

B41847

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

FINANCIAL STATEMENT EXAMINATION REPORT

OF

CITY OF GREENDALE

DEARBORN COUNTY, INDIANA

January 1, 2011 to December 31, 2011



FILED
02/20/2013

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Mary Jo Lynch	01-01-08 to 12-31-15
Mayor	Doug Hedrick	01-01-08 to 12-31-15
President of the Board of Public Works	Doug Hedrick	01-01-08 to 12-31-15
President of the Common Council	Doug Hedrick	01-01-08 to 12-31-15
City Manager	Steve Lampert	01-01-10 to 12-31-13



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 accompanying financial statement of the City of Greendale (City), for the year ended December 31, 2011. The financial statement is the responsibility of the City's management. Our responsibility is to express an opinion on the financial statement 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 statement and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

As discussed in Note 1, the City prepares its financial statement on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the City for the year ended December 31, 2011, on the basis of accounting described in Note 1.

Our examination was conducted for the purpose of forming an opinion on the City's financial statement. The Combining Schedule of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, Schedule of Payables and Receivables, and Schedule of Leases and Debt, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statement. They have not been subjected to the examination procedures applied to the financial statement and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the City's management, Common Council, and others within the entity and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

November 26, 2012

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FINANCIAL STATEMENT

The financial statement and accompanying notes were approved by management of the City. The financial statement and notes are presented as intended by the City.

CITY OF GREENDALE
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For The Year Ended December 31, 2011

Fund	Cash and Investments 01-01-11	Receipts	Disbursements	Cash and Investments 12-31-11
General Fund	\$ 1,371,717	\$ 3,120,292	\$ 3,065,847	\$ 1,426,162
Motor Vehicle Highway	217,161	303,794	229,997	290,958
Local Road & Street	188,261	30,516	794	217,983
Law Enforcement Continuing Education	21,696	3,049	660	24,085
Riverboat	8,396,862	2,437,027	1,629,971	9,203,918
Park & Recreation	2,970	364	-	3,334
Rainy Day Fund	132,807	-	-	132,807
Levy Excess Fund	6,208	-	-	6,208
Cumulative Capital Development	452,740	36,527	32	489,235
TIF Bond Fund - Redevelop	-	650,000	510,000	140,000
Cumulative Capital Improvement - Cig Tax	57,098	12,337	-	69,435
Payroll	-	2,348,386	2,348,386	-
Park Donation	2,430	14,215	15,285	1,360
Redevelopment Fund	2,315,320	813,463	863,913	2,264,870
Post Closure Landfill	162,517	188	-	162,705
Police Grant Fund	159	-	-	159
K-9 Unit	795	-	177	618
Motorcycle (Police)	-	177	-	177
Operation Pullover	(8)	3,807	3,800	(1)
Criminal Invest (Equip)/P	-	4,839	-	4,839
Redevelopment Grant Fund	1,504,809	1,156,397	1,886,974	774,232
Fire Non-Reverting	65,754	17,311	3,429	79,636
Law Enforcement Non-Rever	9,876	-	3,300	6,576
Firehouse Escrow	1,520	8	-	1,528
Operating Claim on Pooled Cash - Electric	853,810	8,434,021	8,474,241	813,590
Customer Meter Deposit - Electric	121,180	85,050	45,250	160,980
Depreciation/ Improvement - Electric	29,640	-	-	29,640
Bond and Interest - Electric	5,983	125,196	125,185	5,994
Construction Fund - Electric	7,740	96	396	7,440
Debt Reserve Fund - Electric	132,640	-	-	132,640
Utility Reserve - Electric	554,745	60,000	-	614,745
Operating Cash Account - Wastewater	163,759	998,188	1,023,432	138,515
Customer Deposits - Wastewater	6,100	1,175	2,625	4,650
Depreciation/Improvement - Wastewater	65,000	-	-	65,000
Expansion Reserve - Wastewater	357,062	95,669	-	452,731
Claim on Pooled Cash-Monthly Deposit - Wastewater	66,412	1,086,597	1,094,278	58,731
Operating Claim on Pooled Cash - Water	197,319	1,140,276	1,220,982	116,613
Customer Meter Deposit - Water	2,400	4,475	4,125	2,750
Bond and Interest - Water	2,245	77,338	77,338	2,245
Construction Fund - Water	118,077	101	41,390	76,788
Debt Reserve Fund - Water	75,610	-	-	75,610
Water Tower Project - Water	183,890	-	150,935	32,955
Operating Claim on Pooled Cash - Trash	38,584	470,107	471,268	37,423
Totals	<u>\$ 17,892,888</u>	<u>\$ 23,530,986</u>	<u>\$ 23,294,010</u>	<u>\$ 18,129,864</u>

The notes to the financial statement are an integral part of this statement.

