

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

CITY OF ALEXANDRIA

MADISON COUNTY, INDIANA

January 1, 2011 to December 31, 2011



FILED
09/19/2012

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Janet M. Lynch	01-01-08 to 12-31-15
Mayor	Honorable John D. Woods	01-01-08 to 12-31-15
President of the Board of Public Works and Safety	Honorable John D. Woods	01-01-11 to 12-31-12
President of the Common Council	Carol Walker Pamuela Luck	01-01-11 to 12-31-11 01-01-12 to 12-31-12
Superintendent of Water Utility	Mark Caldwell	01-01-11 to 12-31-12
Superintendent of Wastewater Utility	Roger D. Thomas	01-01-11 to 12-31-12



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE CITY OF ALEXANDRIA, MADISON COUNTY, INDIANA

We have audited the accompanying financial statement of the City of Alexandria (City), for the year ended December 31, 2011. This financial statement is the responsibility of the City's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit 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. 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.

As discussed in Note 1, the City prepares its financial statement 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.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the City for the year ended December 31, 2011, on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued a report dated August 9, 2012, 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. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other reports used to prepare the financial statement. The information has been subjected to

INDEPENDENT AUDITOR'S REPORT
(Continued)

the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards, is fairly stated, in all material respects, in relation to the financial statement taken as a whole.

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

This report is intended solely for the information and use of the City's management, Common Council, others within the entity, 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 9, 2012



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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENT
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

TO: THE OFFICIALS OF THE CITY OF ALEXANDRIA, MADISON COUNTY, INDIANA

We have audited the financial statement of the City of Alexandria (City), for the year ended December 31, 2011, and have issued our report thereon dated August 9, 2012. 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

Management of the City is responsible for establishing and maintaining effective 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 on the financial statement, 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 will not be prevented or detected and corrected on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as item 2011-1 to be material weaknesses.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statement 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 did not disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

The City's response to the findings identified in our audit is described in the accompanying section of the report entitled 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, others within the entity, 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 9, 2012

FINANCIAL STATEMENT

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

CITY OF ALEXANDRIA
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For The Year Ended December 31, 2011

Fund	Cash and Investments 01-01-11	Receipts	Disbursements	Cash and Investments 12-31-11
General	\$ 1,044,598	\$ 2,649,453	\$ 2,637,383	\$ 1,056,668
MVH	423,138	483,877	379,928	527,087
Local Road and Street	276,620	51,849	286,797	41,672
Trash Fund	9,059	204,880	217,732	(3,793)
Local Police Con't. Education	2,490	4,578	6,681	387
Clerk's Document Fees	1,123	1,161	1,856	428
Riverboat Wagering Tax Revenue	39,356	39,175	-	78,531
Park	106,681	111,664	117,000	101,345
User Fee Law Enf. Con't. Ed. Fund	14,012	2,150	1,627	14,535
Hazardous Waste Clean-Up	12,686	6,462	9,632	9,516
Rainy Day Fund	24,051	20	20,000	4,071
Police K-9 Donation Fund	2,888	1,508	925	3,471
Levy Excess	6,185	-	-	6,185
Community Foundation Als Grant	5	-	-	5
Econ. Dev. Food & Beverage	162,527	-	52,637	109,890
Slot Machine Wagering	-	101,225	-	101,225
Cumulative Capital Improvement	17,485	17,977	9,815	25,647
Cumulative Capital Development	51,850	26,564	23,793	54,621
Relevel Non-Rev	-	118,312	93,764	24,548
Police Equipment Donation	6,077	11,394	2,966	14,505
Economic Dev. Project (Edit)	318	1,917	-	2,235
Defib Donation (05)	9	4,975	4,975	9
Storm Water Management	330,107	211,297	300,658	240,746
Alexandria Insurance	17,178	704,551	706,237	15,492
Police Pension	182,285	220,182	206,749	195,718
Fire Pension	148,886	121,809	155,808	114,887
City Court Fees Due County	5,723	10,839	12,969	3,593
Interpreter Grant	-	720	-	720
Orestes Court Ordinance Fees	293	145	293	145
Summitville O V Fines	670	1,210	670	1,210
Probation Department	23,151	88,702	92,883	18,970
Aggressive Driving Grant	89	-	-	89
Drug Recovery Funds	1,171	-	-	1,171
Ambulance Donation	1,469	240	-	1,709
Fire & Rescue Donation	519	150	-	669
Court Equipment Donation	149	-	-	149
A L S Donation Fund	135	-	-	135
Fema Buy-Out Project (05)	2,303	-	-	2,303
Fema Fire Grant 2004/2009	1,866	-	1,576	290
Police Vest (DOJ) Grant	-	1,570	-	1,570
1999 State Fire Grant	410	-	-	410
Fire Non-Revert Fund	206,735	249,456	166,929	289,262
Unknown Grant	3,108	-	-	3,108
Fire Copy	190	60	68	182
St. Farm Safe Neighbors Grant	189	-	-	189

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

CITY OF ALEXANDRIA
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For The Year Ended December 31, 2011
(Continued)

