

**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, 2009 to December 31, 2009



**FILED**  
11/15/2010



## 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 .....	5-7
Supplementary Information:	
Schedule of Long-Term Debt .....	8
Examination Results and Comments:	
Capital Assets Records - City.....	9
Separate Bank Accounts .....	9
Capital Assets Records – Utilities.....	9
Delinquent Wastewater Accounts .....	9-10
Accounts Payable Vouchers.....	10-11
Exit Conference.....	12

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	01-01-09 to 12-31-10
Utility Office Manager	Joyce Jackson	01-01-09 to 12-31-10



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
302 WEST WASHINGTON STREET  
ROOM E418  
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513  
Fax: (317) 232-4711  
Web Site: [www.in.gov/sboa](http://www.in.gov/sboa)

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, 2009 to December 31, 2009. 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, 2009, 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

August 12, 2010

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, 2009

	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
<b>Governmental Funds:</b>				
General	\$ 1,083,976	\$ 3,787,264	\$ 3,567,733	\$ 1,303,507
Riverboat	6,320,935	3,191,638	2,130,142	7,382,431
Motor Vehicle Highway	220,868	243,031	259,731	204,168
Local Road and Street	126,272	30,459	-	156,731
Park and Recreation	2,218	55	-	2,273
Park Donation	1,730	7,420	7,446	1,704
Law Enforcement Continuing Education	15,794	4,159	597	19,356
Police Grant	159	-	-	159
K-9 Unit	618	-	-	618
Motorcycle	177	-	-	177
Operation Pullover	992	1,943	2,943	(8)
Cumulative Capital Improvement	71,347	13,173	40,000	44,520
Cumulative Capital Development	576,887	38,847	200,000	415,734
Fire Nonreverting	33,571	18,396	-	51,967
Law Enforcement Nonreverting	9,877	2,075	2,075	9,877
Greendale Greenway	10,188	35	10,223	-
Redevelopment	1,685,105	1,060,354	1,033,106	1,712,353
Rainy Day	73,878	-	-	73,878
<b>Proprietary Funds:</b>				
Water Operating	555,881	1,004,638	1,418,780	141,739
Water Bond and Interest	2,247	72,998	72,999	2,246
Water Construction	117,893	112	20	117,985
Water Reserve	75,610	-	-	75,610
Water Customer Deposit	2,150	5,500	5,200	2,450
Water Loan	-	1,870,000	61,365	1,808,635
Sewage Operating	60,358	1,199,864	1,014,623	245,599
Sewage Debt Service Reserve	75,000	-	10,000	65,000
Sewage Improvement	375,029	27,064	-	402,093
Sewage Customer Deposits	7,650	3,000	3,300	7,350
Electric Operating	675,883	8,768,048	8,795,048	648,883
Electric Bond and Interest	5,965	127,356	127,345	5,976
Electric Debt Service	132,640	-	-	132,640
Electric Depreciation	29,640	-	-	29,640
Electric Construction	8,307	97	380	8,024
Electric Customer Deposits	68,080	30,700	26,325	72,455
Electric Reserve	434,745	60,000	-	494,745
<b>Fiduciary Funds:</b>				
Payroll	-	2,375,201	2,375,201	-
Firehouse Escrow	1,502	10	-	1,512
Post-Closure Landfill	162,513	-	-	162,513
Landfill Reserve	11,969	444,310	417,811	38,468
<b>Totals</b>	<b>\$ 13,037,654</b>	<b>\$ 24,387,747</b>	<b>\$ 21,582,393</b>	<b>\$ 15,843,008</b>

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 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 GREENDALE  
NOTES TO FINANCIAL INFORMATION  
(Continued)

