

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

EXAMINATION REPORT  
OF  
CITY OF GREENFIELD  
HANCOCK COUNTY, INDIANA  
January 1, 2004 to December 31, 2005



**FILED**  
10/02/2006



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## OFFICIALS

<u>Office</u>	<u>Schedule of Officials</u>	<u>Term</u>
Clerk-Treasurer	Larry J. Breese	01-01-04 to 12-31-07
Mayor	Hon. Rodney Fleming	01-01-04 to 12-31-07
President of the Board of Public Works	Rodney Fleming	01-01-04 to 12-31-07
President of the Common Council	Richard Pasco	01-01-04 to 12-31-06
Controller of Utilities	Otto W. Krohn, C.P.A.	01-01-04 to 12-31-06
Superintendent of Water Utility	Mark Nance	01-01-04 to 12-31-06
Superintendent of Wastewater Utility	Dave Scheiter	01-01-04 to 12-31-06
Superintendent of Electric Utility	Nelson Castordale	01-01-04 to 12-31-06
Superintendent of Stormwater Utility	Dan Miller	02-27-06 to 12-31-06
Utility Office Manger	Judy Smoll	01-01-04 to 12-31-06



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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Fax: (317) 232-4711  
Web Site: [www.in.gov/sboa](http://www.in.gov/sboa)

INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE CITY OF GREENFIELD, HANCOCK COUNTY, INDIANA

We have examined the schedules of receipts, disbursements, and cash and investment balances of the City of Greenfield (City), for the period of January 1, 2004 to December 31, 2005. The City's management is responsible for the schedules. 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 schedules referred to above present fairly, in all material respects, the cash transactions of the City for the years ended December 31, 2004 and 2005, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

September 12, 2006

CITY OF GREENFIELD  
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES  
ALL GOVERNMENTAL, PROPRIETARY, AND FIDUCIARY FUND TYPES  
As Of And For The Years Ended December 31, 2004 And 2005

	Cash and Investments		Cash and Investments	
	01-01-04	Receipts	Disbursements	12-31-04
<b>Governmental Funds:</b>				
General	\$ 3,337,820	\$ 9,177,116	\$ 10,191,684	\$ 2,323,252
Motor Vehicle Highway	908,978	728,920	776,760	861,138
Local Road and Street	790,900	487,210	531,436	746,674
Law Enforcement Continuing Education	19,039	10,112	9,504	19,647
Police Grant Operation Pullover	1,231	3,500	4,357	374
COPS More Grant	38	-	-	38
Drug Awareness DARE	2,886	2,680	1,868	3,698
Parking Meters	10,636	6,415	222	16,829
Police Car Seat Grant	1,645	1,500	381	2,764
Police Donation	10,974	27,312	21,062	17,224
Police Vehicle	45,000	3,600	-	48,600
Police STOP Grant	27,723	61,293	71,762	17,254
Park and Recreation	308,117	565,364	632,397	241,084
Park Nonreverting Operating	59,686	183,483	183,270	59,899
Park Donations	42,292	15,061	44,155	13,198
IN Arts Commission Grant	-	3,111	3,111	-
Brownfields Grant	249	-	-	249
Fire Donations	34,422	4,117	15,379	23,160
Cemetery	148,500	143,826	173,195	119,131
Telecommunications	123,918	91,016	52,658	162,276
Plaza Donations	1,676	905	-	2,581
Animal Control Enrichment	726	1,205	207	1,724
Police Body Armour Grant	-	9,595	9,595	-
Riverboat	92,321	92,063	-	184,384
Rainy Day	-	437,336	-	437,336
Block Grant PL-01-036	-	3,870	-	3,870
Park Bond	50,464	80,267	127,207	3,524
Cumulative Capital Improvement	199,866	54,483	-	254,349
TIF Redevelopment Construction	90,829	2,941,789	948,592	2,084,026
<b>Proprietary Funds:</b>				
Electric Utility - Operating	1,970,185	16,690,481	16,305,450	2,355,216
Electric Utility - Depreciation	218,140	240,000	26,824	431,316
Electric Utility - Customer Deposit	400,131	55,147	49,082	406,196
Electric Utility - Availability	78,179	483,200	499,825	61,554
Electric Utility - Cash Reserve	47,813	-	-	47,813
Water Utility - Operating	2,095,734	2,539,373	2,467,889	2,167,218
Water Utility - Bond and Interest	-	150,000	-	150,000
Water Utility - Depreciation	3,846	-	-	3,846
Water Utility - Customer Deposit	122,854	12,406	8,931	126,329
Water Utility - Construction	-	11,085,947	172,012	10,913,935
Water Utility - Availability	5,229	133,518	105,225	33,522
Water Utility - Debt Service Reserve	-	888,250	-	888,250
Wastewater Utility - Operating	3,261,465	2,393,580	2,583,197	3,071,848
Wastewater Utility - Bond and Interest	932	648,000	619,016	29,916
Wastewater Utility - Construction	5,755,344	-	5,755,344	-
Wastewater Utility - Availability	431,863	281,366	237,722	475,507
Wastewater Utility - Connection	1,408,393	320,732	1,452,499	276,626
Wastewater Utility - Debt Service Reserve	680,000	-	-	680,000
Medical Insurance	3,514	1,740,578	1,744,092	-
<b>Fiduciary Funds:</b>				
Police Pension	118,748	312,740	247,507	183,981
Firefighters' Pension	120,652	29,628	54,998	95,282
Cemetery Endowment	82,698	6,252	2,268	86,682
TIF Sinking	1,033,328	4,102,611	3,941,790	1,194,149
Payroll	82,620	2,265,493	2,258,226	89,887
<b>Totals</b>	<b>\$ 24,231,604</b>	<b>\$ 59,516,451</b>	<b>\$ 52,330,699</b>	<b>\$ 31,417,356</b>