CITY OF GREENDALE
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The City was established under the laws of the State of Indiana. The City operates under a Council-Mayor form of government and provides some or all of the following services: public safety (police and fire), highways and streets, health and social services, culture and recreation, public improvements, planning and zoning, general administrative services, water, wastewater, electric, storm water, trash, and urban redevelopment and housing.

The accompanying financial statement presents the financial information for the City.

B. Basis of Accounting

The financial statement is reported on a regulatory basis of accounting prescribed by the State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when received and disbursements are recorded when paid.

The regulatory basis of accounting differs from accounting principles generally accepted in the United States of America in that receipts are recognized when received in cash, rather than when earned, and disbursements are recognized when paid, rather than when a liability is incurred.

C. Cash and Investments

Investments are stated at cost. Any changes in fair value of the investments are reported as receipts in the year of the sale of the investment.

D. Receipts

Receipts are presented in the aggregate on the face of the financial statement. The aggregate receipts include the following sources:

Taxes which can include one or more of the following: property taxes, certified shares (local option tax), property tax replacement credit (local option tax), county option income tax, wheel tax, county economic development income tax, boat and trailer excise tax, county adjusted gross income tax, and other taxes that are set by the City.

Licenses and permits which include amounts received from businesses, occupations, or nonbusinesses that must be licensed before doing business within the government's jurisdiction or permits levied according to the benefits presumably conferred by the permit. Examples of licenses and permits include: peddler licenses, building and planning permits, demolition permits, electrical permits, sign permits, and gun permits.

Intergovernmental receipts which include receipts from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of this type of receipts include, but are not limited to: federal grants, state grants, cigarette tax distributions received from the state, motor vehicle highway distribution received from the state, local road and street distribution received from the state, financial institution tax received from the state, auto excise surtax received from the state, commercial vehicle excise tax received from the state, major moves distributions received from the state, and riverboat receipts received from the county.

CITY OF GREENDALE
NOTES TO FINANCIAL STATEMENT
(Continued)

Charges for services which can include, but are not limited to the following: planning commission charges, building department charges, copies of public records, copy machine charges, accident report copies, gun permit applications, emergency medical service fees, park rental fees, swimming pool receipts, cable tv receipts, ordinance violations, fines and fees and court costs.

Fines and forfeits which include receipts derived from fines and penalties imposed for the commission of statutory offenses, violation of lawful administrative rules and regulations (fines), and for the neglect of official duty and monies derived from confiscating deposits held as performance guarantees (forfeitures).

Utility fees which are comprised mostly of charges for current services.

Penalties which include fees received for late payments.

Other receipts which include amounts received from various sources which can include, but are not limited to the following: net proceeds from borrowings; interfund loan activity; transfers authorized by statute, ordinance, resolution or court order; internal service receipts; and fiduciary receipts.

E. Disbursements

Disbursements are presented in the aggregate on the face of the financial statement. The aggregate disbursements include the following uses:

Personal services include outflows for salaries, wages, and related employee benefits provided for all persons employed. In those units where sick leave, vacation leave, overtime compensation, and other such benefits are appropriated separately, such payments would also be included.

Supplies which include articles and commodities that are entirely consumed and materially altered when used and/or show rapid depreciation after use for a short period of time. Examples of supplies include office supplies, operating supplies, and repair and maintenance supplies.

Other services and charges which include, but are not limited to: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

Debt service principal and interest which include fixed obligations resulting from financial transactions previously entered into by the City. It includes all expenditures for the reduction of the principal and interest of the City's general obligation indebtedness.

Capital outlay which include all outflows for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

Utility operating expenses which include all outflows for operating the utilities.

Other disbursements which include, but are not limited to the following: interfund loan payments, loans made to other funds, internal service disbursements, and transfers out that are authorized by statute, ordinance, resolution, or court order.

CITY OF GREENDALE
NOTES TO FINANCIAL STATEMENT
(Continued)

F. Interfund Transfers

The City may, from time to time, transfer money from one fund to another. These transfers, if any, are included as a part of the receipts and disbursements of the affected funds and as a part of total receipts and disbursements. The transfers are used for cash flow purposes as provided by various statutory provisions.