Fund	Cash and Investments 01-01-11	Receipts	Disbursements	Cash and Investments 12-31-11
Rehab (113 N Harrison St)	6,608	-	6,608	-
Emery Lee Bldg. Donation Fund	698	-	-	698
Kennedy Enterprises Grant	-	4,250	4,250	-
Kleenco Inc. Grant	-	4,250	4,250	-
Lincoln Heights Project	17	-	-	17
Downtown Facade Grant	-	35,000	35,000	-
Feasibility Study Grant	2,000	-	2,000	-
Harrison Street Stimulus	24,000	-	24,000	-
Chamber Econ. Dev. Grant	1,415	-	-	1,415
Federal Cops Grant	760	-	-	760
Yard Waste Management Grant 97	253	-	157	96
Police Pull-Over Grant	98	334	434	(2)
Donations Fund	747	250	800	197
Animal Shelter Donation Fund	231	-	-	231
Pol.Car Restoration Donation	1,775	-	317	1,458
Dive Team Donation	1,765	-	-	1,765
Bike Donation	671	-	100	571
Ordinance Violations Fund	5,178	5,756	-	10,934
Harrison St.Tree Donation Proj	8,997	-	470	8,527
Tax Abatement	85	-	-	85
COIT Public Safety Fund	13,875	183,619	86,067	111,427
Court Non-Revert Fund	2,283	16,217	10,431	8,069
Alex Reserve Police Non-Revert	1,428	50	-	1,478
Animal Control Non-Revert	450	546	30	966
Mayor's Youth Commission	81	-	-	81
Park Tree Fund	1,329	670	1,880	119
Park Non-Reverting Operating	4,843	3,226	3,418	4,651
Payroll	23,919	2,588,975	2,586,313	26,581
Emery Lee Security Deposits	845	5,132	5,050	927
Pool Non-Revert Fund	1,120	-	-	1,120
Redevelopment Donation Fund	9,121	921	7,161	2,881
Park Donation	1,177	-	1,000	177
Court - Unidentified	19,894	4	13,559	6,339
Court - Computerized	66,918	218,962	250,184	35,696
SRF Sewage Construction	359,476	273	40,552	319,197
Sewage Operating	115,672	1,157,344	1,165,314	107,702
Sewage Works Sinking	186,418	366,666	549,733	3,351
Sewage Cash Reserve	210,635	72,686	114	283,207
SRF Water Tower Grant	-	567,119	567,119	-
Water Operating	263,322	591,462	503,522	351,262
Water Meter Deposit	84,900	17,405	13,165	89,140
Totals	<u>\$ 4,550,788</u>	<u>\$ 11,291,189</u>	<u>\$ 11,395,349</u>	<u>\$ 4,446,628</u>

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

CITY OF ALEXANDRIA
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

B. Basis of Accounting

The financial statement is reported on a regulatory basis of accounting prescribed by the 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 statement. The aggregate receipts include the following sources:

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

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

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,

CITY OF ALEXANDRIA
NOTES TO FINANCIAL STATEMENT
(Continued)

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, but also include penalties for late payments.

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

E. Disbursements

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

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

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

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

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

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

CITY OF ALEXANDRIA
NOTES TO FINANCIAL STATEMENT
(Continued)

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 ALEXANDRIA
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 4. Deposits and Investments

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

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

Note 5. Risk Management

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

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

Note 6. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

The Indiana Public Employees' Retirement Fund (PERF) is a defined benefit pension plan. PERF is 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 Indiana Public Retirement System (INPRS) Board, most requirements of the system, and give the City authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3 percent of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

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

Indiana Public Retirement System
1 North Capital Street, Suite 001
Indianapolis, IN 46204
Ph. (888) 526-1687

CITY OF ALEXANDRIA
NOTES TO FINANCIAL STATEMENT
(Continued)

Funding Policy and Annual Pension Cost

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

B. 1925 Police Officers' Pension Plan

Plan Description

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

Funding Policy

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

On Behalf Payments

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

C. 1937 Firefighters' Pension Plan

Plan Description

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

Funding Policy

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

On Behalf Payments

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

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

Plan Description

The 1977 Police Officers' and Firefighters' Pension and Disability Fund is a cost-sharing multiple-employer defined benefit pension plan administered by the Indiana Public Retirement System (INPRS) for all police officers and firefighters hired after April 30, 1977.

State statute (IC 36-8-8) regulates the operations of the system, including benefits, vesting, and requirements for contributions by employers and by employees. Covered employees may retire at age 52 with 20 years of service. An employee with 20 years of service may leave service, but will not receive benefits until reaching age 52. The plan also provides for death and disability benefits.

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

Indiana Public Retirement System
1 North Capital Street, Suite 001
Indianapolis, IN 46204
Ph. (888) 526-1687

Funding Policy

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

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SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the City's 2011 Annual Report information can be found on the Gateway website: <https://gateway.ifionline.org/>.

