

**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, 2007 to December 31, 2007



**FILED**  
10/15/2008



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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Nellie Thompson Terri J. Gadd	01-01-04 to 12-31-07 01-01-08 to 12-31-11
Mayor	John P. Zumer Charles E. Coons	01-01-04 to 09-23-07 09-23-07 to 12-31-11
President of the Common Council	Steve Frees Nellie Thompson	01-01-07 to 12-31-07 01-01-08 to 12-31-08
Superintendent of the Wastewater Utility	Thomas W. Mitchell	01-01-07 to 12-31-08
Superintendent of the Electric Utility	Roy E. Kaser	01-01-07 to 12-31-08
Controller - Electric Utility	John F. Lamb	01-01-07 to 12-31-08



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the financial information presented herein of the City of Crawfordsville (City), for the period of January 1, 2007 to December 31, 2007. The City's management is responsible for the financial information presented herein. 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 financial information presented herein 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 financial information referred to above presents fairly, in all material respects, the financial information of the City for the year ended December 31, 2007, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The Schedule of Capital Assets and Schedule of Long-Term Debt, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the basic financial information. They have not been subjected to the examination procedures applied to the basic financial information and, accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

August 28, 2008

CITY OF CRAWFORDSVILLE  
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES  
ALL GOVERNMENTAL, PROPRIETARY, AND FIDUCIARY FUND TYPES  
As Of And For The Year Ended December 31, 2007

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
<b>Governmental Funds:</b>				
General	\$ 5,262,078	\$ 7,997,176	\$ 8,239,547	\$ 5,019,707
Motor Vehicle Highway	808,992	1,270,197	1,565,167	514,022
Local Roads and Streets	696,482	58,215	102,725	651,972
Parks and Recreation	512,437	1,036,991	1,115,403	434,025
Aviation	136,097	105,951	139,161	102,887
Parking Meter	120,512	84,189	83,285	121,416
Golf Course Authority	61,387	480,153	417,891	123,649
Park Nonreverting Operating	121,477	410,292	411,442	120,327
Park and Recreation Title III	(3,116)	18,404	17,538	(2,250)
Park and Recreation Muffy	13,843	35,275	24,676	24,442
Crawfordsville Square TIF	3,226	21	840	2,407
Crawfordsville Square Bond and Interest	1,558,825	666,649	363,138	1,862,336
Crawfordsville Square Debt Reserve	300,575	30,505	15,540	315,540
Kroger / Pace TIF Bond and Interest	12,228	13,101	25,328	1
Commerce Park TIF Bond, Proceeds	495,154	21,926	385,739	131,341
Commerce Park TIF Bond, Interest	192,461	414,180	403,322	203,319
Asbestos Abatement Fund	347	-	-	347
Riverboat	345,741	96,119	35,250	406,610
Wheel Tax Fund	25,863	84,286	23,340	86,809
Civil Defense	70,098	40,868	38,485	72,481
Donations	100	-	-	100
Urban Development Grant	471,553	30,457	-	502,010
Rehabilitation Fund	275,070	51,124	27,929	298,265
Crawfordsville Historic District Capital Improvement	171,297	19,415	38,000	152,712
Downtown Sidewalk Streetscape	4,498	-	1,500	2,998
Civil Defense Copier Fund	29,281	3,434	1,315	31,400
Ambulance Major Rescue Equipment and Training	305,422	217,643	397,351	125,714
Fire Apparatus Major Equipment	47,039	-	47,039	-
Law Enforcement Continuing Education	18,412	13,020	5,744	25,688
Fire Equipment Nonreverting	12,746	23,998	19,692	17,052
Police Equipment Nonreverting	5,365	11,200	9,599	6,966
Police Drug Seizure Fund	22	-	-	22
Aviation Project	43,855	77,927	63,925	57,857
Airport Hanger Depreciation	10,458	1,109	-	11,567
Airport Hanger Operating and Maintenance	8,122	1,909	-	10,031
Police Communication Nonreverting	63	-	88	(25)
Police Child Victim Fund	1,821	-	-	1,821
Communications Center Help Line	4,580	18,279	6,349	16,510
Cumulative Capital Improvement	446,263	154,734	170,513	430,484
Park and Recreation Capital Improvement	5,338	-	-	5,338
Cumulative Capital Building Fund	150	-	-	150
Police Building Bond and Interest	6,149	105,505	111,187	467
Cum Cap Fire Special / Property Tax	169,322	139,298	142,868	165,752
Sidewalk Maintenance and Improvement	32,715	15,756	4,268	44,203
Cumulative Capital Development	1,107,254	689,615	696,514	1,100,355
Yard Waste Fees Trust	1,454	-	-	1,454
<b>Proprietary Funds:</b>				
Wastewater Utility Operating	1,591,689	3,015,994	2,571,539	2,036,144
Wastewater Bond and Interest	1,752	704,400	704,406	1,746
Wastewater Utility Debt Service	574,785	-	-	574,785
Wastewater Utility Construction	51,174	-	40,389	10,785
Electric Utility Operating	2,677,813	33,487,819	33,832,740	2,332,892
Electric Utility Bond and Interest	340,211	9,194	334,032	15,373
Electric Utility Depreciation	1,802,169	836,785	350,167	2,288,787
Electric Utility Customer Deposits	126,480	64,090	63,785	126,785
Electric Utility Cash Reserve	559,682	444,734	425,000	579,416
Electric Flex Benefits	3,213	114,873	114,878	3,208
Electric Utility Telecom	11,103	265,455	132,896	143,662
<b>Fiduciary Funds:</b>				
Payroll	285,258	10,609,626	10,688,317	206,567
Fire Pension	660,584	555,446	641,339	574,691
Police Pension	492,748	476,254	491,614	477,388
Drainage Permit Funds	15	-	-	15
CELP Electric Inspection Fees	-	300	300	-
<b>Totals</b>	<b>\$ 23,091,732</b>	<b>\$ 65,023,891</b>	<b>\$ 65,543,100</b>	<b>\$ 22,572,523</b>

