

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

EXAMINATION REPORT
OF
CITY OF NEW HAVEN
ALLEN COUNTY, INDIANA
January 1, 2008 to December 31, 2008



FILED
10/05/2009

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Officials	2
Independent Accountant's Report.....	3
Financial Information:	
Schedule of Receipts, Disbursements, and Cash and Investment Balances	4
Notes to Financial Information	5-6
Supplementary Information:	
Schedule of Capital Assets.....	7
Schedule of Long-Term Debt	8
Examination Results and Comments:	
EMS Accounts Receivable Printouts	9
EMS Accounts Receivable Billings and Collections	10
EMS Collections Not Remitted Timely	10
Exit Conference.....	11

OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Brenda D. Adams	01-01-08 to 12-31-11
Mayor	Terry E. McDonald	01-01-08 to 12-31-11
President of the Common Council	Harold E. West	01-01-08 to 12-31-09
Superintendent of Utilities	David L. Jones	01-01-08 to 12-31-09
Utility Office Manager	Jill N. Cain	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 NEW HAVEN, ALLEN COUNTY, INDIANA

We have examined the financial information presented herein of the City of New Haven (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 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

September 10, 2009

CITY OF NEW HAVEN
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	\$ 2,595,022	\$ 4,522,529	\$ 4,589,194	\$ 2,528,357
Motor Vehicle Highway	1,173,649	1,357,476	1,163,200	1,367,925
Local Road and Street	40,092	144,548	-	184,640
CEDIT	965,949	1,119,788	1,466,338	619,399
Rainy Day	149,524	148,421	-	297,945
Economic Development Revolving	747,996	154,842	-	902,838
Park and Recreation	429,512	921,200	961,191	389,521
Park Nonreverting Capital	5,900	110	471	5,539
Park Nonreverting Operating	43,876	74,903	66,201	52,578
Park Nonreverting Restricted Contributions	554,617	28,039	92,476	490,180
Fire Department	215,714	1,171,754	1,178,896	208,572
Cumulative Building and Firefighting Equipment	524,717	170,510	227,630	467,597
Fire Department Special Equipment	5,819	24,944	6,009	24,754
Emergency Medical Service	257,803	612,461	654,559	215,705
Emergency Medical Equipment	53,124	30,150	9,836	73,438
Emergency Medical PERF	26,278	920	6,044	21,154
City Court	118,454	1,712,297	1,730,754	99,997
Court User Fee	243,844	105,919	250,787	98,976
Clerk's Record Perpetuation	91,612	19,759	3,704	107,667
Grants	19,335	133,885	140,478	12,742
Levy Excess	16,750	-	16,750	-
Police Building and Equipment	34,742	47,623	31,711	50,654
Riverboat	299,450	86,355	150,000	235,805
Law Enforcement Continuing Education	18,763	14,101	9,891	22,973
D.A.R.E.	4,473	175	226	4,422
Lease Rental	236,660	422,218	435,814	223,064
Cumulative Capital Improvement	510,151	57,391	79,210	488,332
Gronauer Lock	16,966	-	-	16,966
General Improvement	151,222	-	-	151,222
TIF 469	10,096	103,097	-	113,193
TIF Maplecrest Road	-	266	-	266
Redevelopment Capital Fund	-	3,213,493	1,001,103	2,212,390
Proprietary Funds:				
Water Utility - Operating	382,965	1,850,449	1,836,811	396,603
Water Utility - Bond and Interest	410,205	307,109	290,020	427,294
Water Utility - Depreciation	18,900	1,650	-	20,550
Water Utility - Customer Deposit	80,930	8,800	12,775	76,955
Water Utility - Construction	57,526	627	55,788	2,365
Water Utility - Improvement	290,827	81,922	145,594	227,155
Wastewater Utility - Operating	1,543,662	3,639,023	3,098,567	2,084,118
Wastewater Utility - Bond and Interest	1,856,234	994,862	1,033,840	1,817,256
Wastewater Utility - Depreciation	981,132	703,304	457,729	1,226,707
Wastewater Utility - SRF Project	-	275,300	275,300	-
Storm Water Utility - Operating	1,224,659	945,521	584,204	1,585,976
Fiduciary Funds:				
Police Officers' Pension	384,143	164,351	116,257	432,237
Court Fees Due County	27,569	297,975	308,177	17,367
Payroll	425	2,674,747	2,585,196	89,976
Totals	<u>\$ 16,821,287</u>	<u>\$ 28,344,814</u>	<u>\$ 25,072,731</u>	<u>\$ 20,093,370</u>

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

CITY OF NEW HAVEN
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, utility services, culture and recreation, judicial system, planning and zoning, 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. 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 NEW HAVEN
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.