Note 6. Pension Plan

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, 2009

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	\$ 117,200	\$ 8,204
Fire Department Aerial Ladder Truck	109,404	27,821
Construction of New Fire Station	1,050,000	82,875
Renovation of Police Station	<u>1,360,000</u>	<u>95,200</u>
 Total governmental activities debt	 <u>\$ 2,636,604</u>	 <u>\$ 214,100</u>
Business-type Activities:		
Water Utility:		
Revenue bonds:		
Waterworks Improvements and Extensions - 1996	\$ 410,000	\$ 75,341
Waterworks Water Tank and Improvements - 2009	<u>1,870,000</u>	<u>107,525</u>
 Total Water Utility	 <u>2,280,000</u>	 <u>182,866</u>
Electric Utility:		
Revenue bonds:		
Electric Utility System Improvements - 1998	<u>915,000</u>	<u>123,785</u>
 Total Electric Utility	 <u>915,000</u>	 <u>123,785</u>
 Total business-type activities debt	 <u>\$ 3,195,000</u>	 <u>\$ 306,651</u>

CITY OF GREENDALE  
EXAMINATION RESULTS AND COMMENTS

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 reflects 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 Reports B33224 and B34755.

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 revenue bonds, and Bond Ordinance 12-1996, in regards to 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 Reports B33224 and B34755.

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 reflects 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 Reports B33224 and B34755.

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.

CITY OF GREENDALE  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

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 Reports B33224 and B34755.

ACCOUNTS PAYABLE VOUCHERS (Applies to Clerk-Treasurer and Utilities)

The following deficiencies were noted regarding the supporting documentation attached to paid Accounts Payable Vouchers:

- (1) The City used credit cards to purchase items for City business. For the credit card payment dated March 18, 2009, a credit card statement totaling \$7,052.19 was attached to the accounts payable vouchers; however, we noted that the supporting invoices for the items purchased only totaled \$6,444.36. As a result, \$607.83 of the payment did not have any supporting documentation attached; however, there were signed credit card slips with the dollar amount totals attached.

The State Board of Accounts will not take exception to the use of credit cards by a governmental unit provided the following criteria are observed:

- (1) The governing board must authorize credit card use through an ordinance or resolution, which has been approved in the minutes.
- (2) Issuance and use should be handled by an official or employee designated by the board.
- (3) The purposes for which the credit card may be used must be specifically stated in the ordinance or resolution.

CITY OF GREENDALE  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

- (4) When the purpose for which the credit card has been issued has been accomplished, the card should be returned to the custody of the responsible person.
- (5) The designated responsible official or employee should maintain an accounting system or log which would include the names of individuals requesting usage of the cards, their position, estimated amounts to be charged, fund and account numbers to be charged, date the card is issued and returned, etc.
- (6) Credit cards should not be used to bypass the accounting system. One reason that purchase orders are issued is to provide the fiscal officer with the means to encumber and track appropriations to provide the governing board and other officials with timely and accurate accounting information and monitoring of the accounting system.
- (7) Payment should not be made on the basis of a statement or a credit card slip only. Procedures for payments should be no different than for any other claim. Supporting documents such as paid bills and receipts must be available. Additionally, any interest or penalty incurred due to late filing or furnishing of documentation by an officer or employee should be the responsibility of that officer or employee.
- (8) If properly authorized, an annual fee may be paid.

(Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

- (2) On April 1, 2009, the City reimbursed a City employee \$42.80 for meals purchased. A signed card credit slip with the total dollar amount was attached to the accounts voucher payable. Detailed documentation was not attached to the accounts payable voucher presented for the reimbursement which would enable a determination that all expenses were for the employee conducting City business.

All claims, invoices, receipts, accounts payable vouchers, including those presented to the governing body for approval in accordance with IC 5-11-10, should contain adequate detailed documentation. All claims, invoices, receipts, and accounts payable vouchers regarding reimbursement for meals and expenses for individuals must have specific detailed information of the names of all individuals for whom amounts are claimed, including the nature, name and purpose of the business meeting, to enable the governing body to authorize payment. Payments which do not have proper itemization showing the business nature of the claim may be the personal obligation of the responsible official, employee or other person for whom the claim is made. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

CITY OF GREENDALE  
EXIT CONFERENCE

The contents of this report were discussed on August 12, 2010, with Mary Jo Lynch, Clerk-Treasurer; Doug Hedrick, Mayor; and Steve Lampert, City Manager. The officials concurred with our findings.