G. Fund Accounting

Separate funds are established, maintained, and reported by the City. Each fund is used to account for money received from and used for specific sources and uses as determined by various regulations. Restrictions on some funds are set by statute while other funds are internally restricted by the City. The money accounted for in a specific fund may only be available for use for certain, legally restricted purposes. Additionally, some funds are used to account for assets held by the City in a trustee capacity as an agent of individuals, private organizations, other funds, or other governmental units and therefore the funds cannot be used for any expenditures of the unit itself.

Note 2. Budgets

The operating budget is initially prepared and approved at the local level. The fiscal officer of the City submits a proposed operating budget to the governing board for the following calendar year. The budget is advertised as required by law. Prior to adopting the budget, the governing board conducts public hearings and obtains taxpayer comments. Prior to November 1, the governing board approves the budget for the next year. The budget for funds for which property taxes are levied or highway use taxes are received is subject to final approval by the Indiana Department of Local Government Finance.

Note 3. Property Taxes

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the City in June and December; however, situations can arise which would delay the distributions. 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 percent 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 normally become delinquent if not paid by May 10 and November 10, respectively.

Note 4. Deposits and Investments

Deposits, made in accordance with state statute (IC 5-13), with financial institutions in the State of Indiana at year end should be 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 statutes authorize 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 STATEMENT
(Continued)

Note 5. Risk Management

The City may be exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents; and natural disasters.

These risks can be mitigated through the purchase of insurance, establishment of a self-insurance fund, and/or participation in a risk pool. The purchase of insurance transfers the risk to an independent third party. The establishment of a self-insurance fund allows the City to set aside money for claim settlements. The self-insurance fund would be included in the financial statements. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks.

Note 6. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

The Indiana Public Employees' Retirement Fund (PERF) is 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 Indiana Public Retirement System (INPRS) 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 percent of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

INPRS 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:

Indiana Public Retirement System
1 North Capital Street, Suite 001
Indianapolis, IN 46204
Ph. (888) 526-1687

Funding Policy and Annual Pension Cost

The contribution requirements of the plan members for PERF are established by the Board of Trustees of INPRS.

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

Plan Description

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

CITY OF GREENDALE
NOTES TO FINANCIAL STATEMENT
(Continued)

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 52 with 20 years of service. An employee with 20 years of service may leave service, but will not receive benefits until reaching age 52. The plan also provides for death and disability benefits.

INPRS 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:

Indiana Public Retirement System
1 North Capital Street, Suite 001
Indianapolis, IN 46204
Ph. (888) 526-1687

Funding Policy

The contribution requirements of plan members and the City are established by the Board of Trustees of INPRS.

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SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the City's 2011 Annual Report information can be found on the Gateway website: <https://gateway.ifionline.org/>.

Differences may be noted between the financial information presented in the financial statement contained in this report and the financial information presented in the Annual Report of the City which is referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the examination. This is a common occurrence in any financial statement examination. The financial information presented in this report is examined information, and the accuracy of such information can be determined by reading the opinion given in the Independent Accountant's Report.

The supplementary information presented was approved by management of the City. It is presented as intended by the City.

CITY OF GREENDALE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011

	General Fund	Motor Vehicle Highway	Local Road & Street	Law Enforcement Continuing Education	Riverboat	Park & Recreation	Rainy Day Fund	Levy Excess Fund
Cash and investments - beginning	\$ 1,371,717	\$ 217,161	\$ 188,261	\$ 21,696	\$ 8,396,862	\$ 2,970	\$ 132,807	\$ 6,208
Receipts:								
Taxes	1,820,334	174,593	-	-	-	-	-	-
Licenses and permits	60,495	-	-	1,430	-	-	-	-
Intergovernmental	642,334	128,001	30,516	-	2,136,688	-	-	-
Charges for services	547,969	-	-	1,619	-	-	-	-
Fines and forfeits	10,657	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-	-
Other receipts	38,503	1,200	-	-	300,339	364	-	-
Total receipts	<u>3,120,292</u>	<u>303,794</u>	<u>30,516</u>	<u>3,049</u>	<u>2,437,027</u>	<u>364</u>	<u>-</u>	<u>-</u>
Disbursements:								
Personal services	2,175,682	146,965	-	-	-	-	-	-
Supplies	215,098	55,057	-	-	-	-	-	-
Other services and charges	670,430	25,059	-	660	1,395,385	-	-	-
Debt service - principal and interest	-	-	-	-	186,286	-	-	-
Capital outlay	2,419	2,916	794	-	47,800	-	-	-
Utility operating expenses	-	-	-	-	-	-	-	-
Other disbursements	2,218	-	-	-	500	-	-	-
Total disbursements	<u>3,065,847</u>	<u>229,997</u>	<u>794</u>	<u>660</u>	<u>1,629,971</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>54,445</u>	<u>73,797</u>	<u>29,722</u>	<u>2,389</u>	<u>807,056</u>	<u>364</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ 1,426,162</u>	<u>\$ 290,958</u>	<u>\$ 217,983</u>	<u>\$ 24,085</u>	<u>\$ 9,203,918</u>	<u>\$ 3,334</u>	<u>\$ 132,807</u>	<u>\$ 6,208</u>

