

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

EXAMINATION REPORT
OF
CITY OF CRAWFORDSVILLE
MONTGOMERY COUNTY, INDIANA
January 1, 2005 to December 31, 2005



FILED
12/29/2006

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Nellie Thompson	01-01-04 to 12-31-07
Mayor	John P. Zumer	01-01-04 to 12-31-07
President of the Common Council	Les Hearson Vacant Steve Frees	01-01-05 to 10-31-06 11-01-06 to 11-12-06 11-13-06 to 12-31-06
Superintendent of Wastewater Utility	Thomas W. Mitchell	01-01-05 to 12-31-06
Superintendent of Electric Utility	Roy E. Kaser	01-01-05 to 12-31-06
Controller of Electric Utility	Michael W. Mitchell John Lamb	01-01-05 to 05-30-06 05-31-06 to 12-31-06



STATE OF INDIANA
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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE CITY OF CRAWFORDSVILLE, MONTGOMERY COUNTY, INDIANA

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

October 16, 2006

CITY OF CRAWFORDSVILLE
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL, FIDUCIARY, AND ENTERPRISE 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	\$ 3,692,107	\$ 9,125,143	\$ 7,723,385	\$ 5,093,865
Aviation	151,099	70,694	100,892	120,901
Civil defense	74,062	30,818	52,703	52,177
Donations	100	-	-	100
Law enforcement continuing education	10,364	13,488	8,585	15,267
Local road and street	685,005	59,351	-	744,356
Motor vehicle highway	929,748	934,700	1,220,736	643,712
Park nonreverting operating	137,485	485,387	495,016	127,856
Parking meter	16,464	211,731	98,210	129,985
Parks and recreation	459,927	892,486	986,171	366,242
Riverboat	184,903	96,118	-	281,021
Park district bond	768	-	768	-
Cumulative capital development	878,904	242,626	19,463	1,102,067
Cumulative capital improvement	417,395	47,120	26,500	438,015
Airport hangar depreciation	8,342	1,043	-	9,385
Airport hangar operating and maintenance	6,006	1,043	-	7,049
Ambulance major rescue equipment and training	125,623	152,931	132,259	146,295
Asbestos abatement fund	347	-	-	347
Aviation project	16,240	281,617	259,066	38,791
City employee trust fund	6	-	6	-
Civil defense copier fund	24,769	3,729	1,073	27,425
Commerce park TIF bond proceeds	-	4,444,809	2,488,748	1,956,061
Cumulative capital building fund	150	-	-	150
Crawfordsville historical district capital improvement	193,141	11,957	22,444	182,654
Crawfordsville Square debt reserve	288,173	3,647	-	291,820
Crawfordsville Square bond and interest	999,643	493,051	282,819	1,209,875
Crawfordsville Square TIF	3,735	44	447	3,332
Downtown sidewalk streetscape	-	7,500	374	7,126
Drainage permit funds	15	280	280	15
Fire apparatus major equipment	204,503	55,948	-	260,451
Fire equipment non-reverting	16,655	42,779	7,520	51,914
Kroger/Pace Dairy TIF bond proceeds	-	1,031,235	1,031,235	-
Landfill maintenance fund	3,610	-	3,610	-
Park and recreation - golf improvement	49,920	66,160	70,567	45,513
Park and recreation - capital improvement	5,338	-	-	5,338
Park and recreation - community center	28	-	28	-
Park and recreation - muffy	14,484	35,012	39,693	9,803
Park and recreation - Title III	(832)	13,444	13,604	(992)
Police building bond and interest	92,698	34,789	114,467	13,020
Police communication non-reverting	237	750	598	389
Police equipment non-reverting	27,448	8,150	18,279	17,319
Police child victim fund	2,205	2,000	384	3,821
Police drug seizure fund	22	-	-	22
Rehabilitation fund	252,012	11,506	10,416	253,102
Sidewalk maintenance and improvement	21,327	15,668	9,660	27,335
Urban development grant	710,418	55,428	637,186	128,660
Wheel tax fund	64,353	53,374	85,464	32,263
Yard waste fees trust	1,594	215	-	1,809
Fiduciary Funds:				
Fire pension	594,139	333,404	441,695	485,848
Police pension	536,821	368,203	468,144	436,880
Payroll	189,565	9,492,169	9,391,102	290,632
Enterprise Funds:				
Electric Utility bond and interest	354,182	337,623	336,641	355,164
Electric Utility customer deposit	112,555	62,360	58,110	116,805
Electric Utility depreciation	3,624,132	258,680	2,022,601	1,860,211
Electric Utility operating	2,274,602	8,975,291	8,564,496	2,685,397
Electric Utility cash reserve	541,405	431,994	425,000	548,399
Electric Utility flex benefits	3,213	82,115	82,115	3,213
Electric Utility telecom	9,409	213,873	215,410	7,872
Wastewater Utility bond and interest	20,075	663,481	683,556	-
Wastewater Utility construction	-	2,000,000	388,296	1,611,704
Wastewater Utility operating	1,103,507	2,823,969	2,511,965	1,415,511
Wastewater Utility debt reserve	374,785	200,000	-	574,785
Totals	\$ 20,508,931	\$ 45,280,933	\$ 41,551,787	\$ 24,238,077

