

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

EXAMINATION REPORT
OF
CITY OF GREENDALE
DEARBORN COUNTY, INDIANA
January 1, 2008 to December 31, 2008



FILED
08/31/2009

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Mary Jo Lynch	01-01-08 to 12-31-11
Mayor	Doug Hedrick	01-01-08 to 12-31-11
President of the Board of Public Works	Doug Hedrick	01-01-08 to 12-31-11
President of the Common Council	Doug Hedrick	01-01-08 to 12-31-11
City Manager	Steve Lampert	01-01-08 to 12-31-09
Utility Office Manager	Joyce Jackson	01-01-08 to 12-31-09



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE CITY OF GREENDALE, DEARBORN COUNTY, INDIANA

We have examined the financial information presented herein of the City of Greendale (City), for the period of January 1, 2008 to December 31, 2008. 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, 2008, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The Schedule of Long-Term Debt, as listed in the Table of Contents, is presented for additional analysis and is not a required part of the basic financial information. It has not been subjected to the examination procedures applied to the basic financial information and, accordingly, we express no opinion on it.

STATE BOARD OF ACCOUNTS

July 23, 2009

CITY OF GREENDALE
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, 2008

	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
Governmental Funds:				
General	\$ 207,333	\$ 4,403,200	\$ 3,526,557	\$ 1,083,976
Riverboat	7,057,627	2,428,130	3,164,822	6,320,935
Motor Vehicle Highway	166,351	365,110	310,593	220,868
Local Road and Street	100,658	31,489	5,875	126,272
Park and Recreation	1,923	295	-	2,218
Park Donation	3,086	7,241	8,597	1,730
Law Enforcement Continuing Education	12,591	4,011	808	15,794
Police Grant	159	-	-	159
K-9 Unit	618	-	-	618
Motorcycle	177	-	-	177
Operation Pullover	54	4,049	3,111	992
Cumulative Capital Improvement	57,376	13,971	-	71,347
Cumulative Capital Development	482,849	94,038	-	576,887
Fire Nonreverting	16,187	17,384	-	33,571
Law Enforcement Nonreverting	9,727	150	-	9,877
Greendale Greenway	10,078	110	-	10,188
Redevelopment	713,257	1,823,673	851,825	1,685,105
Rainy Day	16,219	57,659	-	73,878
Proprietary Funds:				
Water Operating	428,347	1,011,864	884,330	555,881
Water Bond and Interest	2,246	180,303	180,302	2,247
Water Construction	117,002	986	95	117,893
Water Reserve	75,610	-	-	75,610
Water Customer Deposit	4,225	350	2,425	2,150
Sewage Operating	93,213	1,582,468	1,615,323	60,358
Sewage Debt Service Reserve	75,000	-	-	75,000
Sewage Improvement	254,466	378,378	257,815	375,029
Sewage Customer Deposits	8,300	3,850	4,500	7,650
Electric Operating	630,513	7,720,284	7,674,914	675,883
Electric Bond and Interest	3,558	134,353	131,946	5,965
Electric Debt Service	132,640	-	-	132,640
Electric Depreciation	29,640	-	-	29,640
Electric Construction	8,357	404	454	8,307
Electric Customer Deposits	66,280	30,400	28,600	68,080
Electric Reserve	374,745	60,000	-	434,745
Fiduciary Funds:				
Payroll	-	2,516,035	2,516,035	-
Firehouse Escrow	1,461	41	-	1,502
Post-Closure Landfill	167,587	3,851	8,925	162,513
Landfill Reserve	11,298	140,372	139,701	11,969
Totals	\$ 11,340,758	\$ 23,014,449	\$ 21,317,553	\$ 13,037,654

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

CITY OF GREENDALE
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: public safety, highways and streets, sanitation, culture and recreation, public improvements, planning and zoning, economic development, electric, water, wastewater, 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 IC 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 GREENDALE
NOTES TO FINANCIAL INFORMATION
(Continued)

Note 6. Pension Plans

A. 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.

B. 1977 Police Officers' and Firefighters' Pension and Disability Fund

Plan Description

The City contributes to the 1977 Police Officers' and Firefighters' Pension and Disability Fund, a cost-sharing multiple-employer defined benefit pension plan administered by the Indiana Public Employees' Retirement Plan (PERF) for all police officers and firefighters hired after April 30, 1977.