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

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

CITY OF ALEXANDRIA
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011

	General	MVH	Local Road and Street	Trash Fund	Local Police Con't. Education	Clerk's Document Fees	Riverboat Wagering Tax Revenue
Cash and investments - beginning	\$ 1,044,598	\$ 423,138	\$ 276,620	\$ 9,059	\$ 2,490	\$ 1,123	\$ 39,356
Receipts:							
Taxes	1,455,380	182,417	-	-	-	-	-
Licenses and permits	40,140	-	-	-	-	-	-
Intergovernmental	928,151	296,546	51,849	-	-	-	39,175
Charges for services	176,315	2,611	-	204,880	-	-	-
Fines and forfeits	20,272	-	-	-	4,578	1,161	-
Utility fees	-	-	-	-	-	-	-
Other receipts	29,195	2,303	-	-	-	-	-
Total receipts	<u>2,649,453</u>	<u>483,877</u>	<u>51,849</u>	<u>204,880</u>	<u>4,578</u>	<u>1,161</u>	<u>39,175</u>
Disbursements:							
Personal services	2,201,892	201,141	-	-	-	-	-
Supplies	118,150	63,052	-	-	2,085	-	-
Other services and charges	280,442	84,177	286,797	217,732	3,367	1,335	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	36,899	31,558	-	-	1,229	521	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	<u>2,637,383</u>	<u>379,928</u>	<u>286,797</u>	<u>217,732</u>	<u>6,681</u>	<u>1,856</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>12,070</u>	<u>103,949</u>	<u>(234,948)</u>	<u>(12,852)</u>	<u>(2,103)</u>	<u>(695)</u>	<u>39,175</u>
Cash and investments - ending	<u>\$ 1,056,668</u>	<u>\$ 527,087</u>	<u>\$ 41,672</u>	<u>\$ (3,793)</u>	<u>\$ 387</u>	<u>\$ 428</u>	<u>\$ 78,531</u>

CITY OF ALEXANDRIA
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011
 (Continued)

	Park	User Fee Law Enf. Cont. Ed. Fund	Hazardous Waste Clean-Up	Rainy Day Fund	Police K-9 Donation Fund	Levy Excess	Community Foundation ALS Grant
Cash and investments - beginning	\$ 106,681	\$ 14,012	\$ 12,686	\$ 24,051	\$ 2,888	\$ 6,185	\$ 5
Receipts:							
Taxes	69,786	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	5,501	-	-	-	-	-	-
Charges for services	26,386	-	-	-	-	-	-
Fines and forfeits	-	2,150	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	9,991	-	6,462	20	1,508	-	-
Total receipts	<u>111,664</u>	<u>2,150</u>	<u>6,462</u>	<u>20</u>	<u>1,508</u>	<u>-</u>	<u>-</u>
Disbursements:							
Personal services	41,715	-	-	-	-	-	-
Supplies	14,480	-	9,632	-	-	-	-
Other services and charges	49,388	1,627	-	-	925	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	11,417	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	20,000	-	-	-
Total disbursements	<u>117,000</u>	<u>1,627</u>	<u>9,632</u>	<u>20,000</u>	<u>925</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(5,336)</u>	<u>523</u>	<u>(3,170)</u>	<u>(19,980)</u>	<u>583</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ 101,345</u>	<u>\$ 14,535</u>	<u>\$ 9,516</u>	<u>\$ 4,071</u>	<u>\$ 3,471</u>	<u>\$ 6,185</u>	<u>\$ 5</u>

CITY OF ALEXANDRIA
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011
 (Continued)

	Econ. Dev. Food & Beverage	Slot Machine Wagering	Cumulative Capital Improvement	Cumulative Capital Development	Re devel Non-Rev	Police Equipment Donation	Economic Dev. Project (Edit)
Cash and investments - beginning	\$ 162,527	\$ -	\$ 17,485	\$ 51,850	\$ -	\$ 6,077	\$ 318
Receipts:							
Taxes	-	-	-	24,083	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	101,225	17,977	2,365	-	-	1,917
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	-	-	116	118,312	11,394	-
Total receipts	<u>-</u>	<u>101,225</u>	<u>17,977</u>	<u>26,564</u>	<u>118,312</u>	<u>11,394</u>	<u>1,917</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	837	-	-	-	826	-	-
Other services and charges	37,281	-	-	-	84,869	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	14,519	-	9,815	-	8,069	2,966	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	23,793	-	-	-
Total disbursements	<u>52,637</u>	<u>-</u>	<u>9,815</u>	<u>23,793</u>	<u>93,764</u>	<u>2,966</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(52,637)</u>	<u>101,225</u>	<u>8,162</u>	<u>2,771</u>	<u>24,548</u>	<u>8,428</u>	<u>1,917</u>
Cash and investments - ending	<u>\$ 109,890</u>	<u>\$ 101,225</u>	<u>\$ 25,647</u>	<u>\$ 54,621</u>	<u>\$ 24,548</u>	<u>\$ 14,505</u>	<u>\$ 2,235</u>

CITY OF ALEXANDRIA
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011
 (Continued)

	Defib Donation (05)	Storm Water Management	Alexandria Insurance	Police Pension	Fire Pension	City Court Fees Due County	Interpreter Grant
Cash and investments - beginning	\$ 9	\$ 330,107	\$ 17,178	\$ 182,285	\$ 148,886	\$ 5,723	\$ -
Receipts:							
Taxes	-	192,053	-	16,666	16,666	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	19,244	-	203,136	104,863	-	-
Charges for services	-	-	-	-	-	-	720
Fines and forfeits	-	-	-	-	-	10,839	-
Utility fees	-	-	-	-	-	-	-
Other receipts	4,975	-	704,551	380	280	-	-
Total receipts	4,975	211,297	704,551	220,182	121,809	10,839	720
Disbursements:							
Personal services	-	104,104	-	206,671	155,719	-	-
Supplies	-	21,485	-	23	23	-	-
Other services and charges	-	129,105	706,237	55	66	12,969	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	4,975	45,964	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	4,975	300,658	706,237	206,749	155,808	12,969	-
Excess (deficiency) of receipts over disbursements	-	(89,361)	(1,686)	13,433	(33,999)	(2,130)	720
Cash and investments - ending	\$ 9	\$ 240,746	\$ 15,492	\$ 195,718	\$ 114,887	\$ 3,593	\$ 720