The accompanying notes are an integral part of the financial information.

CITY OF CRAWFORDSVILLE  
NOTES TO FINANCIAL INFORMATION

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, recreation, planning and zoning, economic development, 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). 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 CRAWFORDSVILLE  
NOTES TO FINANCIAL INFORMATION  
(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 economic development (TIF), bonds for commerce park improvements, bonds for a new police station, a capital lease for telecommunication improvements, a loan for Wastewater Utility improvements, bonds for Wastewater Utility improvements, loans for equipment, and various capital leases for equipment. The outstanding principal at December 31, 2007, was 1,925,000, \$4,430,000, \$205,000, \$16,660,000, \$4,345,864, \$1,218,000, \$57,178, and \$93,377, respectively.

Note 8. Building Corporation

The Crawfordsville Electric Light and Power, as a department of the City of Crawfordsville, has entered into a capital lease with the Accelplus Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing telecommunication facilities for lease to the City. The lessor has been determined to be a related party of the City. The principal amount of the capital lease is \$16,660,000. The lease payments made in 2007 are to be interest only, principal payments begin in 2008.

CITY OF CRAWFORDSVILLE  
NOTES TO FINANCIAL INFORMATION  
(Continued)

Note 9. Interfund Loan

The Crawfordsville Electric Light and Power, as a department of the City of Crawfordsville, has given Accelplus, a division of Crawfordsville Electric Light and Power a one million one hundred fifty thousand dollar note. This promissory note principal and interest is due on or before January 1, 2029.

Note 10. Subsequent Events

On May 1, 2008, the City paid off the Crawfordsville Square bond issue in advance of debt requirements. The City was required to pay a registered call premium of \$17,750. This early payment resulted in a savings of \$655,025 in interest.

The City of Crawfordsville plans to reconstruct the Mill Street roadway from South Boulevard to Elmore Avenue. The anticipated total cost for the project is \$3,900,282. On August 6, 2005, the City was approved to receive \$1,956,000 in federal funding. The City's required local match is \$884,551. Additional federal grants are being pursued to fund this project. To date, the City of Crawfordsville has paid \$223,170 in engineering costs. They have not drawn any of the available federal money.

The Crawfordsville Municipal Airport began reconstructing their runway apron and relocating their fueling station in 2008. The total cost for the project is \$955,428. The Federal Aviation Administration has approved grants totaling \$907,657. To date, \$791,781 has been expended and the project is expected to be complete by year end 2008.

The Crawfordsville Municipal Airport has also begun constructing a new airport terminal building. The total cost to erect this building is \$564,000. Nucor Steel has donated \$85,000 of steel. A loan has been secured for \$479,000 to pay for other construction costs. Ground has been broken and the project is expected to be completed before May 2009.

Also, the Crawfordsville Municipal Airport is preparing to complete a runway overlay. The total cost is estimated to be \$1,500,000. In March of 2008, the Federal Aviation Administration granted Crawfordsville \$135,000 for engineering costs.