State statute (IC 36-8-8) regulates the operations of the system, including benefits, vesting and requirements for contributions by employers and by employees. Covered employees may retire at age 55 with 20 years of service. An employee with 20 years of service may leave service, but will not receive benefits until reaching age 55. The plan also provides for death and disability benefits.

PERF 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:

CITY OF GREENDALE
NOTES TO FINANCIAL INFORMATION
(Continued)

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

Funding Policy and Annual Pension Costs

Plan members are required to contribute 6% of the first-class police officers' and firefighters' salary and the City is to contribute at an actuarially determined rate. The current rate, which has not changed since the inception of the plan, is 21% of the first-class police officers' and firefighters' salary. The contribution requirements of plan members and the City are established by the Board of Trustees of PERF.

CITY OF GREENDALE
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 December 31, 2008

The City has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:		
Notes and loans payable:		
New 800 Mhz Radio Project	\$ 124,525	\$ -
Fire Department Aerial Ladder Truck	209,405	39,425
Construction of New Fire Station	1,125,000	129,000
Renovation of Police Station	1,445,000	153,850
Bonds payable:		
Revenue bonds:		
Tax Increment Revenue Bond, Series 2004	<u>330,000</u>	<u>62,200</u>
Total governmental activities debt	<u>\$ 3,233,930</u>	<u>\$ 384,475</u>
Business-type activities:		
Water Utility:		
Revenue bonds:		
Waterworks Improvements and Extensions - 1996	<u>\$ 455,000</u>	<u>\$ 13,999</u>
Electric Utility:		
Revenue bonds:		
Electric Utility System Improvements - 1998	<u>995,000</u>	<u>23,673</u>
Total business-type activities debt	<u>\$ 1,450,000</u>	<u>\$ 37,672</u>

CITY OF GREENDALE
EXAMINATION RESULTS AND COMMENTS

DELINQUENT WASTEWATER ACCOUNTS (Applies to Wastewater Utility)

Delinquent wastewater fees and penalties had not been recorded with the County Recorder nor were they certified to the County Auditor which would result in a lien against the property.

IC 36-9-23-33 states in part:

"(b) Except as provided in subsection (l), the officer charged with the collection of fees and penalties assessed under this chapter shall enforce their payment. As often as the officer determines is necessary in a calendar year, the officer shall prepare either of the following:

- (1) A list of the delinquent fees and penalties that are enforceable under this section, which must include the following:
 - (A) The name or names of the owner or owners of each lot or parcel of real property on which fees are delinquent.
 - (B) A description of the premises, as shown by the records of the county auditor.
 - (C) The amount of the delinquent fees, together with the penalty.
- (2) An individual instrument for each lot or parcel of real property on which the fees are delinquent."

"(c) The officer shall record a copy of each list or each individual instrument with the county recorder . . ."

"(e) Using the lists and instruments prepared under subsection (b) and recorded under subsection (c), the officer shall, not later than ten (10) days after the list or each individual instrument is recorded under subsection (c), certify to the county auditor a list of the liens that remain unpaid for collection in the next May. . . ."

A similar comment was included in prior Report B33224.

CAPITAL ASSET RECORDS - CITY (Applies to Clerk-Treasurer)

The City has not adopted a formal capital asset policy and detailed capital asset records prepared by the City are incomplete.

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)

A similar comment was included in prior Report B33224.

CITY OF GREENDALE
EXAMINATION RESULTS AND COMMENTS
(Continued)

CAPITAL ASSET RECORDS - UTILITIES (Applies to Electric, Water, and Wastewater Utilities)

The Utilities have not adopted formal capital asset policies and do not maintain sufficient detailed records of capital assets for Utility Plant in Service accounts.

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)

A similar comment was included in prior Report B33224.

SEPARATE BANK ACCOUNTS (Applies to Water and Electric Utilities)

The operating funds of both the Electric Utility and the Water Utility are deposited and held in the same bank account.

Bond Ordinance 1998-4, in regards to the Electric Utility revenue bonds, and Bond Ordinance 12-1996, in regards to the Water Utility revenue bonds, both state: "The amounts in . . . all . . . funds and accounts created pursuant to this Ordinance shall be kept in separate bank accounts apart from all other bank accounts of the City. . . ."

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)

A similar comment was included in prior Report B33224.

CITY OF GREENDALE
EXIT CONFERENCE

The contents of this report were discussed on July 23, 2009, with Mary Jo Lynch, Clerk-Treasurer; and Doug Hedrick, Mayor.