

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

CITY OF JEFFERSONVILLE

CLARK COUNTY, INDIANA

January 1, 2013 to December 31, 2013



FILED
10/23/2015

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Controller	Monica L. Harmon Amy M. Deering	01-01-13 to 03-07-13 03-08-13 to 12-31-15
Mayor	Mike Moore	01-01-12 to 12-31-15
President of the Board of Public Works and Safety	Mike Moore	01-01-12 to 12-31-15
President of the Common Council	Connie Sellers Dennis Julius Lisa Gill	01-01-13 to 12-31-13 01-01-14 to 12-31-14 01-01-15 to 12-31-15
Utility Office Manager	Elisha Dale	01-01-13 to 12-31-15



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TO: THE OFFICIALS OF THE CITY OF JEFFERSONVILLE, CLARK COUNTY, INDIANA

This report is supplemental to our audit report of the City of Jeffersonville (City), for the period from January 1, 2013 to December 31, 2013. It has been provided as a separate report so that the reader may easily identify any Federal Findings and Audit Results and Comments that pertain to the City. It should be read in conjunction with our Financial Statement and Federal Single Audit Report of the City, which provides our opinions on the City's financial statement and federal program compliance. This report may be found at www.in.gov/sboa/.

The Federal Findings, identified in the above referenced audit report, are included in this report and should be viewed in conjunction with the Audit Results and Comments as described below.

As authorized under Indiana Code 5-11-1, we performed procedures to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts. The Audit Results and Comments contained herein describe the identified reportable instances of noncompliance found as a result of these procedures. Our tests were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified.

Any Corrective Action Plan for the Federal Findings and Official Response to the Audit Results and Comments, incorporated within this report, were not verified for accuracy.

Paul D. Joyce
Paul D. Joyce, CPA
State Examiner

July 1, 2015

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CITY OF JEFFERSONVILLE

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FEDERAL FINDINGS

FINDING 2013-001 - PREPARATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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

During the audit of the SEFA we noted the following errors:

1. The expenditures for the Capitalization Grants for Clean Water State Revolving Funds (CFDA 66.458) were incorrectly reported on the SEFA at 100 percent, instead of the federal percentage.
2. The overreporting of expenditures for the Capitalization Grants for Clean Water State Revolving Funds, combined with not reporting three federal grants and incorrectly reporting several other federal grants, resulted in amounts on the SEFA being overstated by \$10,305,911.
3. There were numerous errors in reporting Program Title, Project Title, Pass-Through Entity, and CFDA Numbers.

Audit adjustments were proposed, accepted by the City, and made to the SEFA presented in this report.

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

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

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

- (1) List individual Federal programs by Federal agency. For Federal programs included in a cluster of programs, list individual Federal programs within a cluster of programs. For R&D, total Federal awards expended shall be shown either by individual award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.
- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity shall be included.
- (3) Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available.

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FEDERAL FINDINGS
(Continued)

- (4) Include notes that describe the significant accounting policies used in preparing the schedule.
- (5) To the extent practical, pass-through entities should identify in the schedule the total amount provided to subrecipients from each Federal program.
- (6) Include, in either the schedule or a note to the schedule, the value of the Federal awards expended in the form of non-cash assistance, the amount of insurance in effect during the year, and loans or loan guarantees outstanding at year end. While not required, it is preferable to present this information in the schedule."

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

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

FINDING 2013-002 - 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. We believe the following deficiencies constitute material weaknesses:

Lack of Segregation of Duties:

Control activities should be selected and developed at various levels of the City to reduce risks to the achievement of financial reporting objectives. The City has not separated incompatible activities related to cash and investment balances, receipts, and vendor disbursements. The failure to establish these controls could enable material misstatements or irregularities to remain undetected.

During the audit period, monthly bank reconciliations were not being subjected to a review and approval process. City receipts were being collected and posted to the records by the same individual that makes up the daily deposits. Some of the same individuals have the ability to authorize purchases, post vendor disbursements, and authorize and post adjustments to the records.