The accompanying notes are an integral part of the schedules.

CITY OF GREENFIELD  
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES  
ALL GOVERNMENTAL, PROPRIETARY, AND FIDUCIARY FUND TYPES  
As Of And For The Years Ended December 31, 2004 And 2005  
(Continued)

	Cash and Investments		Cash and Investments	
	01-01-05	Receipts	Disbursements	12-31-05
<b>Governmental Funds:</b>				
General	\$ 2,323,252	\$ 8,389,358	\$ 9,235,625	\$ 1,476,985
Motor Vehicle Highway	861,138	499,175	864,025	496,288
Local Road and Street	746,674	495,732	574,399	668,007
Law Enforcement Continuing Education	19,647	12,548	14,409	17,786
Police Grant Operation Pullover	374	4,150	4,478	46
COPS More Grant	38	-	-	38
Drug Awareness DARE	3,698	3,800	4,378	3,120
Parking Meters	16,829	5,335	10	22,154
Police Car Seat Grant	2,764	-	302	2,462
Police Donation	17,224	14,150	21,253	10,121
Police Laser Grant	-	2,500	2,499	1
Police Vehicle	48,600	-	48,600	-
Police STOP Grant	17,254	73,404	85,558	5,100
Park and Recreation	241,084	594,115	655,791	179,408
Park Nonreverting Operating	59,899	213,597	220,289	53,207
Park Donations	13,198	22,726	22,551	13,373
IN Arts Commission Grant	-	900	-	900
Brownfields Grant	249	-	-	249
Fire Donations	23,160	5,624	18,848	9,936
Cemetery	119,131	170,330	164,054	125,407
Telecommunications	162,276	98,179	70,090	190,365
Plaza Donations	2,581	964	-	3,545
Animal Control Enrichment	1,724	915	696	1,943
Riverboat	184,384	92,064	257,567	18,881
Rainy Day	437,336	-	-	437,336
Block Grant PL-01-036	3,870	-	3,870	-
Park Tree Inventory DKNY Grant	-	4,500	4,500	-
Park Bond	3,524	142,171	125,263	20,432
Cumulative Capital Improvement	254,349	86,084	85,911	254,522
TIF Redevelopment Construction	2,084,026	2,821,813	755,897	4,149,942
Energy Gas Award	-	450	-	450
Village Theater Grant	-	95,611	95,611	-
Puttersbaugh Drainage Grant	-	429,031	429,031	-
Levy Excess	-	95,521	-	95,521
<b>Proprietary Funds:</b>				
Electric Utility - Operating	2,355,216	19,089,073	18,206,144	3,238,145
Electric Utility - Depreciation	431,316	240,000	130,248	541,068
Electric Utility - Customer Deposit	406,196	63,413	43,877	425,732
Electric Utility - Availability	61,554	839,350	673,113	227,791
Electric Utility - Cash Reserve	47,813	-	-	47,813
Water Utility - Operating	2,167,218	3,141,899	2,366,138	2,942,979
Water Utility - Bond and Interest	150,000	860,000	815,050	194,950
Water Utility - Depreciation	3,846	-	-	3,846
Water Utility - Customer Deposit	126,329	15,358	9,667	132,020
Water Utility - Construction	10,913,935	27,970	5,301,691	5,640,214
Water Utility - Availability	33,522	198,020	112,650	118,892
Water Utility - Debt Service Reserve	888,250	-	-	888,250
Wastewater Utility - Operating	3,071,848	2,450,430	3,245,157	2,277,121
Wastewater Utility - Bond and Interest	29,916	648,000	621,566	56,350
Wastewater Utility - Availability	475,507	182,295	6,194	651,608
Wastewater Utility - Connection	276,626	317,699	155,566	438,759
Wastewater Utility - Debt Service Reserve	680,000	-	-	680,000
Storm Water Utility - Operating	-	472,469	218,192	254,277
Medical Insurance	-	1,217,925	1,217,323	602
<b>Fiduciary Funds:</b>				
Police Pension	183,981	140,065	247,429	76,617
Firefighters' Pension	95,282	32,082	56,090	71,274
Cemetery Endowment	86,682	10,117	12,312	84,487
TIF Sinking	1,194,149	-	1,194,149	-
Payroll	89,887	2,406,831	2,401,953	94,765
<b>Totals</b>	<b>\$ 31,417,356</b>	<b>\$ 46,727,743</b>	<b>\$ 50,800,014</b>	<b>\$ 27,345,085</b>

