficiaries and dependents from the 1937 fund shall be made upon a warrant of the unit's fiscal officer upon a verified schedule of beneficiaries and dependents and the amount payable to each. The schedule shall be prepared and verified by the secretary, signed by the president, and countersigned by the secretary of the local board. . . ."

FIRE PENSION SECRETARY BONDS

The following are crime bonds covering the position of Fire Pension Secretary:

Insurance Company: Houston Casualty Insurance
Policy Number: PKG90110271
Type of Coverage: Crime/Bonds
Term: 08-06-07 to 08-06-08
Amount of Coverage: \$500,000
Agency: Maverick Insurance, 126 West Main Street, New Albany, IN 47150

Insurance Company: Houston Casualty Insurance
Policy Number: PKG90110271
Type of Coverage: Crime/Bonds
Term: 08-06-08 to 08-06-09
Amount of Coverage: \$500,000
Agency: Maverick Insurance, 126 West Main Street, New Albany, IN 47150

Insurance Company: Houston Casualty Insurance
Policy Number: PKG80310163
Type of Coverage: Crime/Bonds
Term: 08-06-09 to 08-06-10
Amount of Coverage: \$500,000
Agency: Maverick Insurance, 126 West Main Street, New Albany, IN 47150

Each of the crime bonds has the following special provisions:

To whom it may concern the insured has crime coverage in the amount of \$500,000 to substitute for the required blanket bond to insure the faithful performance of all elected officials, employees, commission members and persons acting on behalf of Jeffersonville's Local Government.

***SUBSIDIARY TRUST FUND REGISTER DOES NOT AGREE
WITH CASH BOOK (Applies to City Court)***

The subsidiary Trust Fund Register did not agree to the balance in trust as shown by the Court Cash Book. As of April 30, 2011, the balance in trust as shown by the Court Cash Book had \$1,346.24 more than the Subsidiary Trust Register. The Court Cash Book was reconciled to the bank balance.

The total of all unpaid items as shown by the trust fund register must agree to the balance in trust as shown by the court cash book. (Accounting and Uniform Compliance Guidelines Manual for City and Town Courts, Chapter 1)

CITY OF JEFFERSONVILLE
AUDIT RESULT(S) AND COMMENT(S)
(Continued)

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 City and Town Courts, Chapter 4)

A similar comment was reported in prior Report B31275, B33749, and B35650.

UNCLAIMED MONEY OVER FIVE YEARS OLD (Applies to City Court)

The City Court is holding trust items that are over five years old totaling approximately \$79,720.

Indiana Code 32-34-1-20(c) states in part:

"Property that is held, issued, or owed in the ordinary course of a holder's business is presumed abandoned if the owner or apparent owner has not communicated in writing with the holder concerning the property or has not otherwise given an indication of interest in the property during the following times: . . . (6) For property or proceeds held by a court or a court clerk, five (5) years after the property or proceeds become distributable. The property or proceeds must be treated as unclaimed property under IC 32-34-3. . . ."

All items that can be legally disbursed should be paid immediately to the person or persons entitled thereto. All fees and funds five or more years old, including outstanding checks, should be scheduled on forms provided by the Attorney General and paid over to the Attorney General as required by IC 32-34-1-20(c)(6). Items should not be allowed to accumulate beyond the five year anniversary date. (Accounting and Uniform Compliance Guidelines Manual for City and Town Courts, Chapter 4)

We recommend that the Court review trust items held in trust and specifically identify those trust items that have become distributable.

A similar comment was reported in the prior Report B35650.

CONTRACTS (Applies to City Council)

Payments totaling \$30,000 were made to One Southern Indiana, a not-for-profit business association that serves as both a chamber of commerce and an economic development organization, during the year 2010 without a contract.

Payments made or received for contractual services should be supported by a written contract. Each governmental unit is responsible for complying with the provisions of its contracts. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Governmental funds should not be donated or given to other organizations, individuals, or governmental units unless specifically authorized by statute. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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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 JEFFERSONVILLE, CLARK COUNTY, INDIANA

Compliance

We have audited the compliance of the City of Jeffersonville (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 program(s) for the year ended December 31, 2010. The City's major federal program(s) 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 program(s) 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 program(s) for the year ended December 31, 2010.