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

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

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FEDERAL FINDINGS
(Continued)

FINDING 2013-003 - CONDITION OF RECORDS

We noted the following deficiencies relating to the recordkeeping and in the internal control system of the City relating to financial transactions and reporting:

Annual Report and Financial Records

The financial records presented for audit were incomplete and not reflective of the financial activity of several of the City funds as follows:

1. During the audit of the Annual Report to the City's financial records, we noted that the Payroll fund did not include the fourth quarter receipts and disbursements activity totaling \$6,321,468 as a result of a software conversion in October 2013. The City's Annual Report was used to compile the financial statement. Audit adjustments were proposed, accepted by the City, and made to the financial statement presented in this report.
2. Some of the financial activity of the WW SRF 2011C Construction fund (Fund 628) was not recorded in the appropriate period. The City posted disbursements based on when pay requests were approved by the local Board, instead of when they were approved by the Indiana Finance Authority (IFA) and later paid from the Bank of New York Trust Account. This timing difference, combined with instances of the IFA approving different amounts for payment, resulted in Fund 628 overreporting receipts of \$182,981, overreporting disbursements of \$726,857, and cash and investments being underreported by \$611,072 at December 31, 2013.
3. Some of the financial activity of the WW SRF 2012 Construction fund (Fund 629) was not recorded in the appropriate period. The City posted disbursements based on when pay requests were approved by the local Board, instead of when they were approved by the IFA and later paid from the Bank of New York Trust Account. This timing difference resulted in Fund 629 overreporting disbursements of \$44,351 and cash and investments being underreported by \$44,351 at December 31, 2013.
4. Some of the financial activity of the WW SRF 2011A Construction fund (Fund 624) was not recorded in the appropriate period. The City posted disbursements based on when pay requests were approved by the local Board, instead of when they were approved by the IFA and later paid from the Bank of New York Trust Account. This timing difference resulted in Fund 624 underreporting disbursements of \$104,783 and beginning cash and investments being underreported by \$104,783. The \$104,783 was incorrectly reported during 2012.
5. The City posted a disbursement for \$319,375 from WW Cumulative Improvement fund (Fund 609) in error, and to correct the error, they posted a disbursement from WW 2010 BAB Construction fund (Fund 615) and a receipt to Fund 609. Correcting the transaction in this manner resulted in overreporting receipts and disbursements on the Annual Report for Fund 609 in the amounts of \$319,375.

Bank Reconciliations

The performance of adequate and timely month end bank reconciliations is an internal control process over cash and investments that can prevent, or detect and correct, misstatements in a timely manner.

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CITY OF JEFFERSONVILLE
FEDERAL FINDINGS
(Continued)

The City has thirty-five bank accounts and each bank account correlates to several funds of the City. Since some bank accounts are grouped together, twenty separate reconciliations are performed each month. In order to reconcile each month, the City groups the funds together by the corresponding bank accounts and then performs a separate bank reconciliation for each group of funds. During our testing of the City's bank reconciliations at December 31, 2013, we noted the following errors and irregularities, as summarized below:

1. Many of the month end reconciliations were not being conducted in a timely manner and there are still a large number of reconciling items on some accounts that carried over from 2012 and still show as outstanding items at December 31, 2013. Some of these items are still unresolved as of the current date.
2. Five of the twenty bank reconciliations contained unidentified variances ranging from a cash shortage (cash necessary to balance) of \$65,405 to a cash long of \$121,944.
3. The Payroll Account reconciliation still contains some unresolved differences between INPRS and insurance payments withdrawn from the account and actual activity posted to the financial records.
4. The Wastewater Account reconciliation included a reconciling item for a December 2013 deposit in the amount of \$151,385 from Clark County for collections of wastewater liens that was not followed-up on and corrected until October 2014.

Due to number of errors and irregularities, a true reconciling variance between the total record balance of cash and investments and total bank balances could not be determined.

The City's records did not permit the application of other auditing procedures to ascertain if cash and investments presented on the financial statement is fairly presented. The failure to perform adequate bank reconciliations allowed material misstatements and irregularities to remain 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.

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)

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every municipality and every state or local governmental unit, entity, or instrumentality financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each fiscal year. The reports must be in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under IC 5-14-3.8-7."

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."