The accompanying notes are an integral part of the schedules.

CITY OF CRAWFORDSVILLE
NOTES TO SCHEDULE

Note 1. Introduction

The City was established under the laws of the State of Indiana. The City provides the following services: electric, wastewater, public safety, planning and zoning, economic development, culture and recreation, and general administrative 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). Ordinarily, taxes may be paid in two equal installments which become delinquent if not paid by May 10 and November 10, respectively. In 2005, taxes were due in two installments delinquent if not paid by June 20 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 CRAWFORDSVILLE
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 for improvement of the downtown area, bonds for commerce park improvements, bonds for a new police station, bonds for Electric Utility improvements, a loan for Wastewater Utility improvements, a capital lease for a sanitation truck, and leases for park equipment. The outstanding principal at December 31, 2005, was \$2,175,000, \$4,500,000, \$390,000, \$640,000, \$3,975,864, \$47,474, and \$51,975, respectively.

Note 8. Subsequent Event

In June 2006, the Electric Utility issued \$16,660,000 in Communication Lease Revenue Bonds. The proceeds from these bonds will be used to construct a fiber optic communications network and are being held by a fiscal agent.

On July 7, 2006, the City entered into a contract with Fairfield Contractors, Inc.. for \$1,361,939 to prepare three sites at the commerce park for building and to install infrastructure.

CITY OF CRAWFORDSVILLE
NOTES TO SCHEDULE
(Continued)

In December 2005, the City received approval on a grant in the amount of \$525,000 for downtown revitalization. As of year end, none of the funds had been received or spent.

In May 2006, the Park Department entered into a lease agreement with Toro Financing for a pump station. Principal due under the lease is \$62,591 over the next three years.

CITY OF CRAWFORDSVILLE
EXAMINATION RESULT AND COMMENT

INTERNAL CONTROLS

As previously discussed with the official, and as commented upon in the prior report, controls over receipting, recording, and accounting for the financial activities were insufficient in the Planning and Zoning Department. The following deficiencies were identified:

1. Permits are not pre-numbered.
2. A comparison of permits issued to receipts issued is not performed.
3. A comparison of receipt amounts to summary pages turned in with funds is not verified by supervisor.
4. Deposits were not always made daily.

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)

CITY OF CRAWFORDSVILLE
OTHER REPORTS

The report presented herein was prepared in addition to other official reports prepared for the individual city offices listed below:

Electric Utility
Park Department

CITY OF CRAWFORDSVILLE
EXIT CONFERENCE

The contents of this report were discussed on October 16, 2006, with John P. Zumer, Mayor; Nellie Thompson, Clerk-Treasurer; and Jacob Hurt, Director of Planning and Community Development. The officials concurred with our finding.