

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

EXAMINATION REPORT  
OF  
CITY OF GREENWOOD  
JOHNSON COUNTY, INDIANA  
January 1, 2009 to December 31, 2009



**FILED**  
05/11/2011



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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Jeannine Myers	01-01-09 to 12-31-11
Mayor	Charles E. Henderson	01-01-09 to 12-31-11
President of the Board of Public Works and Safety	Charles E. Henderson	01-01-09 to 12-31-11
President of the Common Council	Ron Deer Brent Corey	01-01-09 to 12-31-09 01-01-10 to 12-31-11



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE CITY OF GREENWOOD, JOHNSON COUNTY, INDIANA

We have examined the financial information presented herein of the City of Greenwood, 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

December 27, 2010

CITY OF GREENWOOD  
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES  
ALL GOVERNMENTAL, PROPRIETARY, AGENCY, INTERNAL SERVICE, AND FIDUCIARY FUND TYPES  
As Of And For The Year Ended December 31, 2009

	Cash and Investments		Cash and Investments	
	01-01-09	Receipts	Disbursements	12-31-09
Governmental Funds:				
General	\$ 3,637,223	\$ 13,736,870	\$ 12,913,102	\$ 4,460,991
Parks and Recreation	933,140	1,641,883	1,980,908	594,114
Non Reverting Special	183,870	334,157	299,413	218,614
Motor Vehicle Highway	1,441,280	2,360,235	2,571,201	1,230,314
Local Road and Street	482,493	500,364	403,910	578,948
Cumulative Capital Improvement	2,456,634	960,355	1,420,735	1,996,255
Cumulative Cap. Imp. Cigarette Tax	420,209	148,525	200,130	368,604
Cumulative Capital Development	1,755,335	707,106	782,358	1,680,083
Sidewalk	55,445	224	3	55,666
Police Equipment and Training	7,965	16,288	9,305	14,949
Police JAG Program	182	80,509	80,486	204
EDC Donation	5,464	22	-	5,486
Police Seizure and Forfeiture	28,993	1,885	18,406	12,472
Police Laboratory Fee	6,074	795	4	6,865
Alpine	50,856	209	3	51,061
Law Enforcement Continuing Education	55,501	41,488	50,084	46,904
User Fee	43,885	15,117	13,511	45,490
Restricted Donation	109,941	140,988	124	250,805
Paid Insurance	114,172	26,166	95,703	44,635
Fire Debt Fire Prevention	-	7,441	6,444	997
Fire Debt Fire Safety	-	10,307	1,817	8,489
Fire Debt Application Fees	-	1,355	1,197	158
VIN Inspections	76	-	-	76
Restitution	67,586	596	1	68,181
Fire	370,826	7,413,368	7,209,007	575,187
D.A.R.E	390	4,304	371	4,323
Greenwood City Flag	333	2	-	336
Fire Prevention (as restated, see Note 7)	8,418	20,069	24,483	4,004
Debt Service Building Lease	158,848	1,052,396	1,021,271	189,974
Employee Christmas	218	-	-	218
2008 GO Bond Revenue	2,909,245	12,840	2,460,851	461,234
CDS Independent Engineering	2,259	38,500	39,896	864
Independent Engineering	228,032	17,563	19,287	226,308
Administrative Fee	18,939	74	-	19,013
Adult Probation	231,645	595,567	622,665	204,547
City Limit Signs	916	6	1	922
Siren Donations	879	4	-	882
Byrne Grant	3,801	26	2	3,825
Brownfield Grant	6,078	26	-	6,103
Tracy Ditch	44,929	24,244	13	69,159
Tracy Trails	502,714	2,677	505,343	48
History Book	12,543	142	7	12,678
Clerk's Records Perpetuation	28,643	11,976	18	40,601
Rainy Day	1,309,084	1,138,659	842,313	1,605,430
Impact Fees	542,127	84,497	212,565	414,059
Worthsville Road Capital Improvement	587,765	2,222	2	589,985
Greenwood Trails and Greenways	5,050	35	3	5,083
Tax Increment Financing #2 (TIF #71)	3,078,161	2,184,902	1,059,788	4,203,275
Tax Increment Financing #3 (TIF #72)	1,224,817	989,169	728,952	1,485,033
Tax Increment Financing #4 (TIF #73)	977,544	3,766	15	981,296
Tax Increment Financing #5 (TIF #74)	967	838	1	1,805
Tax Increment Financing #6 (TIF #75)	2,827,066	4,115,798	2,827,872	4,114,993
Tax Increment Financing #7	-	1,996	-	1,996
Fire Truck Bond Proceeds	979	808	1,786	-
Fire Equipment Lease	170,698	180,873	169,745	181,826
Park Bond Proceeds	44,873	14,184	28,894	30,163
Park Bond Payments	138,030	178,109	154,554	161,585
Airport Improvement Program 18	2,186	-	-	2,186
Airport Improvement Program 20	(39,574)	33,902	2,062	(7,734)
Airport Improvement Program 21 (as restated, see Note 7)	(46,587)	46,216	-	(371)
Airport Improvement Program 22 (as restated, see Note 7)	42,919	21,543	63,859	602
Airport Improvement Program 23	-	190,910	-	190,910
GPD Property Room	113,804	9,039	2,545	120,298
Proprietary Funds:				
Wastewater Utility - Operating	1,091,164	9,051,056	9,589,969	552,251
Wastewater Utility - Bond and Interest Sinking	1,179,816	1,788,410	1,885,666	1,082,560
Wastewater Utility - Utility Depreciation	213,786	213,371	427,156	-
Wastewater Utility - Trash Operating	30,799	1,858,032	1,646,283	242,547
Wastewater Utility - Sewage Bond Proceeds	2,325	4	2,329	-
Wastewater Utility - Utilities Fund	66,279	4,575,791	4,604,813	37,257
Wastewater Utility - Sewer Availability Fees	3,339,879	4,881,618	5,662,072	2,559,425
Aviation	164,536	270,209	346,753	87,992
Agency Funds:				
Payroll	169,525	14,230,321	14,229,857	169,990
City Court	193,475	1,375,539	1,316,036	252,979
Internal Service Fund:				
Self Insurance	131,601	2,233,639	2,299,811	65,429
Fiduciary Fund:				
Police Pension	175,895	337,191	325,445	187,641
Totals	<u>\$ 34,124,966</u>	<u>\$ 79,939,316</u>	<u>\$ 81,183,203</u>	<u>\$ 32,881,079</u>