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CITY OF JEFFERSONVILLE
FEDERAL FINDINGS
(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 Cities and Towns, Chapter 7)

It has been our policy to recommend only a minimum number of bank accounts in order to avoid unnecessary bookkeeping and possible errors in charging warrants to bank accounts. So long as an ordinance does not require the keeping of a separate bank account, funds should be consolidated into as few accounts as possible. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)



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302 West Washington Street Room E418
Indianapolis, IN 46204-2769

To Whom It May Concern:

FINDING 2013-1 – PREPARATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Contact Person: Amy Deering
Title: Controller
Phone Number: 812-285-6492

Information on how to properly report the grant data has been discussed with auditor and employees trained.

FINDING 2013-2 – INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

Contact Person: Amy Deering
Title: Controller
Phone Number: 812-285-6492

Policy over internal controls have been created and implemented. New accounting software has been in use since fourth quarter 2013. The new software improves bank reconciliation on-line and accounting reporting.

FINDING 2013-3 – CONDITION OF RECORDS

Contact Person: Amy Deering
Title: Controller
Phone Number: 812-285-6492

Annual Report and Financial Records:


Information on how to properly report the SRF data has been discussed with auditor and employees trained. The new software has improved reporting and review of funds to identify errors and make corrections in a timely fashion

Bank Reconciliations:

Bank reconciliations are being maintained in financial software implemented in the 4th quarter 2013. Data is reviewed in a timely fashion and have improved record keeping.


Mike Moore, Mayor

Date: 6-1-15


Amy Deering, Director of Finance and Controller

Date: 10-1-15

CONTROLLER
CITY OF JEFFERSONVILLE
AUDIT RESULTS AND COMMENTS

COMPENSATION AND BENEFITS

Salary Ordinance No. 2013-OR-43 establishing the salaries of appointed officers and employees for all departments of the City of Jeffersonville, Section II I: states in part: ". . . Common Law Positions. All positions which are filled on an ad hoc basis and are of a temporary or seasonal nature. The rates shown below are the range for employees within the job classifications. . . . Concession Worker minimum \$7.25 and maximum \$8.50 . . . Sports Official minimum \$10.00 and maximum \$18.00 . . ." During the audit period, we identified multiple instances when employees performing these work skills were compensated on a vendor claim instead of through the payroll process.

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 8)

USE OF TAX INCREMENT FINANCING (TIF) FUNDS

The City used TIF funds for ongoing maintenance of properties that have already been redeveloped. These include 10th Street Median Maintenance in the amount of \$87,220 (from the year 2013), Big Four Station Maintenance in the amount of \$24,860 (\$13,287 and \$11,573 for the years 2014 and 2015, respectively), and Big Four Station Security in the amount of \$42,767 (\$35,366 and \$7,401 for the years 2014 and 2015, respectively).

Indiana Code 36-7-14-39(b)(3) states in part:

". . . property tax proceeds . . . shall be allocated to the redevelopment district and when collected, paid into an allocation fund area that may be used by the redevelopment district only to do one (1) or more of the following:

- (A) Pay the principal of and interest on any obligations payable solely from allocated tax proceeds which are incurred by the redevelopment district for the purpose of financing or refinancing the redevelopment of that allocation area.
- (B) Establish, augment, or restore the debt service reserve for bonds payable solely or in part from allocated tax proceeds in that allocation area.
- (C) Pay the principal of and interest on bonds payable from allocated tax proceeds in that allocation area and from the special tax levied under section 27 of this chapter.
- (D) Pay the principal of and interest on bonds issued by the unit to pay for local public improvements that are physically located in or physically connected to that allocation area.
- (E) Pay premiums on the redemption before maturity of bonds payable solely or in part from allocated tax proceeds in that allocation area.
- (F) Make payments on leases payable from allocated tax proceeds in that allocation area under section 25.2 of this chapter.

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CITY OF JEFFERSONVILLE
AUDIT RESULTS AND COMMENTS
(Continued)

(G) Reimburse the unit for expenditures made by it for local public improvements (which include buildings, parking facilities, and other items described in section 25.1(a) of this chapter) that are physically located in or physically connected to that allocation area.

(H) Reimburse the unit for rentals paid by it for a building or parking facility that is physically located in or physically connected to that allocation area under any lease entered into under IC 36-1-10.

(I) For property taxes first due and payable before January 1, 2009, . . .

(J) Pay expenses incurred by the redevelopment commission for local public improvements that are in the allocation area or serving the allocation area. Public improvements include buildings, parking facilities, and other items described in section 25.1(a) of this chapter.