Internal Control Over Compliance

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 and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

A deficiency in 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 and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

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

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

STATE BOARD OF ACCOUNTS

August 4, 2011

CITY OF JEFFERSONVILLE
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For The Year Ended December 31, 2010

| Federal Grantor Agency/Pass-Through Entity Cluster Title/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 Office of Community and Rural Affairs CDBG - State Administered CDBG Cluster Community Development Block Grants/State's Program Sanitary Sewer Extension - New Chapel Area Project | 14.228 | CF-08-213 | \$ 270,264 |
| Total for cluster | | | <u>270,264</u> |
| Direct grant Community Development Block Grants/Brownfields Economic Development Initiative Spring Street Improvement Project | 14.246 | B-05-SP-IN-0070 | 341 |
| Total for program | | | <u>341</u> |
| Total for federal grantor agency | | | <u>270,605</u> |
| <u>U.S. DEPARTMENT OF JUSTICE</u> | | | |
| Direct grant JAG Program Cluster Edward Byrne Memorial Justice Assistance Grant Program Jeffersonville-Clarksville-Clark County Communications and Technology Upgrade | 16.738 | 2009-DJ-BX-0997 | 16,503 |
| Pass-Through Indiana Criminal Justice Institute Drug Interdiction and Effective Community Policing | | 08(a)-DJ-015 | 18,165 |
| Total for program | | | <u>34,668</u> |
| Direct grant ARRA - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to Units of Local Government Jeffersonville-Clarksville-Clark County Law Enforcement Equipment Upgrade and Enhancement Project | 16.804 | 2009SBB91828 | 80,904 |
| Total for program | | | <u>80,904</u> |
| Total for cluster | | | <u>115,572</u> |
| Pass-Through Indiana Criminal Justice Institute Juvenile Accountability Block Grants Clark County Juvenile Justice Program Clark County Juvenile Justice Program Clark County Juvenile Justice Program | 16.523 | 06-JB-200 07-JB-005 08-JB-001 | 5,000 10,000 7,000 |
| Total for program | | | <u>22,000</u> |
| Total for federal grantor agency | | | <u>137,572</u> |
| <u>U.S. DEPARTMENT OF TRANSPORTATION</u> | | | |
| Pass-Through Indiana Department of Transportation Highway Planning and Construction Cluster Highway Planning and Construction Park and Ride Lot Design Project Hamburg Pike Rehabilitation | 20.205 | CM-9910(20) STP-C70004 | 9,465 262,584 |
| Total for cluster | | | <u>272,049</u> |
| Pass-Through Town of Sellersburg Highway Safety Cluster State and Community Highway Safety Clark County Traffic Safety Partnership | 20.600 | PT-10-04-04-36 | 9,175 |
| Pass-Through City of Charlestown Clark County Traffic Safety Partnership | | PT-11-04-04-37 | 1,500 |
| Total for program | | | <u>10,675</u> |
| Pass-Through Town of Sellersburg Highway Safety Cluster Alcohol Impaired Driving Countermeasures Incentive Grants I Clark County DUI Taskforce | 20.601 | K8-2010-03-03-05 | 6,409 |

The accompanying note(s) are an integral part of the Schedule of Expenditures of Federal Awards.

CITY OF JEFFERSONVILLE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended December 31, 2010
(Continued)

| Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title | Federal CFDA Number | Pass-Through Entity (or Other) Identifying Number | Total Federal Awards Expended |
|---|---------------------------|--|-------------------------------------|
| <u>U.S. DEPARTMENT OF TRANSPORTATION (continued)</u> | | | |
| Pass-Through City of Charlestown Clark County DUI Taskforce | | K8-2011-03-03-04 | 1,250 |
| Total for program | | | 7,659 |
| Total for cluster | | | 18,334 |
| Total for federal grantor agency | | | 290,383 |
| <u>U.S. ENVIRONMENTAL PROTECTION AGENCY</u> | | | |
| Direct grant | | | |
| Congressionally Mandated Projects Sewer Interceptor Project | 66.202 | XP-00E59301-0 | 110,800 |
| Total for program | | | 110,800 |
| Pass-Through American Lung Association of the Upper Midwest ARRA - National Clean Diesel Emissions Reduction Program Install Diesel Particulate Filters | 66.039 | EPA-ARRA-OAR-OTAQ-09-06 | 65,916 |
| Total for program | | | 65,916 |
| Pass-Through Indiana Finance Authority Capitalization Grants for Clean Water State Revolving Funds State Revolving Loan State Revolving Loan State Revolving Loan | 66.458 | WW06121002 WW06121003 WW06121004 | 64,440 34,402 44,615 |
| ARRA - Capitalization Grants for Clean Water State Revolving Funds State Revolving Loan | | WW06121003 | 600,000 |
| Total for program | | | 743,457 |
| Total for federal grantor agency | | | 920,173 |
| <u>U.S. DEPARTMENT OF HOMELAND SECURITY</u> | | | |
| Direct grant | | | |
| Assistance to Firefighters Grant Staffing for Adequate Fire and Emergency Response | 97.044 | EMW-2007-FF-00649 | 155,856 |
| Total for program | | | 155,856 |
| Pass-Through Indiana Department of Homeland Security Disaster Grants - Public Assistance (Presidentially Declared Disasters) Disaster #1828-DR (Ice Storm) | 97.036 | DR-1828 | 1,875 |
| Total for program | | | 1,875 |
| Total for federal grantor agency | | | 157,731 |
| Total federal awards expended | | | <u>\$ 1,776,464</u> |

The accompanying note(s) are an integral part of the Schedule of Expenditures of Federal Awards.

CITY OF JEFFERSONVILLE
NOTE(S) TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Jeffersonville (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.

Note 2. Subrecipients

Of the federal expenditures presented in the schedule, the City provided federal awards to subrecipients as follows for the year ended December 31, 2010:

| <u>Program Title</u> | <u>Federal CFDA Number</u> | <u>2010</u> |
|--------------------------------------|------------------------------------|-------------|
| Juvenile Accountability Block Grants | 16.523 | \$ 22,000 |

CITY OF JEFFERSONVILLE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statement(s):

| | |
|---|---------------|
| Type of auditor's report issued: | Unqualified |
| Internal control over financial reporting: | |
| Material weaknesses identified? | yes |
| Significant deficiency(ies) identified? | none reported |
| Noncompliance material to financial statements noted? | yes |

Federal Awards:

| | |
|--|---------------|
| Internal control over major programs: | |
| Material weaknesses identified? | no |
| Significant deficiency(ies) identified? | none reported |
| Type of auditor's report issued on compliance for major programs: | Unqualified |
| Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? | no |

Identification of Major Programs:

| CFDA Number | Name of Federal Program or Cluster |
|----------------|---|
| 66.458 | CDBG – State Administered CDBG 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

Section II – Financial Statement Findings

FINDING 2010-1 - CONDITION OF RECORDS

We noted the following internal control deficiencies related to the accounting and recording of financial activity:

1. Bank reconciliements were either not performed timely or not performed properly as noted below:
 - a. A manual check in the amount of \$246,794, dated April 16, 2010, was processed through the City's bank account in April. However, the check was not recorded on the accounting records until October.

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

The untimely recording of the manual check also contributed to a duplicate payment to the contractor. On June 16, 2010, a second check was issued to the same contractor for the same amount through the normal claim process. The duplicate payment was not discovered until October at which time the contractor was notified and refunded the overpayment on November 8, 2010.

If timely or properly performed reconcilements had been performed, the unrecorded check would have been identified in May when the April bank reconciliation should have been performed.

b. Check 11859 dated December 11, 2009, in the amount of \$62,999 was included on the City's outstanding checklist at December 31, 2010. However, it was subsequently discovered that this check had been voided and replaced by a second check dated December 17, 2009.

Failure to reconcile in a timely manner or to identify all reconciling items could cause errors to occur and go undetected for long periods of time.

Indiana Code 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 responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

2. The City receives distributions from the State of Indiana through an electronic transfer process (EFT) which deposits the distributions directly into the City's bank account. It is the City's responsibility to review the bank account in a timely manner and properly receipt into the records all EFT's received from the State. Several instances were noted where the EFT was received in the City's bank account but not receipted into the records for long periods of time as noted below:

a. An EFT dated January 22, 2010, in the amount of \$58,748, was not receipted into the records until May 26, 2010.

b. An EFT dated April 12, 2010, in the amount of \$144,963 was not receipted into the records until June 16, 2010.

