

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, 2009 to December 31, 2009



FILED
12/29/2010

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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 Tim Bristow	01-01-09 to 05-31-10 06-01-10 to 12-31-10
Superintendent of Utilities	David L. Jones	01-01-09 to 12-31-10
Utility Office Manager	Jill N. Cain	01-01-09 to 12-31-10



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, 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.

Included in the financial statements are the receipts and disbursements activity from emergency telephone system fees (IC 36-8-16) and enhanced wireless emergency telephone fees (IC 36-8-16.5). In accordance with IC 36-8-16-14 and IC 36-8-16.5-41 these fees have been subject to an annual examination performed by the State Board of Accounts and, in our opinion, are fairly stated, in all material respects, in relation to the financial statements.

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

October 25, 2010

CITY OF NEW HAVEN
SCHEDULE 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
Governmental Funds:				
General	\$ 2,528,357	\$ 4,587,016	\$ 4,690,401	\$ 2,424,972
Motor Vehicle Highway	1,367,925	1,277,971	732,399	1,913,497
Local Road and Street	184,640	140,329	-	324,969
CEDIT	619,399	1,144,329	546,311	1,217,417
Rainy Day	297,945	91,408	-	389,353
Economic Development Revolving	902,838	133,109	-	1,035,947
Park and Recreation	389,521	861,958	943,878	307,601
Park Nonreverting Capital	5,539	3,003	5,542	3,000
Park Nonreverting Operating	52,578	63,869	54,313	62,134
Park Nonreverting Restricted Contributions	490,180	5,450	26,770	468,860
Park Nonreverting Baseball Diamond	-	2,875	2,875	-
Park Special Events	-	10,445	9,675	770
Fire Department	208,572	1,202,264	1,188,372	222,464
Cumulative Building and Firefighting Equipment	467,597	125,645	205,119	388,123
Fire Department Special Equipment	24,754	4,110	24,728	4,136
Emergency Medical Service	215,705	675,175	657,967	232,913
Emergency Medical Equipment	73,438	41,815	-	115,253
Emergency Medical PERF	21,154	193	-	21,347
City Court	99,997	1,479,197	1,487,984	91,210
Court User Fee	98,976	84,783	62,898	120,861
Clerk's Record Perpetuation	107,667	18,141	16,389	109,419
Grants	12,742	246,179	230,548	28,373
Police Building and Equipment	50,654	29,774	40,854	39,574
Riverboat	235,805	79,819	-	315,624
Law Enforcement Continuing Education	22,973	16,531	14,175	25,329
D.A.R.E.	4,422	286	286	4,422
Lease Rental	223,064	413,598	435,942	200,720
Cumulative Capital Improvement	488,332	40,776	39,219	489,889
Gronauer Lock	16,966	-	-	16,966
General Improvement	151,222	-	-	151,222
TIF 469	113,193	132,830	50,000	196,023
TIF Maplecrest Road	266	8,006	4,247	4,025
Redevelopment Capital Fund	2,212,390	15,403	1,417,706	810,087
Proprietary Funds:				
Water Utility - Operating	396,603	1,776,792	1,798,120	375,275
Water Utility - Bond and Interest	427,294	298,965	295,145	431,114
Water Utility - Depreciation	20,550	-	-	20,550
Water Utility - Customer Deposit	76,955	6,750	10,475	73,230
Water Utility - Construction	2,365	57	-	2,422
Water Utility - Improvement	227,155	51,147	140,121	138,181
Wastewater Utility - Operating	2,084,118	3,369,399	4,825,367	628,150
Wastewater Utility - Bond and Interest	1,817,256	878,964	854,242	1,841,978
Wastewater Utility - Depreciation	1,226,707	2,713,856	659,665	3,280,898
Wastewater Utility - SRF Project	-	260,809	260,809	-
Storm Water Utility - Operating	1,585,976	958,365	886,044	1,658,297
Storm Water Utility - Improvement	-	442,997	303,422	139,575
Fiduciary Funds:				
Police Officers' Pension	432,237	190,260	118,828	503,669
Court Fees Due County	17,367	304,286	301,449	20,204
Payroll	89,976	2,580,135	2,667,495	2,616
Totals	\$ 20,093,370	\$ 26,769,069	\$ 26,009,780	\$ 20,852,659

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, health and social services, 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). 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.

Note 7. Subsequent Event

Park Jury Pool Lease \$4,075,000

In November 2009, the City of New Haven Park Department approved a lease of \$4,075,000 for the renovation of the existing Jury Pool; including an additional zero entry leisure pool, a bath house and pump house, parking area, landscaping and related equipment, fixtures and furnishings.

The lease is between the City of New Haven Park Department and the New Haven-Adams Township Park Facilities Corporation (Building Corporation). The Building Corporation sold First Mortgage Bonds of \$4,075,000 on May 27, 2010, to finance the renovations.

