

**STATE BOARD OF ACCOUNTS**  
**302 West Washington Street**  
**Room E418**  
**INDIANAPOLIS, INDIANA 46204-2765**

EXAMINATION REPORT  
OF  
CITY OF BEECH GROVE  
MARION COUNTY, INDIANA  
January 1, 2005 to December 31, 2005



**FILED**  
7/18/06



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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Mary A. Carpenter	01-01-04 to 12-31-07
Mayor	Hon. Donald J. Wright	01-01-04 to 12-31-07
President of the Board of Works	Hon. Donald J. Wright	01-01-05 to 12-31-06
President of the Common Council	Ingle Harris III	01-01-05 to 12-31-06
Utility Operations Director	Phillip Gurganus	01-01-05 to 12-31-06
Utility Office Manager	Linda Mohr	01-01-05 to 12-31-06



**STATE OF INDIANA**  
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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE CITY OF BEECH GROVE, MARION COUNTY, INDIANA

We have examined the schedule of receipts, disbursements, and cash and investment balances of the City of Beech Grove (City), for the period of January 1, 2005 to December 31, 2005. The City's management is responsible for the schedule. Our responsibility is to express an opinion based on our examination.

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

In our opinion, the schedule referred to above presents fairly, in all material respects, the cash transactions of the City for the year ended December 31, 2005, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

June 21, 2006

CITY OF BEECH GROVE  
SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES  
ALL GOVERNMENTAL, PROPRIETARY, AND FIDUCIARY FUND TYPES  
As Of And For The Year Ended December 31, 2005

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
<b>Governmental Funds:</b>				
General	\$ 466,982	\$ 8,189,196	\$ 8,282,996	\$ 373,182
Motor Vehicle Highway	213,123	745,523	613,881	344,765
Local Road and Street	268,681	208,133	244,987	231,827
Revolving Loan	133,324	180,479	165,000	148,803
Cumulative Capital Development	128,934	58	88,089	40,903
Law Enforcement Continuing Education	11,244	25,823	21,562	15,505
Park Nonreverting Operating	11,501	-	-	11,501
Park Softball	1,218	-	-	1,218
Criminal Investigation	5,202	45,070	26,169	24,103
Bond and Redemption Issue	55,306	-	55,306	-
2002 Bond	52,404	-	51,079	1,325
Rainy Day	-	21,323	-	21,323
Police Donation	3,788	19,764	18,593	4,959
Fire Donation	2,442	314,901	263,750	53,593
Mayor's Donation	-	5,560	4,021	1,539
Senior Citizen's Donations	33,248	3,334	4,332	32,250
Park Donation	5,148	1,965	531	6,582
Cable Donation	101	-	-	101
TIF	64,195	287,057	351,252	-
RDAF - General Account	-	90,064	20	90,044
RDAF - 2005 Bond Capital Account	-	2,996,670	636,924	2,359,746
RDAF - Debt Service Reserve	-	289,111	20	289,091
<b>Proprietary Funds:</b>				
Wastewater Utility - Operating	71,992	2,850,881	2,497,752	425,121
Wastewater Utility - Bond and Interest	24,800	147,405	104,057	68,148
Wastewater Utility - Construction	918,102	-	543,661	374,441
Wastewater Utility - Bond and Interest Reserve	6,809	42,957	-	49,766
<b>Fiduciary Funds:</b>				
Police Officers' Pension	157,127	358,741	474,157	41,711
Firefighters' Pension	171,355	114,051	211,259	74,147
Fire and Police PERF Withholdings	2,530	-	-	2,530
SRF Retainage	-	3,076	-	3,076
Health Escrow	5,783	32,962	31,705	7,040
Payroll	46,555	6,042,338	6,033,347	55,546
<b>Totals</b>	<u>\$ 2,861,894</u>	<u>\$ 23,016,442</u>	<u>\$ 20,724,450</u>	<u>\$ 5,153,886</u>

The accompanying notes are an integral part of the schedule.

CITY OF BEECH GROVE  
NOTES TO SCHEDULE

Note 1. Introduction

The City was established under the laws of the State of Indiana. The City provides the following services: public safety, highway and streets, health and social services, culture and recreation, public improvement, planning and zoning, general administrative services, and wastewater.

Note 2. Fund Accounting

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

Note 3. Budgets

The operating budget is initially prepared and approved at the local level. In addition, funds for which property taxes are levied or highway use taxes are received are subject to final approval by the Indiana Department of Local Government Finance.

Note 4. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the City in June and December. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. 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% 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 become delinquent if not paid by May 10 and November 10, respectively. All property taxes collected by the County Treasurer and available for distribution were distributed to the City on or prior to December 31 of the year collected.

Note 5. Deposits and Investments

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

State statute (IC 5-13-9) authorizes the 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.