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

CITY OF GREENWOOD  
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 GREENWOOD  
NOTES TO FINANCIAL INFORMATION  
(Continued)

Note 6. Pension Plans

A. Agent Multiple-Employer and Single-Employer Defined Benefit Pension Plans

1. 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.

2. 1925 Police Officers' Pension Plan

Plan Description

The City contributes to the 1925 Police Officers' Pension Plan, which is a single-employer defined benefit pension plan. The plan is administered by the local pension board as authorized by state statute (IC 36-8-6). The plan provides retirement, disability, and death benefits to plan members and beneficiaries. The plan was established by the plan administrator, as provided by state statute. The plan administrator does not issue a publicly available financial report that includes financial statements and required supplementary information of the plan.

CITY OF GREENWOOD  
NOTES TO FINANCIAL INFORMATION  
(Continued)

Funding Policy

The contribution requirements of plan members for the 1925 Police Officers' Pension Plan are established by state statute. The 1925 Police Officers' Pension Plan is funded by the State of Indiana through the Public Employees' Retirement Fund as provided under IC 5-10.3-11.

B. Cost-Sharing Multiple-Employer Defined Benefit Pension Plan

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:

Public Employees' Retirement Fund  
Harrison Building, Room 800  
143 West Market Street  
Indianapolis, IN 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. The City's contributions to the plan for the years ending December 31, 2009, 2008, and 2007, were \$810,402, \$824,607, and \$791,635, respectively, equal to the required contributions for each year.

CITY OF GREENWOOD  
NOTES TO FINANCIAL INFORMATION  
(Continued)

Note 7. Restatements

For the year ended December 31, 2009, certain changes have been made to the financial statements to more appropriately reflect financial activity of the City. The beginning balance of the Airport Improvement Program #21 Fund has been restated by a decrease of \$46,587; the beginning balance of the Airport Improvement Program #22 Fund has been restated by an increase of \$42,919; and the beginning balance of the Fire Prevention Fund has been restated by a decrease of \$11,967. Restatements were made to reflect the actual balances as reflected in the bank accounts. Errors were made in previous years' ledger balances that were not properly corrected and did not reconcile to the bank. Currently the ending ledger balance agrees with the bank balance.