The accompanying notes are an integral part of the schedules.

CITY OF GREENFIELD  
NOTES TO SCHEDULES

Note 1. Introduction

The City was established under the laws of the State of Indiana. The City provides the following services: public safety, highways and streets, health and social services, culture and recreation, public improvements, planning and zoning, general administrative services, electric, water, wastewater, stormwater, and urban redevelopment and housing.

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 GREENFIELD  
NOTES TO SCHEDULES  
(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 for the Water and Wastewater Utilities' expansions, plant and park improvements, and capital leases for equipment. The outstanding principal at December 31, 2005 is as follows.

<u>Type of Debt</u>	<u>Balance</u> <u>December 31, 2005</u>
2001 Park and Recreation GO Bonds	\$ 1,045,000
2003 Wastewater Utility Revenue Bonds	5,890,000
2004 Water Utility Revenue Bonds	10,915,000
Equipment Capital Leases	69,135

Note 8. Subsequent Event

The City entered into a capital lease for 14 police cars on April 10, 2006. The lease requires bi-annual payments of \$52,107 for 3 years. The interest rate was 4.38%.

CITY OF GREENFIELD  
EXAMINATION RESULTS AND COMMENTS

CAPITAL ASSET RECORDS

As stated in several prior reports, the City did not adequately maintain detailed capital asset records. During 2005, the City established a detailed capital asset record but some information was materially incorrect and it was not possible to establish its reliability. The capital asset record was established from an inventory performed in 2002 which has become outdated to some extent by 2005.

As stated in several prior reports, the Electric Utility did not maintain sufficient detailed records of capital assets for its Utility Plant in Service accounts. Upon purchase, the costs of the capital assets are added to an aggregate Utility Plant in Service account, and to subsidiary accounts for land, buildings, etc., in the general ledger. However, records providing historical costs for some of the Utility's capital assets are not available, and records classifying and summarizing the Utility's capital assets are incomplete. The Electric Utility has taken an in-depth inventory and is in the process of establishing detailed capital assets for the Electric Utility, but the process was not complete by December 31, 2005 nor at the time of this audit.

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)

RECEIPT DEPOSITS - Applies to the Police Department

A review of gun permit and accident report receipts indicated that the Police Department was not remitting the amounts collected to the Clerk-Treasurer's office in a timely manner. One hundred ninety-one accident report receipts dated October 12, 2005 to December 29, 2005, accumulated prior to being remitted to the Clerk-Treasurer on December 30, 2005. Seventy-two gun permit receipts dating from August 26, 2005 to December 29, 2005 were also remitted to the Clerk-Treasurer on December 30, 2005.

In 2006, the Police Department made only one remittance to the Clerk-Treasurer for gun permits (on July 18). Upon our inquiry, it was discovered that the Police Department collected ninety-nine gun permit receipts dating from December 30, 2005 to May 5, 2006, but had not remitted these collections to the Clerk-Treasurer. This series of gun permit receipts was remitted to the Clerk-Treasurer's office on July 25, 2006.