The City transferred \$146,100 from the Wastewater Operating Fund to the Wastewater Bond and Interest Fund on May 7, 2010. The check used to make the transfer of funds was on the outstanding checklist at December 31, 2010. No evidence was presented for audit that a receipt was recorded for the transfer or that the transfer was deposited.

Failure to receipt monies to the records in a timely manner could result in improper reporting and an environment for the potential of fraud to occur and go undetected.

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

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

3. Checks written from November 13, 2009 to June 23, 2010, and totaling \$78,359 for construction retainage were not remitted to the contractor's escrow account but placed in a safe located in the Clerk-Treasurer's office. The checks should have been deposited in a separate retainage account because the contractor was not eligible to receive the retainage at the time the checks were written. The checks were voided on December 23, 2010, after a replacement check for \$78,359 was written to the contractor on November 7, 2010, when the contractor became eligible to receive the retainage.

Retaining written checks results in improper reporting of financial activity and could result in an environment for the potential of fraud to occur and go undetected.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

FINDING 2010-2 - REIMBURSEMENT REQUESTS NOT SUBMITTED TIMELY

The City has several construction projects in progress partially funded through grants with the Indiana Department of Transportation (INDOT). All of the grants are on a reimbursement basis which means that the cost is incurred by the City then reimbursement is requested from INDOT for these costs. The City has not established procedures to monitor grant reimbursement requests which could result in a loss of grant receipts and increased costs to the City from local sources. Costs incurred and unreimbursed for these projects are as follows:

| Project | Period Costs Were Incurred | Drawdowns Not Submitted as of March 16, 2011 | Notes |
|-----------------------------|----------------------------|---|-------|
| 10th Street Rehabilitation | 01-01-10 to 01-31-11 | \$ 163,074 | (1) |
| Hamburg Pike Rehabilitation | 03-01-09 to 06-23-10 | 676,858 | (2) |
| Park and Ride Lot | 06-29-09 to 09-27-09 | <u>15,267</u> | |
| Totals | | <u>\$ 855,199</u> | |

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

Notes to Schedule:

- (1) Reimbursements were requested by the City on March 16, 2011, after the unreimbursed costs were brought to the City's attention during the audit.
- (2) The City submitted fourteen reimbursement requests (vouchers) to INDOT totaling \$360,281 during February of 2010. All 14 vouchers were returned by INDOT instructing City officials to correct various errors and resubmit them for reimbursement. Corrected vouchers had not been submitted for the vouchers returned by INDOT and no vouchers had been submitted for the remaining costs as of March 16, 2011.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

It is recommended that the City established procedures to monitor grant related costs and to file reimbursement requests in a timely manner to reduce the risk of loss of grant receipts and increased costs to the City from local sources.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

CITY OF JEFFERSONVILLE
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.



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PEGGY WILDER
Clerk Treasurer

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July 25, 2011

Indiana State Board of Accounts
302 W. Washington St., Room E418
Indianapolis, IN 46204-2765

Re: 2010 City of Jeffersonville – Corrective Action Plan

Please accept this letter as the corrective action plan for the Section II audit findings noted in the 2010 audit report of the City of Jeffersonville. Our plan is as follows:

Finding 2010-1 – Condition of Records

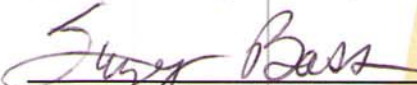
Contact Person: Suzy Bass
Title: Deputy Clerk-Treasurer
Phone Number: (812) 285-6422

1. Bank reconcilements will be performed in a timely manner with all reconciling items identified. We understand that timely reconcilements are necessary to avoid the occurrence of errors that may go undetected for long periods of time.
2. Distributions received from the State through an electronic transfer process (EFT) will be identified and receipted in a timely manner.
3. Voided checks will be corrected in the records and removed from the outstanding check list to avoid inaccurate reporting or the potential of fraud to occur and go undetected.

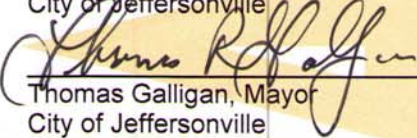
Finding 2010-2 – Reimbursement Requests Not Submitted Timely

Contact Person: Suzy Bass
Title: Deputy Clerk-Treasurer
Phone Number: (812) 285-6422

Reimbursable grant programs will be reviewed and any costs incurred remitted to the state for reimbursement. Procedures will be established to monitor grant reimbursement requests to avoid the potential loss of grant receipts and increased costs to the City from local sources.