(K) Reimburse public and private entities for expenses incurred in training employees of industrial facilities that are located: (i) in the allocation area; and (ii) on a parcel of real property that has been classified as industrial property under the rules of the department of local government finance. . . .

(L) Pay the costs of carrying out an eligible efficiency project (as defined in IC 36-9-41-1.5) within the unit that established the redevelopment commission. . . .

The allocation fund may not be used for operating expenses of the commission."

Payments or transfers which are not authorized by statute, ordinance, resolution, or court order must be reimbursed or transferred to the appropriate fund. (Accounting and Uniform Compliance Guidelines for Cities and Towns, Chapter 7)

Sources and uses of funds should be limited to those authorized by the enabling statute, ordinance, resolution, or grant agreement. (Accounting and Uniform Compliance Guidelines for Cities and Towns, Chapter 7)

The uses of TIF funds are restricted to those set forth in the Indiana Code. The power of a redevelopment commission to expend such funds is limited to the express statutory powers as set forth in Indiana Code 36-7-14. The use of TIF funds for ongoing maintenance of redeveloped property is not an expressly or impliedly permitted use, except as provided in Indiana Code 36-7-1-18(7) for repairing and maintaining buildings acquired before redevelopment is complete. (Redevelopment Commission of the Town of Munster, Indiana, v. Indiana State Board of Accounts and Paul D. Joyce, State Examiner of State Board of Accounts, 28 N.E.3d 272 (Ind. App., 2015) trans. denied, 34 N.E.3d 251)

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CITY OF JEFFERSONVILLE
AUDIT RESULTS AND COMMENTS
(Continued)

OVERDRAWN CASH BALANCES

The financial statement presented for audit included the following funds with overdrawn cash balances at end of audit period:

Fund	Amount Overdrawn
MAIN STREET GRANT	\$ 108,227
EAST END BRIDGE PROJECT	4,128
WW SRF 2011B CONSTRUCTION	12,278
WW SRF 2011C CONSTRUCTION	611,072

The 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)

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EXIT CONFERENCE

The contents of this report were discussed on July 1, 2015, with Heather Metcalf, Assistant Director of Finance.

The contents of this report were also discussed on July 1, 2015, with Mike Moore, Mayor; Lisa Gill, President of the Common Council; Connie Sellers, Common Council member; Les Merkley, City Attorney; Edward M. Zastawny, Common Council member; R. Scott Lewis, Common Council Attorney; and Vicki Conlin, City Clerk.

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REDEVELOPMENT COMMISSION
CITY OF JEFFERSONVILLE

REDEVELOPMENT COMMISSION
CITY OF JEFFERSONVILLE
AUDIT RESULT AND COMMENT

USE OF TAX INCREMENT FINANCING (TIF) FUNDS

The City used TIF funds for ongoing maintenance of properties that have already been redeveloped. These include 10th Street Median Maintenance in the amount of \$87,220 (from the year 2013), Big Four Station Maintenance in the amount of \$24,860 (\$13,287 and \$11,573 for the years 2014 and 2015, respectively), and Big Four Station Security in the amount of \$42,767 (\$35,366 and \$7,401 for the years 2014 and 2015, respectively).

Indiana Code 36-7-14-39(b)(3) states in part:

". . . property tax proceeds . . . shall be allocated to the redevelopment district and when collected, paid into an allocation fund area that may be used by the redevelopment district only to do one (1) or more of the following:

(A) Pay the principal of and interest on any obligations payable solely from allocated tax proceeds which are incurred by the redevelopment district for the purpose of financing or refinancing the redevelopment of that allocation area.

(B) Establish, augment, or restore the debt service reserve for bonds payable solely or in part from allocated tax proceeds in that allocation area.

(C) Pay the principal of and interest on bonds payable from allocated tax proceeds in that allocation area and from the special tax levied under section 27 of this chapter.

(D) Pay the principal of and interest on bonds issued by the unit to pay for local public improvements that are physically located in or physically connected to that allocation area.

(E) Pay premiums on the redemption before maturity of bonds payable solely or in part from allocated tax proceeds in that allocation area.