CITY OF GREENDALE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011
 (Continued)

	Cumulative Capital Development	TIF Bond Fund - Redevelop	Cumulative Capital Improvement - Cig Tax	Payroll	Park Donation	Redevelopment Fund	Post Closure Landfill	Police Grant Fund
Cash and investments - beginning	\$ 452,740	\$ -	\$ 57,098	\$ -	\$ 2,430	\$ 2,315,320	\$ 162,517	\$ 159
Receipts:								
Taxes	34,071	-	-	-	-	801,919	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	2,456	-	12,337	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-	-
Other receipts	-	650,000	-	2,348,386	14,215	11,544	188	-
Total receipts	36,527	650,000	12,337	2,348,386	14,215	813,463	188	-
Disbursements:								
Personal services	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	4,690	-	-	-
Other services and charges	-	510,000	-	-	10,595	211,420	-	-
Debt service - principal and interest	-	-	-	-	-	652,493	-	-
Capital outlay	32	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-	-
Other disbursements	-	-	-	2,348,386	-	-	-	-
Total disbursements	32	510,000	-	2,348,386	15,285	863,913	-	-
Excess (deficiency) of receipts over disbursements	36,495	140,000	12,337	-	(1,070)	(50,450)	188	-
Cash and investments - ending	\$ 489,235	\$ 140,000	\$ 69,435	\$ -	\$ 1,360	\$ 2,264,870	\$ 162,705	\$ 159

CITY OF GREENDALE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011
 (Continued)

	K-9 Unit	Motorcycle (Police)	Operation Pullover	Criminal Invest (Equip)/P	Redevelopment Grant Fund	Fire Non-Reverting	Law Enforcement Non-Rever
Cash and investments - beginning	\$ 795	\$ -	\$ (8)	\$ -	\$ 1,504,809	\$ 65,754	\$ 9,876
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	1,100,000	17,311	-
Charges for services	-	-	3,807	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	-	177	-	4,839	56,397	-	-
Total receipts	-	177	3,807	4,839	1,156,397	17,311	-
Disbursements:							
Personal services	-	-	3,800	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	1,886,974	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	3,429	3,300
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	177	-	-	-	-	-	-
Total disbursements	177	-	3,800	-	1,886,974	3,429	3,300
Excess (deficiency) of receipts over disbursements	(177)	177	7	4,839	(730,577)	13,882	(3,300)
Cash and investments - ending	\$ 618	\$ 177	\$ (1)	\$ 4,839	\$ 774,232	\$ 79,636	\$ 6,576

CITY OF GREENDALE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011
 (Continued)

	Firehouse Escrow	Operating Claim on Pooled Cash - Electric	Customer Meter Deposit - Electric	Depreciation/ Improvement - Electric	Bond and Interest - Electric	Construction Fund - Electric	Debt Reserve Fund - Electric
Cash and investments - beginning	\$ 1,520	\$ 853,810	\$ 121,180	\$ 29,640	\$ 5,983	\$ 7,740	\$ 132,640
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	8,107,123	85,050	-	-	-	-
Penalties	-	37,195	-	-	-	-	-
Other receipts	8	289,703	-	-	125,196	96	-
Total receipts	<u>8</u>	<u>8,434,021</u>	<u>85,050</u>	<u>-</u>	<u>125,196</u>	<u>96</u>	<u>-</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	125,185	-	-
Capital outlay	-	17,995	-	-	-	-	-
Utility operating expenses	-	7,862,765	-	-	-	-	-
Other disbursements	-	593,481	45,250	-	-	396	-
Total disbursements	<u>-</u>	<u>8,474,241</u>	<u>45,250</u>	<u>-</u>	<u>125,185</u>	<u>396</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>8</u>	<u>(40,220)</u>	<u>39,800</u>	<u>-</u>	<u>11</u>	<u>(300)</u>	<u>-</u>
Cash and investments - ending	<u>\$ 1,528</u>	<u>\$ 813,590</u>	<u>\$ 160,980</u>	<u>\$ 29,640</u>	<u>\$ 5,994</u>	<u>\$ 7,440</u>	<u>\$ 132,640</u>