CITY OF ALEXANDRIA
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011
 (Continued)

	Orestes Court Ordinance Fees	Summitville OV Fines	Probation Department	Aggressive Driving Grant	Drug Recovery Funds	Ambulance Donation	Fire & Rescue Donation
Cash and investments - beginning	\$ 293	\$ 670	\$ 23,151	\$ 89	\$ 1,171	\$ 1,469	\$ 519
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	145	1,210	88,702	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	240	150
Total receipts	<u>145</u>	<u>1,210</u>	<u>88,702</u>	<u>-</u>	<u>-</u>	<u>240</u>	<u>150</u>
Disbursements:							
Personal services	-	-	41,843	-	-	-	-
Supplies	-	-	3,186	-	-	-	-
Other services and charges	-	-	47,854	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	293	670	-	-	-	-	-
Total disbursements	<u>293</u>	<u>670</u>	<u>92,883</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(148)</u>	<u>540</u>	<u>(4,181)</u>	<u>-</u>	<u>-</u>	<u>240</u>	<u>150</u>
Cash and investments - ending	<u>\$ 145</u>	<u>\$ 1,210</u>	<u>\$ 18,970</u>	<u>\$ 89</u>	<u>\$ 1,171</u>	<u>\$ 1,709</u>	<u>\$ 669</u>

CITY OF ALEXANDRIA
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011
 (Continued)

	Court Equipment Donation	A L S Donation Fund	Fema Buy-Out Project (05)	Fema Fire Grant 2004/2009	Police Vest DOJ Grant	1999 State Fire Grant	Fire Non-Revert Fund
Cash and investments - beginning	\$ 149	\$ 135	\$ 2,303	\$ 1,866	\$ -	\$ 410	\$ 206,735
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	249,456
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	-	-	-	1,570	-	-
Total receipts	-	-	-	-	1,570	-	249,456
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	35,830
Other services and charges	-	-	-	1,576	-	-	52,151
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	69,679
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	9,269
Total disbursements	-	-	-	1,576	-	-	166,929
Excess (deficiency) of receipts over disbursements	-	-	-	(1,576)	1,570	-	82,527
Cash and investments - ending	\$ 149	\$ 135	\$ 2,303	\$ 290	\$ 1,570	\$ 410	\$ 289,262

CITY OF ALEXANDRIA
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011
 (Continued)

	Unknown Grant	Fire Copy	St. Farm Safe Neighbors Grant	Rehab (113 N Harrison St)	Emery Lee Bldg. Donation Fund	Kennedy Enterprises Grant	Kleenco Inc. Grant
Cash and investments - beginning	\$ 3,108	\$ 190	\$ 189	\$ 6,608	\$ 698	\$ -	\$ -
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	60	-	-	-	-	4,250
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	4,250	-
Total receipts	-	60	-	-	-	4,250	4,250
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	68	-	-	-	-	-
Other services and charges	-	-	-	6,608	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	4,250	4,250
Total disbursements	-	68	-	6,608	-	4,250	4,250
Excess (deficiency) of receipts over disbursements	-	(8)	-	(6,608)	-	-	-
Cash and investments - ending	\$ 3,108	\$ 182	\$ 189	\$ -	\$ 698	\$ -	\$ -

CITY OF ALEXANDRIA
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011
 (Continued)

	Lincoln Heights Project	Downtown Facade Grant	Feasibility Study Grant	Harrison Street Stimulus	Chamber Econ. Dev. Grant	Federal Cops Grant	Yard Waste Management Grant 97
Cash and investments - beginning	\$ 17	\$ -	\$ 2,000	\$ 24,000	\$ 1,415	\$ 760	\$ 253
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	35,000	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	-	35,000	-	-	-	-	-
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	35,000	2,000	-	-	-	157
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	24,000	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	-	35,000	2,000	24,000	-	-	157
Excess (deficiency) of receipts over disbursements	-	-	(2,000)	(24,000)	-	-	(157)
Cash and investments - ending	\$ 17	\$ -	\$ -	\$ -	\$ 1,415	\$ 760	\$ 96

CITY OF ALEXANDRIA
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011
 (Continued)

	Police Pull-Over Grant	Donations Fund	Animal Shelter Donation Fund	Pol.Car Restoration Donation	Dive Team Donation	Bike Donation	Ordinance Violations Fund
Cash and investments - beginning	\$ 98	\$ 747	\$ 231	\$ 1,775	\$ 1,765	\$ 671	\$ 5,178
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	5,756
Utility fees	-	-	-	-	-	-	-
Other receipts	334	250	-	-	-	-	-
Total receipts	334	250	-	-	-	-	5,756
Disbursements:							
Personal services	434	-	-	-	-	-	-
Supplies	-	-	-	317	-	-	-
Other services and charges	-	800	-	-	-	100	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	434	800	-	317	-	100	-
Excess (deficiency) of receipts over disbursements	(100)	(550)	-	(317)	-	(100)	5,756
Cash and investments - ending	\$ (2)	\$ 197	\$ 231	\$ 1,458	\$ 1,765	\$ 571	\$ 10,934