CITY OF GREENWOOD  
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:		
Capital leases:		
Police Vehicles	\$ 237,883	\$ 204,169
Fire Vehicles	21,845	5,699
Building Corporation Lease of 1992	2,517,320	735,000
LRS Equipment Leases	99,591	60,284
Notes and loans payable:		
2009 LRS Dump Truck	322,560	73,776
Bonds payable:		
General obligation bonds:		
Eastside Redevelopment District Bonds, 2001	3,800,000	356,634
Park District, 2005	1,685,000	155,463
Fire Truck and Equipment, 2006	1,090,000	174,739
Road Repair and Reconstruction, 2008	2,880,000	362,715
Revenue bonds:		
Fire Station/Graham Road Redevelopment District Bonds, 2005	<u>2,935,000</u>	<u>505,946</u>
Total governmental activities debt	<u>\$ 15,589,199</u>	<u>\$ 2,634,425</u>
Business-type activities:		
Wastewater Utility:		
Revenue Bonds:		
Series A Sewage Works Refunding, 1997	\$ 835,000	\$ 449,458
Series B Sewage Works Refunding, 1997	4,075,000	342,519
Series C Sewage Works, 1998	<u>8,355,000</u>	<u>594,553</u>
Total Wastewater Utility	<u>13,265,000</u>	<u>1,386,530</u>
Aviation Commission:		
Revenue bonds:		
Airport Bonds, 1999	560,000	80,900
Airport Bonds, 2003	<u>842,494</u>	<u>70,307</u>
Total Aviation Commission	<u>1,402,494</u>	<u>151,207</u>
Total business-type activities debt	<u>\$ 14,667,494</u>	<u>\$ 1,537,737</u>

CITY OF GREENWOOD  
EXAMINATION RESULTS AND COMMENTS

TEMPORARY TRANSFER OF FUNDS

As reported in previous reports of the City, a temporary loan of \$250,000 was made in 1998 from the Cumulative Capital Improvement Fund to the Fire Fund that has not been repaid. The loan is still not paid. A second loan was made on June 16, 2003, from Cumulative Capital Improvement Fund to the Fire Fund in the amount of \$500,000 per Resolution 03-16. Although the Resolution states that the loan is to be repaid by December 31, 2003, as of the date of this report, this loan is still outstanding.

IC 36-1-8-4 concerning temporary transfer states in part:

"(a) . . . (3) Except as provided in subsection (b), the prescribed period must end during the budget year of the year in which the transfer occurs. (4) The amount transferred must be returned to the other fund at the end of the prescribed period. . . ."

"(b) If the fiscal body of a political subdivision determines that an emergency exists that requires an extension of the prescribed period of a transfer under this section, the prescribed period may be extended for not more than six (6) months beyond the budget year of the year in which the transfer occurs if the fiscal body does the following: (1) Passes an ordinance or a resolution that contains the following: (A) A statement that the fiscal body has determined that an emergency exists. (B) A brief description of the grounds for the emergency. (C) The date the loan will be repaid that is not more than six (6) months beyond the budget year in which the transfer occurs. (2) Immediately forwards the ordinance or resolution to the state board of accounts and the department of local government finance."

REPAYMENTS AND TRANSFERS

As previously reported in reports of the City, the City collects a Late Payment Fee authorized by state statute. The total fees for the year ended December 31, 2003, amounting to \$26,997, were deposited to the General Fund in accordance with state statute. On December 5, 2003, \$20,000 of that amount was transferred to the Adult Probation Fund. On November 17, 2003, an ordinance was established to authorize a transfer of monies from one major budget classification in a department to another major classification within another department. The ordinance specified that \$20,000 be transferred from General Fund to Post Conviction Services Department Fund (Adult Probation). The transfer was made between two different funds and not within a department or major budget classification as stated in the ordinance. No authorization exists to transfer monies between funds. The Adult Probation Fund was asked to reimburse the General Fund in the amount of \$20,000. As of the date of this report, no reimbursement has been made.