(F) Make payments on leases payable from allocated tax proceeds in that allocation area under section 25.2 of this chapter.

(G) Reimburse the unit for expenditures made by it for local public improvements (which include buildings, parking facilities, and other items described in section 25.1(a) of this chapter) that are physically located in or physically connected to that allocation area.

(H) Reimburse the unit for rentals paid by it for a building or parking facility that is physically located in or physically connected to that allocation area under any lease entered into under IC 36-1-10.

REDEVELOPMENT COMMISSION
CITY OF JEFFERSONVILLE
AUDIT RESULT AND COMMENT
(Continued)

(I) For property taxes first due and payable before January 1, 2009, . . .

(J) Pay expenses incurred by the redevelopment commission for local public improvements that are in the allocation area or serving the allocation area. Public improvements include buildings, parking facilities, and other items described in section 25.1(a) of this chapter.

(K) Reimburse public and private entities for expenses incurred in training employees of industrial facilities that are located: (i) in the allocation area; and (ii) on a parcel of real property that has been classified as industrial property under the rules of the department of local government finance. . . .

(L) Pay the costs of carrying out an eligible efficiency project (as defined in IC 36-9-41-1.5) within the unit that established the redevelopment commission. . . .

The allocation fund may not be used for operating expenses of the commission."

Payments or transfers which are not authorized by statute, ordinance, resolution, or court order must be reimbursed or transferred to the appropriate fund. (Accounting and Uniform Compliance Guidelines for Cities and Towns, Chapter 7)

Sources and uses of funds should be limited to those authorized by the enabling statute, ordinance, resolution, or grant agreement. (Accounting and Uniform Compliance Guidelines for Cities and Towns, Chapter 7)

The uses of TIF funds are restricted to those set forth in the Indiana Code. The power of a redevelopment commission to expend such funds is limited to the express statutory powers as set forth in Indiana Code 36-7-14. The use of TIF funds for ongoing maintenance of redeveloped property is not an expressly or impliedly permitted use, except as provided in Indiana Code 36-7-1-18(7) for repairing and maintaining buildings acquired before redevelopment is complete. (Redevelopment Commission of the Town of Munster, Indiana, v. Indiana State Board of Accounts and Paul D. Joyce, State Examiner of State Board of Accounts, 28 N.E.3d 272 (Ind. App., 2015) trans. denied, 34 N.E.3d 251)

DEPARTMENT OF LAW

Les Merkley, Corporation Counsel/Director of Legal Affairs

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Revised on June 29, 2015

June 12, 2015

State Board of Accounts
 302 W. Washington Street
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RE: **City of Jeffersonville Redevelopment Commission**
 2013 ~~2015~~ **Audit Results**

To Whom It May Concern:

2013 The City of Jeffersonville would like to respond to the comments contained in the ~~2015~~ audit, pertaining to the Department of Redevelopment.

First, the comments are based upon a narrow construction of the Statute based upon both Indiana case law and the Home Rule statute. The Statute does not prohibit the use of tax increment to pay maintenance expenses of local improvements in a redevelopment area. The Statute only prohibits the use tax increment for "operating expenses" and not for maintenance. It is the City's position that maintaining a redevelopment asset is not an operating expense and therefore, not prohibited under the Statute.

Second, the Statute as a whole clearly permits a redevelopment commission to exercise its power to fund maintenance of parks and green space that is a local improvement in a redevelopment area. The redevelopment commission is statutorily empowered and directed to foster redevelopment (I.C. 36-7-14-2(b), I.C. 36-7-14-11). The definition of "Redevelopment" includes the following activities:

- (1) Acquiring real property in areas needing redevelopment.
- (2) Replatting and determining the proper use of real property acquired.
- (3) Opening, closing, relocating, widening, and improving public ways.
- (4) Relocating, constructing, and improving sewers, utility services, offstreet parking facilities, and levees.
- (5) Laying out and constructing necessary public improvements, including



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parks, playgrounds, and other recreational facilities.

(6) Restricting the use of real property acquired according to law.

(7) Repairing and maintaining buildings acquired, if demolition of those buildings is not considered necessary to carry out the redevelopment plan.

(8) Rehabilitating real or personal property to carry out the redevelopment or urban renewal plan, regardless of whether the real or personal property is acquired by the unit.