CITY OF ALEXANDRIA
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011
 (Continued)

	Harrison St. Tree Donation Proj	Tax Abatement	COIT Public Safety Fund	Court Non-Revert Fund	Alex Reserve Police Non-Revert	Animal Control Non-Revert
Cash and investments - beginning	\$ 8,997	\$ 85	\$ 13,875	\$ 2,283	\$ 1,428	\$ 450
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	183,619	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	16,217	-	-
Utility fees	-	-	-	-	-	-
Other receipts	-	-	-	-	50	546
Total receipts	-	-	183,619	16,217	50	546
Disbursements:						
Personal services	-	-	86,067	195	-	-
Supplies	-	-	-	2,270	-	30
Other services and charges	-	-	-	5,328	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	470	-	-	2,638	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	470	-	86,067	10,431	-	30
Excess (deficiency) of receipts over disbursements	(470)	-	97,552	5,786	50	516
Cash and investments - ending	\$ 8,527	\$ 85	\$ 111,427	\$ 8,069	\$ 1,478	\$ 966

CITY OF ALEXANDRIA
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011
 (Continued)

	Mayor's Youth Commission	Park Tree Fund	Park Non-Reverting Operating	Payroll	Emery Lee Security Deposits	Pool Non-Revert Fund
Cash and investments - beginning	\$ 81	\$ 1,329	\$ 4,843	\$ 23,919	\$ 845	\$ 1,120
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	3,226	-	5,132	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	-	670	-	2,588,975	-	-
Total receipts	-	670	3,226	2,588,975	5,132	-
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	1,880	3,418	-	5,050	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	2,586,313	-	-
Total disbursements	-	1,880	3,418	2,586,313	5,050	-
Excess (deficiency) of receipts over disbursements	-	(1,210)	(192)	2,662	82	-
Cash and investments - ending	\$ 81	\$ 119	\$ 4,651	\$ 26,581	\$ 927	\$ 1,120

CITY OF ALEXANDRIA
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011
 (Continued)

	Redevelopment Donation Fund	Park Donation	Court - Unidentified	Court - Computerized	SRF Sewage Construction	Sewage Operating
Cash and investments - beginning	\$ 9,121	\$ 1,177	\$ 19,894	\$ 66,918	\$ 359,476	\$ 115,672
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	218,941	-	-
Utility fees	-	-	-	-	-	1,157,344
Other receipts	921	-	4	21	273	-
Total receipts	921	-	4	218,962	273	1,157,344
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	848	-	-	-	-	-
Other services and charges	6,313	-	-	211	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	1,000	-	-	40,552	43,804
Utility operating expenses	-	-	-	-	-	666,272
Other disbursements	-	-	13,559	249,973	-	455,238
Total disbursements	7,161	1,000	13,559	250,184	40,552	1,165,314
Excess (deficiency) of receipts over disbursements	(6,240)	(1,000)	(13,555)	(31,222)	(40,279)	(7,970)
Cash and investments - ending	\$ 2,881	\$ 177	\$ 6,339	\$ 35,696	\$ 319,197	\$ 107,702

CITY OF ALEXANDRIA
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011
 (Continued)

	Sewage Works Sinking	Sewage Cash Reserve	SRF Water Tower Grant	Water Operating	Water Meter Deposit	Totals
Cash and investments - beginning	\$ 186,418	\$ 210,635	\$ -	\$ 263,322	\$ 84,900	\$ 4,550,788
Receipts:						
Taxes	-	-	-	-	-	1,957,051
Licenses and permits	-	-	-	-	-	40,140
Intergovernmental	-	-	-	-	-	1,955,568
Charges for services	-	-	-	-	-	708,036
Fines and forfeits	-	-	-	-	-	369,971
Utility fees	-	-	-	591,462	17,405	1,766,211
Other receipts	366,666	72,686	567,119	-	-	4,494,212
Total receipts	366,666	72,686	567,119	591,462	17,405	11,291,189
Disbursements:						
Personal services	-	-	-	-	-	3,039,781
Supplies	-	-	-	-	-	273,142
Other services and charges	-	-	-	-	-	2,064,818
Debt service - principal and interest	548,297	-	-	-	-	548,297
Capital outlay	-	-	567,119	29,814	-	947,008
Utility operating expenses	-	-	-	433,720	13,165	1,113,157
Other disbursements	1,436	114	-	39,988	-	3,409,146
Total disbursements	549,733	114	567,119	503,522	13,165	11,395,349
Excess (deficiency) of receipts over disbursements	(183,067)	72,572	-	87,940	4,240	(104,160)
Cash and investments - ending	\$ 3,351	\$ 283,207	\$ -	\$ 351,262	\$ 89,140	\$ 4,446,628

CITY OF ALEXANDRIA
 SCHEDULE OF PAYABLES AND RECEIVABLES
 December 31, 2011

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	\$ 226,242	\$ 61,891
Wastewater	17,931	31,199
Water	<u>17,403</u>	<u>30,161</u>
Totals	<u>\$ 261,576</u>	<u>\$ 123,251</u>

