

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

EXAMINATION REPORT  
OF  
CITY OF CROWN POINT  
LAKE COUNTY, INDIANA  
January 1, 2005 to December 31, 2005



**FILED**  
10/03/2006



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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Patti Olson	01-01-04 to 12-31-07
Mayor	Daniel M. Klein	01-01-04 to 12-31-07
President of the Board of Public Works and Safety	Daniel M. Klein	01-01-04 to 12-31-07
President of the Common Council	Paul Bremer	01-01-05 to 12-31-06
Superintendent of Water Utility	Jay Olson	01-01-05 to 12-31-06
Superintendent of Wastewater Utility	Jay Olson	01-01-05 to 12-31-06
Superintendent of Utilities	Kent Swinehart	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 CROWN POINT, LAKE COUNTY, INDIANA

We have examined the schedule of receipts, disbursements, and cash and investment balances of the City of Crown Point (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

September 11, 2006

CITY OF CROWN POINT  
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
Governmental Funds:				
General	\$ 481,922	\$ 28,771,631	\$ 26,382,201	\$ 2,871,352
Motor Vehicle Highway	120,978	2,135,056	1,966,946	289,088
Local Road and Street	23,847	245,152	201,148	67,851
Law Enforcement Continuing Education	10,622	13,219	12,127	11,714
Riverboat	538,300	256,526	603,359	191,467
Police Donations Escrow	22,539	22,025	31,674	12,890
Cumulative Capital Improvement	157,374	61,226	182,541	36,059
Cumulative Capital Development	129,980	317,426	156,755	290,651
Cumulative Sewer	156,853	717,421	199,668	674,606
Cumulative Fire	216,835	216,860	92,171	341,524
Cumulative Capital II (EMS)	105,680	67,890	10,523	163,047
DUI Grant Fund	5,326	6,760	8,086	4,000
Grant-Law Enforcement Liaison	5,560	62,375	67,935	-
Big City/County Seatbelt Enforcement	21	5,924	5,512	433
Economic Development Non-Reverting Fund	15,338	11,000	-	26,338
Traffic Safety Equipment Grant	21	-	21	-
911 Equipment Fund	575	-	575	-
General Improvement	28,290	7,238	8,613	26,915
Lease Rental, EMS Building	101	499,443	457,410	42,134
Barrett Law	38,374	-	-	38,374
Tourism	1,804	8,300	5,130	4,974
Crown Point Redevelopment Fund	795,297	7,186,036	6,418,788	1,562,545
Recycling and Solid Waste Grant	58,821	87,106	145,821	106
Firefighter's Grant Fund	12,459	4,714	12,270	4,903
Local Law Block Grant	56	19	75	-
Nonreverting Park	35,473	83,930	56,686	62,717
Sauerman Woods Res. Donations	1,000	5,750	6,750	-
Nonreverting Special Events Fund	863	6,339	4,519	2,683
Crown Point Beautification	1,000	-	-	1,000
Deferral Program Fund	-	36,372	-	36,372
Dog Supply & Maintenance	325	1,450	191	1,584
Court Record Perpetuation	8,479	9,063	-	17,542
Park Department Non-Reverting	101	1,303	-	1,404
DARE Fund	4,259	8,416	4,701	7,974
Fire Department Donations	116	18,036	17,225	927
Police Federal Nonreverting Seizure	20,878	868	16,050	5,696
Mayor's Roundtable Escrow	320	-	-	320
Police State Nonreverting Seizure	10	1,024	-	1,034
GREAT Program	1	-	-	1
Hazmat Nonreverting Fund	672	-	-	672
Civil Defense Escrow	16,024	8,375	7,400	16,999
LCDD Task Force	24,167	213,822	194,522	43,467
Economic Development Corporation Escrow	1,489	-	-	1,489
Homestead Restoration Fund	7,674	5,000	460	12,214
High Meadows Escrow	27,389	49,684	51,910	25,163
Tank Improvement Escrow	144	-	-	144
Parks and Playground Escrow	2,000	800	-	2,800

The accompanying notes are an integral part of the schedules.

CITY OF CROWN POINT  
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  
(Continued)