CITY OF GREENDALE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011
 (Continued)

	Utility Reserve - Electric	Operating Cash Account - Wastewater	Customer Deposits - Wastewater	Depreciation/ Improvement - Wastewater	Expansion Reserve - Wastewater	Claim on Pooled Cash-Monthly Deposit - Wastewater	Operating Claim on Pooled Cash - Water
Cash and investments - beginning	\$ 554,745	\$ 163,759	\$ 6,100	\$ 65,000	\$ 357,062	\$ 66,412	\$ 197,319
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	995,030	-	-	95,669	906,134	902,923
Penalties	-	-	-	-	-	-	4,935
Other receipts	60,000	3,158	1,175	-	-	180,463	232,418
Total receipts	<u>60,000</u>	<u>998,188</u>	<u>1,175</u>	<u>-</u>	<u>95,669</u>	<u>1,086,597</u>	<u>1,140,276</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	106,824
Capital outlay	-	50,501	-	-	-	-	-
Utility operating expenses	-	972,931	-	-	-	-	1,052,328
Other disbursements	-	-	2,625	-	-	1,094,278	61,830
Total disbursements	<u>-</u>	<u>1,023,432</u>	<u>2,625</u>	<u>-</u>	<u>-</u>	<u>1,094,278</u>	<u>1,220,982</u>
Excess (deficiency) of receipts over disbursements	<u>60,000</u>	<u>(25,244)</u>	<u>(1,450)</u>	<u>-</u>	<u>95,669</u>	<u>(7,681)</u>	<u>(80,706)</u>
Cash and investments - ending	<u>\$ 614,745</u>	<u>\$ 138,515</u>	<u>\$ 4,650</u>	<u>\$ 65,000</u>	<u>\$ 452,731</u>	<u>\$ 58,731</u>	<u>\$ 116,613</u>

CITY OF GREENDALE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011
 (Continued)

	Customer Meter Deposit - Water	Bond and Interest - Water	Construction Fund - Water	Debt Reserve Fund - Water	Water Tower Project- Water	Operating Claim on Pooled Cash - Trash	Totals
Cash and investments - beginning	\$ 2,400	\$ 2,245	\$ 118,077	\$ 75,610	\$ 183,890	\$ 38,584	\$ 17,892,888
Receipts:							
Taxes	-	-	-	-	-	-	2,830,917
Licenses and permits	-	-	-	-	-	-	61,925
Intergovernmental	-	-	-	-	-	-	4,069,643
Charges for services	-	-	-	-	-	468,395	1,021,790
Fines and forfeits	-	-	-	-	-	-	10,657
Utility fees	4,475	-	-	-	-	-	11,096,404
Penalties	-	-	-	-	-	-	42,130
Other receipts	-	77,338	101	-	-	1,712	4,397,520
Total receipts	4,475	77,338	101	-	-	470,107	23,530,986
Disbursements:							
Personal services	-	-	-	-	-	-	2,326,447
Supplies	-	-	-	-	-	-	274,845
Other services and charges	-	-	-	-	-	-	4,710,523
Debt service - principal and interest	-	77,338	-	-	-	-	1,148,126
Capital outlay	-	-	-	-	150,935	-	280,121
Utility operating expenses	-	-	-	-	-	-	9,888,024
Other disbursements	4,125	-	41,390	-	-	471,268	4,665,924
Total disbursements	4,125	77,338	41,390	-	150,935	471,268	23,294,010
Excess (deficiency) of receipts over disbursements	350	-	(41,289)	-	(150,935)	(1,161)	236,976
Cash and investments - ending	\$ 2,750	\$ 2,245	\$ 76,788	\$ 75,610	\$ 32,955	\$ 37,423	\$ 18,129,864