CITY OF BEECH GROVE  
NOTES TO SCHEDULE  
(Continued)

Note 6. Pension Plan

Public Employees' Retirement Fund

Plan Description

The City contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF Board, most requirements of the system, and give the City authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

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

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

Funding Policy and Annual Pension Cost

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

Note 7. Long-Term Debt

The City has entered into various debts such as bonds to provide funds for the acquisition and construction of major capital facilities and providing funds for redevelopment projects, a loan for an emergency property tax shortfall and various capital leases for City vehicles and police cars. The outstanding principal at December 31, 2005, was \$3,750,000, \$260,643, and \$96,206, respectively.

The City has entered into various debts relating to the Wastewater Utility such as bond anticipation notes to provide funds for the restoration and construction of sewage lines, and a State revolving fund loan for restoring and upgrading sewage lines. The outstanding principal at December 31, 2005, was \$894,102 and \$249,665, respectively.

Note 8. Subsequent Event

The City issued general obligation bonds, in the amount of \$995,000, in the beginning of 2006 to provide funds for the acquisition and repair of public safety equipment.

CITY OF BEECH GROVE  
EXAMINATION RESULTS AND COMMENTS

CAPITAL ASSET RECORDS

The City did not maintain sufficient detailed capital assets records. Some departments had their own listings and there were some insurance listings for the City but there was no comprehensive listing. The capital asset records for the Wastewater Utility were not presented for examination. Similar comments appeared in prior Examination Reports B24156 and B26071.

Every governmental unit should have a complete inventory of all capital assets owned which reflect their acquisition value. Such inventory should be recorded in the Capital Assets Ledger. 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)

APPROVAL OF FORMS

The Beech Grove EMS Department started using a new computer software program in the fall of 2003. None of the forms (client accounts, billings histories, aged accounts receivable listings, etc.) generated through the new program have been approved for use in lieu of prescribed forms. The City of Beech Grove started using a new computer software accounting program in the beginning of 2005. None of the forms (fund reports, appropriation reports, revenue and expenditure reports, etc.) generated through the new program have been approved for use in lieu of prescribed forms.

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

OFFICIAL BOND

The City has a blanket bond covering the Clerk-Treasurer and other City employees. Upon inquiry of the Marion County Recorder's Office, the City's blanket bond was not filed as of June 1, 2006. Similar comments appeared in prior Examination Reports B24156 and B26071.

Indiana Code 5-4-1-5.1(b) states in part: "Every elected or appointed officer, official, deputy, or employee of a political subdivision . . . shall file the bond in the office of the county recorder. . . ."

CERTIFIED REPORT NOT FILED

The City did not file a certified report of compensation of officers and employees (Form 100-R or its equivalent) with the State Board of Accounts for the year 2005.

Indiana Code 5-11-13-1 states, in part: "Every state, county, city, town, township, or school official . . . shall during the month of January of each year prepare, make, and sign a written or printed certified report, correctly and completely showing the names and addresses of each and all officers, employees, and agents . . . and the respective duties and compensation of each, and shall forthwith file said report in the office of the state examiner of the state board of accounts."

CITY OF BEECH GROVE  
EXIT CONFERENCE

The contents of this report were discussed on June 21, 2006, with Mary A. Carpenter, Clerk-Treasurer, Hon. Donald J. Wright, Mayor; and Jeffrey A. Peters, Financial Advisor. The official response has been made a part of this report and may be found on pages 9-10.



June 28, 2006

Indiana State Board of Accounts  
302 West Washington Street  
Indianapolis, IN 46204

Dear Indiana State Board of Accounts,

This letter is written in response to the "Examination Results and Comments" for the City of Beech Grove 2005 Examination.

#### Capital Assets Records

Audit Comments for 2004 were given in November of 2005, leaving less than two months to correct items that were listed. Capital Asset Records for the City of Beech Grove Utility were hand delivered to the State Board of Accounts prior to the publishing of the 2004 Audit. At a Special City Council meeting on December 12, 2005 the Council passed Resolution #11, 2005 providing for a Capital Asset Policy with a threshold of \$2,000.00. The Clerk-Treasurer's Office is in the process of conducting a complete inventory to be incorporated into the City's accounting system with anticipation of inclusion in the 2006 audit.

#### Approval of Forms

At a regular City Council meeting on December 5, 2005 the Council approved Resolution #10, 2005, a Resolution approving the use of software and related forms by the City of Beech Grove. The Beech Grove Fire Department EMS submitted forms to the State Board of Accounts in May 2006. Approval of those forms was received on June 1, 2006. Forms for the City of Beech Grove were also submitted to the State Board of Accounts in May 2006.

#### Official Bond

The Clerk-Treasurer's Bond is included in a blanket bond with other City employees per City of Beech Grove Ordinance. The paper work was hand delivered to the Recorder's office but has been returned for additional information. It will be re-filed upon completion of the additional information.

Certified Report Not Filed

Form 100-R is in the process of being completed.

Sincerely,

*Mary A. Carpenter*

Mary A. Carpenter  
Clerk-Treasurer  
City of Beech Grove