CITY OF ALEXANDRIA
SCHEDULE OF LEASES AND DEBT
December 31, 2011

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Mainsource Bank	Purchase of New Ambulance	\$ 23,793		
Huntington Bank	Purchase of Vactor Truck	<u>51,619</u>	11-30-10	06-10-15
Total of annual lease payments		<u>\$ 75,412</u>		
Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year	
Wastewater: Revenue bonds	Upgrade WWTP	<u>\$ 4,913,000</u>	<u>\$ 182,894</u>	

CITY OF ALEXANDRIA
OTHER REPORT

The annual report presented herein was prepared in addition to another official report prepared for the individual City office listed below:

City Court

CITY OF ALEXANDRIA
AUDIT RESULTS AND COMMENTS

INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

We identified several deficiencies in the internal control system of the City related to financial transactions and reporting that were considered to be material weaknesses. The City had State Revolving Fund (SRF) Loans related to wastewater improvements which required funds to be deposited into separate bank accounts for debt service obligations, debt reserve requirements, and construction. The City only recorded interest on the SRF bank accounts for 2011 in the financial records. Other receipts, disbursements, and cash balances related to the SRF funds were not recorded in the financial records or the original financial statement of the City. Therefore the cash balances presented in the financial statement were incorrect. Additionally, bank reconciliations were not performed for the SRF bank accounts.

In addition to the SRF accounts, the city court maintained separate bank accounts for court monies. The court also maintained separate financial records for receipts, disbursements, and cash balances of the court and performed bank reconciliations of those funds. The original financial statement did not include the transactions and cash balances of the city court.

A similar comment appeared in prior Report B39740.

The receipts, disbursements, and cash balances noted above were material to the financial statement and required adjustments which were requested and approved by management.

All financial transactions pertaining to the governmental unit should be recorded in the records of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

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)

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

CELLULAR PHONE USAGE AND CHARGES

Usage charges were incurred and paid by the City for the use of cellular phones. The usage charges were in addition to the normal monthly cellular phone bill and did not have adequate documentation, such as phone usage logs, to support that the charges were for purposes related to City business. Usage charges included fees for texting and data (internet) usage. Usage charges incurred by one employee, totaling \$222 for the year, were reimbursed by that employee during the year. Other usage charges incurred, totaling \$1,109, were paid by the City and were not reimbursed. Charges were also incurred and paid for an iPhone for the Judge in the amount of \$199. The cost of the iPhone also was not reimbursed and the Judge was not required to return the iPhone at the end of employment. We instructed the City to seek reimbursement or return of the iPhone from the former Judge.

CITY OF ALEXANDRIA
AUDIT RESULTS AND COMMENTS
(Continued)

In addition to usage charges, there was one cellular phone on the City's plan that was issued and used by an individual that was not a City employee. Monthly plan charges, totaling \$252, were incurred for this individual's cellular phone and paid for by the City. Of those charges incurred and paid by the City, \$188 was reimbursed by the spouse of that individual who is a City employee. Payment for the remaining \$64 owed for 2011 was requested and received on July 31, 2012.

The City did not have a policy regarding the usage of cellular phones and allowable charges.

Assets of the governmental unit may not be used in a manner unrelated to the functions and purposes of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Every effort should be made by the governmental unit to avoid unreasonable or excessive costs. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

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)

HYDRANT RENTAL RECEIVABLE (PAYABLE)

The Water Utility established Rate Ordinance 1485, passed on September 6, 2005, which set a municipal hydrant rate of \$405.35 per hydrant per annum. The City did not pay their share of the public hydrant rental due for 2011. The City charges a flat fee to customers for a portion of the public hydrants and the amount paid by customers is deducted from the total amount owed by the City. The amount of hydrant rental due for 2011 had not been calculated; therefore the amount owed by the City was not available. As of July 31, 2012, hydrant rental due for 2011 had not been paid. A similar comment appeared in prior Report 39740.

Each governmental unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

COMPENSATION AND BENEFITS

The benefit amounts for retirees and surviving spouses/dependents for the Police and Fire Pensions were not calculated properly for 2011. As a result, benefits were underpaid for the year by an average of \$30 per pensioner. The pension benefits were properly calculated for January through June. Raises were given to employees in July of 2011. The First Class Firefighters and Police Officer's salaries were increased by 1 percent. However the amounts paid to pensioners after July 1 did not reflect a 1 percent increase. Officials were not able to provide documentation to support the amount calculated for benefits after July 1.

In addition to the errors noted above, another pensioner was underpaid due to a data entry error. The last two numbers in the pensioner's monthly pay were transposed when entering the pay into the computerized payroll system. This entry error caused the pensioner to be underpaid each month by \$50, which resulted in an underpayment of \$600 for 2011.

Each governmental unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

CITY OF ALEXANDRIA
AUDIT RESULTS AND COMMENTS
(Continued)

OVERDRAWN FUND BALANCES

The Trash Fund was overdrawn by \$3,793 at December 31, 2011.

The fund 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)

APPROPRIATIONS

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

Fund	Excess Amount Expended
Local Road and Street	\$ 144,902
Storm Water Management	12,559
Cumulative Capital Improvement	2,158
Cumulative Capital Development	17,010

A similar comment appeared in prior Report 39740.

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."