(9) Investigating and remediating environmental contamination on real property to carry out the redevelopment or urban renewal plan, regardless of whether the real property is acquired by the unit.

(10) Disposing of property acquired on the terms and conditions and for the uses and purposes that best serve the interests of the units served by the redevelopment commission.

(11) Making payments required or authorized by IC 8-23-17.

(12) **Performing all acts incident to the statutory powers and duties of a redevelopment commission.**

It is clear from this definition that “redevelopment” includes the items listed, but the list is not exclusive. Specifically, subsection 12 states that the commission has broad discretion to make determinations under the Statute as to what constitutes redevelopment as long as that determination involves its powers and fulfilling its duties.

Meanwhile, “local improvement” is defined as any of the following: (1) a redevelopment project. (2) a purpose of a commission under I.C. 36-7-14 or I.C. 36-7-30. (3) a purpose of an authority under I.C. 36-7-14.5. As a result of this definition, “local improvement” means accomplishing the purposes of redevelopment. A simple reading of the powers of the redevelopment commission (I.C. 36-7-14-12.2) demonstrates that the Indiana General Assembly intended for the redevelopment commission to have the authority to accomplish not specific projects, but purposes.

The General Assembly has given the redevelopment commission broad authority to expend funds to accomplish redevelopment so long as the use is not specifically prohibited as it is in the case of certain operating expenses.

Finally, it is erroneous to believe that redevelopment of the 10th Street medians and the Big Four Station was completed when the improvements were completed. The statutory language confirms, that redevelopment does not end when the work is completed. Frankly, the comment counters the ultimate objective of redevelopment. If redevelopment property is not maintained it will

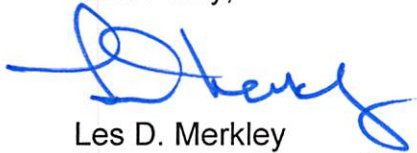
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predictably fall into disrepair and defeat the purpose of redevelopment – a result the Indiana General Assembly did not intend.

Upon reviewing the relevant law at the time of the redevelopment commission approved the use of tax increment financing funds for maintaining of properties, it was, and still is, my opinion that the term "maintenance" is not specifically prohibited under the Statute. I believe that if the legislature intended to prohibit the use of tax increment funds for maintenance it would have stated so in the statutory framework, and more importantly, I believe such prohibition is counter-productive to the objective of redevelopment.

Thank you for this opportunity to respond to your annual audit of Jeffersonville's financial activities. Mayor Moore and the other officials and employees of his administration appreciate the professional manner in which you and your staff have conducted our annual audits throughout his first term. We also appreciate your help and suggestions for improving our procedures. Please do not hesitate to contact me with any questions or comments regarding this response or any other aspect of the City's financial activities.

Yours truly,



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CC: R. Waiz
M. Snelling
A. Deering

REDEVELOPMENT COMMISSION
CITY OF JEFFERSONVILLE
EXIT CONFERENCE

The contents of this report were discussed on June 8, 2015, with Rob Waiz, Redevelopment Director; Monty Snelling, President of the Redevelopment Commission; Leslie D. Merkley, City Attorney; and Kelly Hoffmann, Director of Neighborhood and Business Development.

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COMMON COUNCIL
CITY OF JEFFERSONVILLE

COMMON COUNCIL
CITY OF JEFFERSONVILLE
AUDIT RESULT AND COMMENT

COMPENSATION AND BENEFITS

Salary Ordinance No. 2013-OR-43 establishing the salaries of appointed officers and employees for all departments of the City of Jeffersonville, Section II I: states in part: ". . . Common Law Positions. All positions which are filled on an ad hoc basis and are of a temporary or seasonal nature. The rates shown below are the range for employees within the job classifications. . . . Concession Worker minimum \$7.25 and maximum \$8.50 . . . Sports Official minimum \$10.00 and maximum \$18.00 . . ." During the audit period we identified multiple instances when employees performing these work skills were compensated on a vendor claim instead of through the payroll process.

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 8)

COMMON COUNCIL
CITY OF JEFFERSONVILLE
EXIT CONFERENCE

The contents of this report were discussed on June 9, 2015, with Lisa Gill, President of the Common Council; Dennis Julius, Council member; and Connie Sellers, Council member.