Suzy Bass, Deputy Clerk-Treasurer
City of Jeffersonville



Thomas Galligan, Mayor
City of Jeffersonville

CITY OF JEFFERSONVILLE
EXIT CONFERENCE

The contents of this report were discussed on August 4, 2011, with Thomas R. Galligan, Mayor; and Nathan Samuel, former President of the Common Council. The officials concurred with our audit findings.

The contents of this report were discussed on August 4, 2011, with Barbara Hollis, First Deputy Clerk-Treasurer; Monica Harmon, Director of Finance; David Kaskie, Pension Board President/Fire Department Chief; Donald E. Johnson, Firefighters' Pension Secretary; Kenneth Pierce, Judge; and Jaime Miller, Court Clerk.

The contents of this report were discussed on August 4, 2011, with Suzy Bass, Chief Deputy Clerk-Treasurer. The Official Response has been made a part of this report and may be found on pages 56 and 57.

OFFICE OF THE CLERK TREASURER



PEGGY WILDER
Clerk Treasurer

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Response to Exit Conference August 4, 2011**1. Bank Reconcilements were not performed timely or not performed properly as noted...**

The Sewer reconciliation got a couple of months behind. There was one check for \$246,794 dated April that did not get posted until October, 2010. When I did the reconcilement I discovered a check for \$246,794 but was not posted to the ledger so I identified it on my reconciliation sheet. Umbaugh, an accounting firm from Indianapolis, had been hired by the Sewer Board to balance the General Ledger and they asked that we not post any adjustments until everything was identified by them so I carried it as a reconciling item. We did discover that this was a duplicate payment and was refunded by Mac Construction.

A check for \$62,999 was written in December, 2009 and carried as an outstanding item. It was discovered that this check had been lost by the vendor and a stop payment was put on it and reissued. The original lost check should have been voided but was carried as an outstanding (reconciling item). The check was actually disbursed on the ledger twice but never voided, though only one checks was sent to the vendor.

2. Two EFTs for Sewer were not receipted in for several months. This happened because many times we get EFT deposits and have no paper work to correspond to the deposit. We then have to research and wait for the bank to respond. These were carried as a reconciling item also until we were given the ok by Umbaugh to post them.

Another reconciling item for the Sewer funds was a transfer of \$146,100.00 - this check was inadvertently put in the safe instead of being deposited. When the check was discovered, it was deposited. This was only a transfer of funds between two accounts of the City so the money was always in one of our bank accounts.

3. Checks written from November 13, 2009 to June 23, 2010 totaling \$78,359 for construction retainage were not remitted to the contractor's escrow account but placed in the safe. The checks were written to the City and to the vendor and we did not know how to endorse and deposit these checks. The bank would not allow a deposit in our bank with someone else's name also as the vendor. We have a new system implemented to correct this.

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Reimbursement requests not submitted timely

The 10th St Rehabilitation for 163,074 has been received and the Hamburg Pike Rehabilitation for 676,858 will be received by August 15, 2011 according to INDOT. The Park and Ride we are in contact with INDOT to resolve. Several of the invoices were returned by INDOT because the address was still listed as 501 E. Court Ave and invoices had to be paid in order.

Retainage on Construction Contracts

We now have a separate fund for retainage.

Appropriations over expended

The LRS and Sanitation over spent their approved budgets. Unanticipated cash was received and the report of collections that were sent to the Clerk Treasurer's office instructed us to post additional appropriations. Therefore, the accounts did not show over spent (in the red) when we posted claims. They should not have been posted.

Overdrawn funds

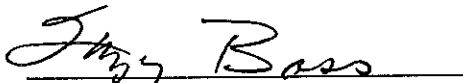
Both funds have been corrected and are no longer overdrawn.

Surviving Spouse benefits

The City Council will ratify the payments to the Firefighters Pension widows be paid at 50% of Base pay by ordinance.

Overpayment of pension benefits

The City Attorney will send a letter to Leah James asking for a refund of the overpayment.


Suzy Bass

Chief Deputy Clerk Treasurer