CAPITAL ASSET RECORDS

The City capital asset records presented for audit were inaccurate. A summary of capital asset balances for December 31, 2011 was presented, but did not reflect adjustments for the errors identified in the prior examination. The prior audit indicated that the capital asset records did not include any land and did not include all buildings owned by the City. The buildings category only included three buildings at the street department valued at \$204,462 and eleven wastewater utility lift stations valued at \$2,750,000. The City owns other buildings, such as, city hall, police station, fire station, park structures, water plant structures, and wastewater plant structures that were not included in the capital assets records. Other omissions included, but were not limited to, a 2008 Ambulance for \$105,700 and park improvements including playground equipment. In addition to the omissions noted, assets were not valued at actual cost and did not reflect an accurate purchase or acquisition date. The capital assets records also included several machinery and equipment items that were below the capital asset threshold of \$750 established by the City's capital asset policy. The capital asset summary for December 31, 2011 indicates an increase in "Infrastructure" of \$1,000,000 and "Machinery and Equipment" of \$210,007 from the December 31, 2010 summary. However, details to support those changes were not provided and did not indicate that any of the errors noted in the prior examination had been corrected.

During 2011, a federally funded water tower construction project of at least \$567,119 was in progress and did not appear to be included in the capital asset records.

CITY OF ALEXANDRIA
AUDIT RESULTS AND COMMENTS
(Continued)

A similar comment appeared in prior Report B39740.

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

CONFLICT OF INTEREST

A City Council member, who also served as a part time economic development director was also paid by contract to provide website maintenance services. These website management services totaled \$1,800 for 2011. A Uniform Conflict of Interest Disclosure Statement was not filed.

Indiana Code 35-44-1-3 states in part:

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

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

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

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

(k) As used in this section, 'dependent' means any of the following: (1) The spouse of a public servant. (2) A child, stepchild, or adoptee (as defined in IC 31-9-2-2) of a public servant who is: (A) unemancipated; and (B) less than eighteen (18) years of age. (3) Any individual more than one-half (1/2) of whose support is provided during a year by the public servant."

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

TO: THE OFFICIALS OF THE CITY OF ALEXANDRIA, MADISON COUNTY, INDIANA

Compliance

We have audited City of Alexandria's (City) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on its major federal program for the year ended December 31, 2011. The City's major federal program is 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 its major federal program 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 could have a direct and material effect on its major federal program for the year ended December 31, 2011. However the results of our auditing procedures disclosed instances of noncompliance with those requirements which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2011-2 and 2011-3.

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 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 THAT
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133
(Continued)

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies, or material weaknesses and therefore, there is no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

A deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2011-2 and 2011-3 to be material weaknesses.

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

This report is intended solely for the information and use of the City's management, Common Council, others within the entity, 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 9, 2012

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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

CITY OF ALEXANDRIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended December 31, 2011

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 and			
Non-Entitlement Grants in Hawaii	14.228		
Disaster Recovery		DR2-09-137	\$ 567,119
Hiring Grant		DR-09-030	8,500
Downtown Façade		DL-09-034	<u>35,000</u>
Total for cluster, program and federal grantor agency			<u>610,619</u>
<u>U.S. DEPARTMENT OF JUSTICE</u>			
Pass-Through Indiana Criminal Justice Institute			
Justice Assistance Grant (JAG) Program Cluster			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	09-DJ-049	<u>8,309</u>
Total for cluster			<u>8,309</u>
Direct			
Bulletproof Vest Partnership Program	16.607	FY2011	<u>1,570</u>
Total for federal grantor agency			<u>9,879</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
Pass-Through Indiana Criminal Justice Institute			
Highway Safety Cluster			
State and Community Highway Safety	20.600		
Operation Pullover		FY2011	<u>334</u>
Total for cluster, program, and federal grantor agency			<u>334</u>
<u>U.S. ENVIRONMENTAL PROTECTION AGENCY</u>			
Pass-Through Indiana Finance Authority			
Capitalization Grants for Clean Water State Revolving Funds	66.458	WW07014802	<u>14,627</u>
Total for program and federal grantor agency			<u>14,627</u>
Total federal awards expended			<u>\$ 635,459</u>

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

CITY OF ALEXANDRIA
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Basis of Presentation

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

CITY OF ALEXANDRIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statement:

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Noncompliance material to financial statement noted?	no

Federal Awards:

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

Identification of Major Programs:

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

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 2011-1 - INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

We noted several deficiencies in the internal control system of the City related to financial transactions and reporting that were considered to be material weaknesses. The City had State Revolving Fund (SRF) Loans related to wastewater improvements which required funds to be deposited into separate bank accounts for debt service obligations, debt reserve requirements, and construction. The City only recorded interest on the SRF bank accounts for 2011 in the financial records. Other receipts, disbursements, and cash balances related to the SRF funds were not recorded in the financial records or the original financial statement of the City. Therefore the cash balances presented in the financial statement were incorrect. Additionally, bank reconciliations were not performed for the SRF bank accounts.

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

In addition to the SRF accounts, the City Court maintained separate bank accounts for Court monies. The Court also maintained separate financial records for receipts, disbursements, and cash balances of the Court and performed bank reconciliations of those funds. The original financial statement did not include the transactions and cash balances of the City Court.

The receipts, disbursements, and cash balances noted above were material to the financial statement and required adjustments which were proposed to management, who approved them.