CITY OF NEW HAVEN
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS
For The Year Ended December 31, 200

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 1,133,695
Infrastructure	8,950,489
Buildings	5,654,722
Improvements other than buildings	2,900,808
Machinery and equipment	6,203,043
Construction in progress	<u>4,124,651</u>
 Total governmental activities, capital assets not being depreciated	 <u>\$ 28,967,408</u>
<u>Primary Government</u>	<u>Ending Balance</u>
Business-type activities:	
Water Utility:	
Capital assets, not being depreciated:	
Land	\$ 11,000
Buildings	64,667
Improvements other than buildings	11,928,471
Machinery and equipment	268,083
Construction in progress	<u>-</u>
 Total Water Utility capital assets	 <u>12,272,221</u>
Wastewater Utility:	
Capital assets, not being depreciated:	
Land	251,699
Buildings	1,924,425
Improvements other than buildings	18,935,541
Machinery and equipment	622,295
Construction in progress	<u>2,000,959</u>
 Total Wastewater Utility capital assets	 <u>23,734,919</u>
Storm Water Utility:	
Capital assets, not being depreciated:	
Land	-
Buildings	-
Improvements other than buildings	1,538,300
Machinery and equipment	278,148
Construction in progress	<u>34,405</u>
 Total Storm Water Utility capital assets	 <u>1,850,853</u>
 Total business-type activities, capital assets not being depreciated	 <u>\$ 37,857,993</u>

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

Description of Asset	Ending Balance	Principal and Interest Due Within One Year
Governmental activities:		
Bond anticipation note:		
2008 Redevelopment road improvement	\$ 3,200,000	\$ 88,889
Capital leases:		
Fire station	335,000	146,439
Police and administration building	2,755,000	285,432
Fire truck	22,650	23,123
 Total governmental activities long-term debt	 <u>\$ 6,312,650</u>	 <u>\$ 543,883</u>
Business-type activities:		
Water Utility:		
Revenue bonds:		
2002 Water improvement projects	\$ 3,165,000	\$ 294,845
Wastewater Utility:		
Revenue bonds:		
2001 Wastewater improvement projects	1,425,000	137,343
Loans:		
2005 Wastewater improvement projects	3,805,000	283,246
Loans:		
2006 Wastewater improvement projects	7,354,191	248,668
 Total Wastewater Utility	 <u>12,584,191</u>	 <u>669,257</u>
 Total business-type activities long-term debt	 <u>\$ 15,749,191</u>	 <u>\$ 964,102</u>

CITY OF NEW HAVEN
EXAMINATION RESULTS AND COMMENTS

EMS ACCOUNTS RECEIVABLE PRINTOUTS

As reported in the previous Reports B26113, B23995, B28991, B30887, and B32820, the EMS accounts receivable printouts were deficient.

The various reports should all have the same accounts receivable balance at any point in time. Accounts receivable as of December 31, 2008, is computed as follows:

Accounts receivable at January 1, 2008	(from prior aged receivables)	\$ 337,916.09
Billings	("All Transactions for Revenue Journal")	901,040.58
Collections	("All Transactions for Cash Journal")	(289,763.33)
Bad debts	("All Transactions for B/D Journal")	(44,407.00)
Contractual allowances	("All Transactions for C/A Journal")	<u>(242,012.16)</u>
Accounts receivable December 31, 2008	(as calculated from printouts)	<u><u>\$ 662,774.18</u></u>

The various reports reflected the following balances, as of December 31, 2008:

"Billing and Accounts Receivable Reconciliation Report"	<u>\$ 660,281.18</u>
"Open Accounts Detail Report"	<u>\$ 669,468.18</u>
"Accounts Receivable Overall Summary Report" (aged accounts receivable)	<u>\$ 656,448.18</u>

At all times, the manual and computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

CITY OF NEW HAVEN
EXAMINATION RESULTS AND COMMENTS
(Continued)

EMS ACCOUNTS RECEIVABLE BILLINGS AND COLLECTIONS

Little collection effort was indicated for numerous patient accounts. The EMS Department indicated it was waiting for responses to the claims for reimbursement from Medicare, Medicaid, or other commercial insurers. These claims should be followed up on until a response is obtained. If the claim is not eligible for insurance reimbursement, then it should be billed back to the patient. Collection procedures need to be implemented and followed in this area.

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) The governing board over the EMS should adopt written collection policies and procedures for those areas not covered by statute.

EMS COLLECTIONS NOT REMITTED TIMELY

The EMS Department is not remitting collections to the Clerk-Treasurer on a timely basis. The amounts of the collections are almost always in check form, usually not overly substantial. The EMS Department is located at another site, and the billing clerk only works every third day. Therefore, weekly remittals, instead of daily remittals, would be sufficient. In the 11 receipts tested in late 2008 and early 2009 only 3 receipts complied with weekly remittals of collections.

Collections need to be posted to accounts receivable weekly and remitted to the Clerk-Treasurer for deposit immediately after that.

IC 5-13-6-1(d) states in part: "A city or town shall deposit funds not later than the next business day following receipt of the funds in depositories selected by the city or town as provided in an ordinance adopted by the city or town."

CITY OF NEW HAVEN
EXIT CONFERENCE

The contents of this report were discussed on September 10, 2009, with Brenda D. Adams, Clerk-Treasurer; and Terry E. McDonald, Mayor. The officials concurred with our findings.