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Proprietary Funds:				
Water Utility - Operating	726,000	11,611,963	11,688,688	649,275
Water Utility - Bond and Interest	287,070	1,404,729	1,396,723	295,076
Water Utility - Depreciation	940,148	17,532,353	16,586,128	1,886,373
Water Utility - Customer Deposit	6,674	36,882	30,941	12,615
Water Utility - Construction	643,089	9,773	376,720	276,142
Water Utility - Cash Reserve	494,825	894,519	894,519	494,825
Water Utility - Petty Cash	600	-	-	600
Wastewater Utility - Operating	386,429	8,500,996	8,334,773	552,652
Wastewater Utility - Bond and Interest	393,632	4,756,373	4,663,707	486,298
Wastewater Utility - Improvement Other	1,540	8,714,485	6,993,457	1,722,568
Wastewater Utility - Debt Service	783,924	1,497,497	1,518,481	762,940
Wastewater Utility - Improvement (Replacement)	696,101	3,467,942	3,340,303	823,740
Wastewater Utility - Petty Cash	800	-	-	800
Nonreverting Employee Health	100,500	2,385,008	1,862,060	623,448
Retiree's Nonreverting Insurance	267,600	165,600	-	433,200
Fiduciary Funds:				
Police Officers' Pension	405,991	1,687,588	1,603,507	490,072
Firefighters' Pension	182,605	680,915	645,882	217,638
User Fee Fund	-	20,681	20,681	-
PERF Escrow	28,120	111,692	113,424	26,388
Voluntary PERF Deduction	1,365	5,435	5,548	1,252
Special Insurance Escrow	94	-	-	94
Miscellaneous Refunds	17,960	70,766	64,717	24,009
Fire Pension II	12,838	52,336	52,082	13,092
Indiana State Income Tax	-	247,125	225,320	21,805
Police Pension Indiana Gross	-	9,909	9,012	897
Fire Pension Indiana Gross	-	1,360	1,246	114
Fire Pension II	18,032	80,085	76,234	21,883
Excess Levy Fund	-	120,846	120,846	-
Colonial Life and Accident	364	693	686	371
Greenview Recovery Agreement	9,600	-	-	9,600
Municipal Insurance	258	1,391	1,507	142
Miscellaneous Sales Tax	3	2,532	2,317	218
Court Cost County	911	25,551	22,062	4,400
Prepaid Legal Escrow	65	6,156	6,202	19
Bowen Engineering Retainage	161,903	13,991	175,894	-
Vision Insurance Escrow	914	9,832	9,561	1,185
AFLAC Escrow	4,908	60,724	65,359	273
American Bankers Insurance Escrow	158	-	-	158
Dental Insurance Escrow	3,900	30,723	34,182	441
Brownfield Grant Escrow	14,254	-	14,254	-
Miscellaneous Account Police Car Escrow	151	-	-	151
Perpetual Building Improvement Fund Escrow	193,000	307,000	234,000	266,000
City of Crown Point Court (Supplemental)	329,912	721,302	704,273	346,941
Totals	<u>\$ 10,195,595</u>	<u>\$ 106,400,332</u>	<u>\$ 99,225,059</u>	<u>\$ 17,023,927</u>

The accompanying notes are an integral part of the schedules.

CITY OF CROWN POINT  
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, health and social services, culture and recreation, general administrative, and water and wastewater services.

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.

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 CROWN POINT  
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 including revenue bonds for the water utility, an SRF loan for the wastewater utility, and capital leases for police cars, the EMS building, and a bulldozer. The outstanding principal at December 31, 2005, was as follows:

	<u>Governmental</u>	<u>Water</u>	<u>Wastewater</u>
Revenue Bonds	\$ -	\$ 7,340,000	\$ -
Loan	-	-	6,455,000
Capital Leases	<u>1,351,135</u>	<u>-</u>	<u>10,843</u>
Totals	<u>\$ 1,351,135</u>	<u>\$ 7,340,000</u>	<u>\$ 6,465,843</u>

CITY OF CROWN POINT  
NOTES TO SCHEDULE  
(Continued)

Note 8. Circuit Breaker Agreement

In 2004, the State provided to Lake County, for the benefit of various taxing units, a circuit breaker loan. The loan was to cover tax bill amounts in excess of 2% of the property's assessed valuation, subject to the property having a homestead exemption on file. On January 11, 2005, the County entered into an agreement with the City of Crown Point and other taxing units receiving gaming tax distributions from Lake County for repayment of the loan. The City will have its gaming distribution reduced by \$54,371 for the first quarter of 2005 and \$36,797 for each quarter thereafter until December 31, 2009.

Note 9. Tax Levies and Rates for 2004 and 2005

Property tax rates and levies were not established by February 15, 2004, as required by state statute due to the delay in the completion of the reassessment of Lake County. The 2004 property tax rates and levies were not established until October 2004. The tax bills were not mailed until March 2005 with the first installment due in April 2005 and the second installment due by June 2005. The 2005 property tax rates and levies were not established until September 2005. The 2004 payable 2005 property tax bills were mailed out October 31, 2005, with the first installment due November 18, 2005, and the second installment due February 10, 2006.

Note 10. Subsequent Events

Property tax rates and levies were not established by the Indiana Department of Local Government Finance as of February 15, 2006, as required by statute, due to the continued delay caused by the reassessment of Lake County. The 2005 pay 2006 property tax bills were mailed out on August 1, 2006, with the first installment due August 29, 2006, and the second installment due November 14, 2006.

In June of 2006, the City entered into a loan for the purchase of property \$1,056,000.00. This loan will be paid from tax revenues.

CITY OF CROWN POINT  
EXAMINATION RESULT AND COMMENT

DEPOSITS

Police department receipts were remitted to the Clerk-Treasurer up to 16 days from the date of receipt.

Receipts and fees collected by a police department should be remitted to the clerk-treasurer or city controller at least once each week. (Cities and Towns Bulletin and Uniform Compliance Guidelines, September 2003)

CITY OF CROWN POINT  
EXIT CONFERENCE

The contents of this report were discussed on September 11, 2006, with Daniel M. Klein, Mayor; Patti Olson, Clerk-Treasurer; Linda Abraham, Chief Deputy Clerk; Adam Graper, Governmental Affairs Director; and Donna Martin, Administrative Assistant to the Mayor. The officials concurred with our finding.