The lease payments to the Building Corporation will begin on December 31, 2011, and run semi-annually until December 31, 2029, in amounts ranging from \$85,000 to \$167,000.

CITY OF NEW HAVEN
NOTES TO FINANCIAL INFORMATION
(Continued)

Wastewater Utility Equipment Lease \$390,000

The Wastewater Utility entered into a three year lease not to exceed \$390,000 for the purchase of equipment on September 30, 2010. The equipment will include a sewer jet combo truck, sewer easement machine, sewer camera repair and trailer install, small dump truck with plow, and a leaf vacuum.

CITY OF NEW HAVEN
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 For The Year Ended December 31, 2009

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 1,132,795
Infrastructure	10,224,844
Buildings	6,034,133
Improvements other than buildings	2,959,135
Machinery and equipment	6,743,963
Construction in progress	<u>4,616,952</u>
 Total governmental activities, capital assets not being depreciated	 \$ 31,711,822 <u> </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	11,928,472
Machinery and equipment	270,791
Construction in progress	<u>29,597</u>
 Total Water Utility capital assets	 <u>12,304,527</u>
Wastewater Utility:	
Capital assets, not being depreciated:	
Land	251,700
Buildings	1,924,425
Improvements other than buildings	19,491,111
Machinery and equipment	629,259
Construction in progress	<u>2,008,733</u>
 Total Wastewater Utility capital assets	 <u>24,305,228</u>
Storm Water Utility:	
Capital assets, not being depreciated:	
Improvements other than buildings	1,538,300
Machinery and equipment	285,113
Construction in progress	<u>46,845</u>
 Total Storm Water Utility capital assets	 <u>1,870,258</u>
 Total business-type activities, capital assets not being depreciated	 \$ 38,480,013 <u> </u>

CITY OF NEW HAVEN
SUPPLEMENTARY INFORMATION
SCHEDULE OF LONG-TERM DEBT
December 31, 2009

Description of Asset	Ending Balance	Principal and Interest Due Within One Year
Governmental activities:		
Bond anticipation note:		
2008 Redevelopment road improvement	\$ 3,200,000	\$ 128,000
Capital leases:		
Fire station	205,000	141,851
Police and administration building	<u>2,910,000</u>	<u>287,000</u>
Total governmental activities long-term debt	<u>\$ 6,315,000</u>	<u>\$ 556,851</u>
Business-type activities:		
Water Utility:		
Revenue bonds:		
2002 Water improvement projects	<u>\$ 3,005,000</u>	<u>\$ 294,245</u>
Wastewater Utility:		
Revenue bonds:		
2001 Wastewater improvement projects	1,355,000	139,350
Loans:		
2005 Wastewater improvement projects	3,650,000	282,808
2006 Wastewater improvement projects	<u>7,320,000</u>	<u>543,678</u>
Total Wastewater Utility	<u>12,325,000</u>	<u>965,836</u>
Total business-type activities long-term debt	<u>\$ 15,330,000</u>	<u>\$ 1,260,081</u>

CITY OF NEW HAVEN
EXAMINATION RESULTS AND COMMENTS

EMS ACCOUNTS RECEIVABLE PRINTOUTS

As reported in the previous Reports B26113, B23995, B28991, B30887, B32820, and B34909, 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, 2009, is computed as follows:

Accounts receivable at January 1, 2009	(from prior aged receivables)	\$ 656,448.18
Billings	(Revenue Journal)	1,041,079.88
Collections	(Cash Journal)	(352,165.52)
Bad Debts	(B/D Journal)	(150,090.37)
Contractual allowances	(C/A Journal)	<u>(494,113.81)</u>
Accounts Receivable at December 31, 2009	(as calculated from printouts)	<u>\$ 701,158.36</u>

The various reports reflected the following balances, as of December 31, 2009:

"Billing and Accounts Receivable Reconciliation Report"	<u>\$ 689,736.76</u>
"Open Accounts Detail Report"	<u>\$ 713,485.76</u>
"Accounts Receivable Overall Summary Report"(aged accounts receivable)	<u>\$ 688,638.76</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

As reported in the previous Report B34909, 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

As reported in the previous Report B34909, the EMS Department is not remitting collections to the Clerk-Treasurer on a timely basis. The EMS Department is located at another site, the billing clerk only works every third day and the amounts of the collections are almost always in check form. Therefore, weekly remittals instead of daily remittals would be sufficient. Of the 21 remittals tested from September 2009 to March 2010, only 10 remittals complied with the required 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 October 25, 2010, with Brenda D. Adams, Clerk-Treasurer, and Terry E. McDonald, Mayor. The officials concurred with our findings.