IC 36-1-8-4 concerning temporary transfer states in part:

"(a) . . . (3) Except as provided in subsection (b), the prescribed period must end during the budget year of the year in which the transfer occurs. (4) The amount transferred must be returned to the other fund at the end of the prescribed period. . . ."

"(b) If the fiscal body of a political subdivision determines that an emergency exists that requires an extension of the prescribed period of a transfer under this section, the prescribed period may be extended for not more than six (6) months beyond the budget year of the year in which the transfer occurs if the fiscal body does the following: (1) Passes an ordinance or a resolution that contains the following: (A) A statement that the fiscal body has determined that an emergency exists. (B) A brief description of the grounds for the emergency. (C) The

CITY OF GREENWOOD  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

date the loan will be repaid that is not more than six (6) months beyond the budget year in which the transfer occurs. (2) Immediately forwards the ordinance or resolution to the state board of accounts and the department of local government finance."

Payments or transfers which are not authorized by statute, ordinance, resolution, or court order must be reimbursed or transferred to the appropriate fund. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TRAVEL POLICY

A travel policy was not presented for examination.

Each governmental unit should adopt a written travel policy in conformity with applicable statutes. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Reimbursement for lodging and meals should be based upon actual receipts for amounts paid unless otherwise authorized by statute. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

CAPITAL ASSETS

As reported in previous reports of the City, capital asset records were presented; however, they were 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)

BANK ACCOUNT RECONCILIATIONS

Depository reconciliations of the fund balances to the bank account balances were performed monthly; however, the reconciliation presented for examination noted posting errors totaling \$2,347,079, which included \$2,553,821 in property tax distributions received by the bank in December 2009, but not posted to the City's books until January 2010. Additionally, a bond payment was made through electronic funds transfer in December 2009, but not posted to the City's books until January 2010. These amounts would cause a material misstatement to the City's Schedule of Receipts, Disbursements, and Cash and Investment Balances if not corrected. The Clerk Treasurer approved the adjustment to the Schedule of Receipts, Disbursements, and Cash and Investment Balances; however, an adjustment to the books was not necessary as they have been posted as of January 2010. The 2010 Schedule of Receipts, Disbursements, and Cash and Investment Balances should be adjusted to reflect the amounts reported in 2009 but booked in 2010.

CITY OF GREENWOOD  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

IC 5-13-6-1(e) states:

"All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

CITY OF GREENWOOD  
EXIT CONFERENCE

The contents of this report were discussed on March 3, 2011, with Charles E. Henderson, Mayor, and Jeannine Meyers, Clerk-Treasurer. The official response has been made a part of this report and may be found on page 14.



## Clerk-Treasurer's Office

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Jeannine Myers  
Clerk-Treasurer

March 17, 2011

State Board of Accounts  
302 W. Washington St.  
Room E 418  
Indianapolis, Indiana 46204-2765

Re: CITY OF GREENWOOD OFFICIAL RESPONSE

### EXAMINATION RESULT AND COMMENT – 2009 BANK ACCOUNT RECONCILIATIONS

Depository reconciliations of the fund balances to the bank account balances are performed monthly; however the bank reconciliations cannot be completed until the bank statements are received which is usually 5 days after the month ends. This is an issue only in December due to the fiscal year end. The majority of late postings were from CVET taxes, FIT taxes and the TIF district property tax distributions for 2009 which were received and deposited on December 30, 2009. Due to the timing of the receipt of monies not all of the ledger entries were completed on December 30<sup>th</sup>. The City was closed for the Holidays on December 31<sup>st</sup>. There were also ACH deposits of \$5,435 on our bank statements in which we were not notified of these deposits by the appropriate authority. Lastly a debt service payment of \$367,500 was wired to the Bank of NY and not posted to the books in a timely manner.

These late postings will be corrected with a policy that all ledger entries must be completed on the date of actual bank deposits or withdrawals. Our office now has access to review our bank account daily for ACH deposits and is receiving in advance ACH notifications from the State and County as well. These actions will insure our bank balances and ledgers balance at year end and the City's Schedule of Receipts, Disbursements, Cash and Investment Balances is accurate.