All financial transactions pertaining to the governmental unit should be recorded in the records of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

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)

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

Section III – Federal Award Findings and Questioned Costs

FINDING 2011-2 - CASH MANAGEMENT

Federal Agency: U.S. Department of Housing and Urban Development
Federal Program: Community Development Block Grants/State's Program
and Non-Entitlement Grants in Hawaii

CFDA Number: 14.228

Federal Award Number and Year (or Other Identifying Number): DR2-09-137, DR-09-030, DL-09-034

Pass-Through Entity: Indiana Office of Community and Rural Affairs

Internal controls over cash management were not properly designed to ensure that disbursements were made prior to reimbursements requested or received. Controls in place during the audit period, allowed for reimbursements to be requested prior to accounts payable vouchers being paid. As a result, all disbursements for this program were issued after reimbursements were requested and monies received. Some disbursements were made up to eighty-seven days after federal reimbursement monies were received. This was considered to be a material weakness.

24 CFR 85.21(d) states:

"Reimbursement shall be the preferred method when the requirements in paragraph (c) of this section are not met. Grantees and subgrantees may also be paid by reimbursement for any construction grant. Except as otherwise specified in regulation, Federal agencies shall not use the percentage of completion method to pay construction grants. The grantee or subgrantee may use that method to pay its construction contractor, and if it does, the awarding agency's payments to the grantee or subgrantee will be based on the grantee's or subgrantee's actual rate of disbursement."

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

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

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

Controls over cash management should be designed and implemented to ensure that accounts payable vouchers are paid prior to requesting reimbursement from the grantor agency.

Failure to comply with cash management requirements could result in denial, forfeiture, or repayment of federal awards.

FINDING 2011-3, EQUIPMENT AND REAL PROPERTY MANAGEMENT

Federal Agency: U.S. Department of Housing and Urban Development
Federal Program: Community Development Block Grants/State's Program
and Non-Entitlement Grants in Hawaii

CFDA Number: 14.228

Federal Award Number and Year (or Other Identifying Number): DR2-09-137, DR-09-030, DL-09-034

Pass-Through Entity: Indiana Office of Community and Rural Affairs

Controls were not properly implemented to ensure compliance with federal requirements regarding Equipment and Real Property Management. The City engaged a professional company to update capital assets records in 2009. However the capital asset records presented for audit reported balances as of December 31, 2010. A reconciliation of the asset inventory to the capital asset records was not performed and no asset additions or disposals were reported for 2011. Also the capital asset records did not specifically identify assets purchased with federal funds. Federal disbursements of \$567,119 for the water tower construction in 2011 should have been included in the capital assets records. Additionally, deficiencies in the capital asset records noted in the prior audit also had not been corrected. This was considered a material weakness.

24 CFR 85.32 governing U.S. Department of Housing and Urban Development states in part:

"(d) Management requirements. Procedures for managing equipment (including replacement equipment), whether acquired in whole or in part with grant funds, until disposition takes place will, as a minimum, meet the following requirements:

- (1) Property records must be maintained that include a description of the property, a serial number or other identification number, the source of property, who holds title, the acquisition date, and cost of the property, percentage of Federal participation in the cost of the property, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sale price of the property.
- (2) A physical inventory of the property must be taken and the results reconciled with the property records at least once every two years. . . ."

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

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

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

Controls established for maintaining capital asset records should be properly implemented to ensure that assets purchased with federal awards are properly recorded in the capital asset records of the City.

Failure to comply with federal requirements could result in denial, forfeiture, or repayment of federal awards.

CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

CITY OF ALEXANDRIA

ALEXANDRIA, INDIANA 46001

Office of the Clerk-Treasurer

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

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

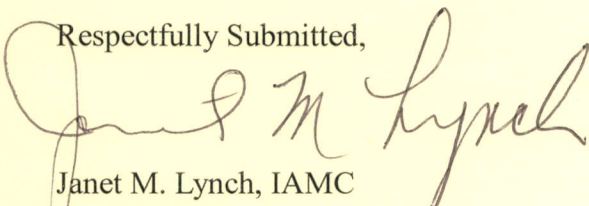
CORRECTIVE ACTION PLAN FOR CITY OF ALEXANDRIA 2011 FEDERAL AUDIT

In regards to Finding 2011-1, Internal Controls Over Financial Transactions and Reporting please be advised the Clerk-Treasurer's office is in the process of making adjustments to the funds to include all funds on deposit in the City's name. These corrections should be made within the next week and all funds should be current for the August 2012 reconciliation of the City's bank accounts.

In regards to Finding 2011-2 – Cash Management all future draw downs for grant funds will be for reimbursement of disbursements already made. Extreme care will be taken to make sure all accounts payable vouchers are paid prior to requesting reimbursement from the grantor agency.

In regards to Finding 2011-3, Equipment and Real Property Management an update for 2011 has been received from the company tracking the fixed assets for the City of Alexandria although there was some identifying information still needed. The Clerk-Treasurer has been in contact with the company in charge of tracking the fixed assets and there will be a meeting in the near future to correct this and make sure all assets of the City are properly documented.

Respectfully Submitted,



Janet M. Lynch, IAMC
Clerk-Treasurer

CITY OF ALEXANDRIA
EXIT CONFERENCE

The contents of this report were discussed on August 9, 2012, with Janet M. Lynch, Clerk-Treasurer; Honorable John D. Woods, Mayor; and Pamuela Luck, President of the Common Council. The officials concurred with our audit findings.