CITY OF CRAWFORDSVILLE  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF CAPITAL ASSETS

For the Year Ended December 31, 2007

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

General infrastructure assets completed in the prior years have been reported.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 3,555,103
Infrastructure	61,153,394
Buildings	7,816,270
Improvements other than buildings	585,673
Machinery and equipment	7,617,276
Construction in progress	<u>1,814,186</u>
 Total governmental activities, capital assets not being depreciated	 <u><u>\$ 82,541,902</u></u>

<u>Primary Government</u>	<u>Ending Balance</u>
Wastewater Utility:	
Capital assets	
Land	106,819
Buildings	13,821,601
Collection System/Infrastructure	5,923,207
Machinery and equipment	1,363,544
Bond Issue Cost	<u>36,290</u>
	21,144,642
Less Depreciation	(17,000,268)
Total business-type activities capital assets being depreciated	 <u><u>4,144,374</u></u>

CITY OF CRAWFORDSVILLE  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF LONG-TERM DEBT  
December 31, 2007

The City has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
<b>Governmental Activities:</b>		
Capital leases:		
Golf Course Carts (Textron Financial)	\$ 34,307	\$ 9,720
Golf Course Pump (Toro Financing)	29,045	26,435
Airport 2008 Ford Truck (Ford Motor Credit)	17,874	6,674
Notes and loans payable		
Golf Course Pole Barn (Main Source Bank)	35,155	8,422
Golf Course Sharpening Equipment (Main Source Bank)	12,244	11,524
Park & Recreation Bobcat (Citi Capital)	12,152	8,550
Park & Recreation Exercise Equip (Tri County Bank)	9,778	7,926
Bonds payable:		
General obligation bonds:		
Police Building Bonds	205,000	5,356
Revenue bonds:		
Commerce Park TIF	4,430,000	368,074
Crawfordsville Square TIF	1,925,000	283,350
<b>Total governmental activities debt</b>	<b><u>\$ 6,710,555</u></b>	<b><u>\$ 736,031</u></b>
<b>Business-type Activities:</b>		
Wastewater Utility		
Revenue bonds:		
Chase Loan	\$ 1,218,000	\$ 24,056.00
State Revolving Loan (Chase)	3,455,864	50,110
<b>Total Wastewater Utility</b>	<b><u>\$ 4,673,864</u></b>	<b><u>\$ 74,166.00</u></b>
Electric Utility:		
Promisory Note		
Capital leases:		
Accelplus	\$ 16,660,000	\$ 110,557.00
<b>Total Electric Utility</b>	<b><u>\$ 16,660,000</u></b>	<b><u>\$ 110,557.00</u></b>
<b>Total business-type activities debt:</b>	<b><u>\$ 28,044,419</u></b>	<b><u>\$ 920,754</u></b>

CITY OF CRAWFORDSVILLE  
EXAMINATION RESULTS AND COMMENTS

INTERNAL CONTROLS - PARK DEPARTMENT

1. The front desk cashiers have a sign in sheet for drop-in or pay-as-you-go customers. This sheet should have been but wasn't compared to the cash register till report.

Children may be left at the daycare program by adults utilizing the facility. When a child was left at the daycare program on a pay-as-you-go basis, they should have been, but were not recorded on the drop-in sheet. There were no controls to determine that fees were collected and recorded for each child.

Four sign in sheets were tested. None of them were correct.

2. All source documents for the daily pool receipts were not retained for examination.
3. The contractual requirements for the concession vendor require a payment based on total sales. The contractor provided no reports of sales or other computations to support his payments to the Parks Department.

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)

PARK NONREVERTING FUNDS

The Park and Recreation Board established by Ordinance 38-1973 a nonreverting operating fund for which expenditures were made without appropriation in 2007.

The ordinance also states in part: ". . . activities operated from this non-reverting operating fund shall be paid for only by funds received from these activities." Seven of the sixty-four activities listed in the nonreverting fund were allowed to spend more than had been received and had negative fund balances at December 31, 2007.

Indiana Code 36-10-3-22 (b) says in part: "The unit's fiscal body may establish by ordinance, upon request of the board: (1) a special nonreverting operating fund for park purposes from which expenditures may be made as provided by ordinance, either by appropriation by the board or by the unit's fiscal body . . ."

Each governmental unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

CITY OF CRAWFORDSVILLE  
EXIT CONFERENCE

The contents of this report were discussed on August 28, 2008, with Charles E. Coons, Mayor; Nellie Thompson, President of the Common Council; Terri J. Gadd, Clerk-Treasurer; and Roger Neal, Park Department Director. The officials concurred with our findings.