The receipts and fees collected should be remitted to the clerk-treasurer or city controller at least once each week. (Cities and Town Bulletin and Uniform Compliance Guidelines, September 2003)

EMPLOYEE BLANKET BOND COVERAGE

Some employees who handled cash were not covered by a blanket bond or crime insurance policy.

Indiana Code 5-4-1-18 states in part:

"(a) Except as provided in subsection (b), the following city, . . . officers and employees shall file an individual surety bond: (1) City judges, controllers, clerks, and clerk-treasurers. . . (5) Those employees directed to file an individual bond by the fiscal body of a city, town or county.

(b) The fiscal body of a city, . . . may by ordinance, authorize the purchase of a blanket bond or a crime insurance policy . . . to cover the faithful performance of all employees, commission members, and persons acting on behalf of the local government unit including those officers described in subsection (a).

CITY OF GREENFIELD  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

(c) The fiscal bodies of the respective units shall fix the amounts of the bond of city controllers, city clerk- treasurers, . . . Barrett Law fund custodians, . . . as follows: (1) The amount must be equal fifteen thousand dollars (\$15,000) for each one million dollars (\$1,000,000) of receipts of the officer's office during the last complete fiscal year before the purchase of the bond, subject to subdivision (2). (2) The amount may not be less than fifteen thousand dollars (\$15,000) nor more than three hundred thousand dollars (\$300,000). . . . The amount of the bond of any other person required to file an individual bond shall be fixed by the fiscal body of the unit at not less than eight thousand five hundred dollars (\$8,500). . . ."

Indiana Code 5-4-1-19 states:

"The bonds prescribed by IC 5-4-1-18 cover the faithful performance of the duties of the officer or employee, including the duty to comply with IC 35-44-1-2 and the duty to account properly for all monies and property received by virtue of his position or employment."

NOTE: All employees who handle cash should be covered by some type of bond or crime insurance policy. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

#### COLLECTION OF AMOUNTS DUE

In January 2006, Brian Upton, former Animal Shelter Superintendent, entered into a plea agreement in Hancock County Superior Court I pleading guilty to forgery, theft and deception. The theft and deception charges relate to purchases made by Brian Upton and paid by the City of Greenfield for his personal use. The charges were made based on an investigation of the Greenfield Police Department during 2004. The items included veterinary services for his personal pets, plumbing supplies, propane, and landscape material. The deception charge was for knowingly submitting inaccurate reports for his time worked.

The amount of \$9,216.00 is due from Brian Upton, as Court ordered restitution. Per the plea agreement, Brian Upton is required to make the restitution during his three year probationary period. Restitution has not been made as of July 31, 2006. The restitution amount is for the value of items stolen and does not include any reimbursement for the deception charges.

Governmental units have a responsibility to collect amounts owed to the governmental unit pursuant to procedures authorized by statute. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Public funds may not be used to pay for personal items or for expenses which do not relate to the functions and purposes of the governmental unit. Any personal expenses paid by the governmental entity may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

#### PERSONAL EXPENSES

In March 2006, Edward Burns, former Garage Superintendent, plead guilty in Hancock County Superior Court I to two counts of deception, a class A misdemeanor. These charges were the result of an investigation by the Greenfield Police Department into a June 2005 accident at the City Garage.

CITY OF GREENFIELD  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

Edward Burns was injured in the City Garage and filed a workers compensation claim for the injuries. During the police investigation it was discovered that Edward Burns had been working on his personal truck at the time of the accident. The police report stated that Edward Burns had used City employees to work on his personal truck during normal working hours. Additionally, it was discovered that one employee installed a multiple spark discharge box in Edward Burns' truck. The box had been purchased with City funds.

Edward Burns complied with the sentencing order to make restitution to the City of Greenfield for the multiple spark discharge box and to terminate his employment within 30 days.

Public funds may not be used to pay for personal items or for expenses which do not relate to the functions and purposes of the governmental unit. Any personal expenses paid by the governmental entity may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

CITY OF GREENFIELD  
EXIT CONFERENCE

The contents of this report were discussed on September 12, 2006, with Larry J. Breese, Clerk-Treasurer; Hon. Rodney Fleming, Mayor; and Richard Pasco, President of the Common Council. The officials concurred with our findings.