CITY OF GREENDALE
 SCHEDULE OF PAYABLES AND RECEIVABLES
 December 31, 2011

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	\$ 53,838	\$ -
Trash	37,423	-
Electric	645,017	-
Wastewater	139,134	-
Water	<u>209,392</u>	-
Totals	<u>\$ 1,084,804</u>	<u>\$ -</u>

CITY OF GREENDALE
SCHEDULE OF LEASES AND DEBT
December 31, 2011

Description of Debt		Ending Principal Balance	Principal and Interest Due Within One Year
Type	Purpose		
Governmental activities:			
Notes and loans payable	Build new Firehouse	\$ 975,000	\$ 82,875
Notes and loans payable	Renovate Police Station	1,275,000	95,200
Notes and loans payable	Purchase 800 MH Radios	<u>109,875</u>	<u>8,211</u>
Total governmental activities		<u>2,359,875</u>	<u>186,286</u>
Electric:			
Revenue bonds	Electric Utility	<u>750,000</u>	<u>123,230</u>
Water:			
Revenue bonds	Water Utility	305,000	75,632
Notes and loans payable	Construct Water Tower	<u>1,683,000</u>	<u>106,823</u>
Total Water		<u>1,988,000</u>	<u>182,455</u>
Totals		<u><u>\$ 5,097,875</u></u>	<u><u>\$ 491,971</u></u>

CITY OF GREENDALE
EXAMINATION RESULTS AND COMMENTS

NEPOTISM ORDINANCE – COUNCILMAN'S SON (Applies to Police Department and Common Council)

The Common Council passed Ordinance 1998-7 (codified as GMC 31.10) on November 12, 1998, establishing requirements and conditions for employment. The Ordinance states in part the following:

"No person may be considered for hiring or hired who is related to any serving elected official of the city, or the spouse of any city official, as a child, grandchild, brother, sister, parent, aunt, uncle, nephew, or niece . . . this prohibition shall not be amended except upon delivery of written notice to all current employees and unanimous vote of all members of Council at each of three separate consecutive regular public meetings."

Scott Schnebelt, son of Councilman Eric Schnebelt, was hired as a police officer in September of the year 2011. Eric Schnebelt's term on the Common Council ended on December 31, 2011.

Ordinance 1998-7 does not contain a provision for penalties or sanctions for non-compliance with the ordinance.

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)

Richard A. Butler, City Attorney, in a letter to Joey Lynch, Clerk-Treasurer, dated September 21, 2012, regarding GMC 31.10 states in part as follows:

". . . GMC 31.10 . . . is void because it violates state law . . ."

"Further, it is my opinion . . . The Chief of Police did not violate GMC 31.10 when he hired Scott Schnebelt . . ."

NEPOTISM ORDINANCE – SISTER OF COUNCILMAN (Applies to Clerk-Treasurer and Common Council)

The Common Council established a new nepotism policy on June 13, 2012, through Resolution 2012-4, which states in part the following:

"Individuals who are relatives may not be employed by the City in a position that results in one (1) relative being in the direct line of supervision of the other relative."

Beth Lansing, sister of council member Bill Lansing, was hired as Deputy Clerk-Treasurer in August of the year 2012. Beth Lansing was not in the direct line of supervision of Bill Lansing. Mary Jo Lynch, Clerk-Treasurer, stated that she hired Beth Lansing because she was of the understanding that Resolution 2012-4 superseded the previous nepotism Ordinance 1998-7 (codified as GMC 31.10). The Common Council did not repeal GMC 31.10 at the time Resolution 2012-4 was passed. Resolution 2012-4 states the following:

"No person may be considered for hiring or hired who is related to any serving elected official of the city, or the spouse of any city official, as a child, grandchild, brother, sister, parent, aunt, uncle, nephew, or niece . . . this prohibition shall not be amended except upon delivery of written notice to all current employees and unanimous vote of all members of Council at each of three separate consecutive regular public meetings."

Ordinance 1998-7 does not contain a provision for penalties or sanctions for non-compliance with the ordinance.

CITY OF GREENDALE
EXAMINATION RESULTS AND COMMENTS
(Continued)

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)

Richard A. Butler, City Attorney, in a letter to Joey Lynch, Clerk-Treasurer, dated September 21, 2012, regarding Ordinance 1998-7 (codified as Greendale Municipal Code (GMC) 31.10) states in part the following:

" . . . I recommend the Council repeal GMC 31.10 on the grounds that it is void because it violates state law . . . "

"Further, it is my opinion, that you did not violate GMC 31.10 . . . "

CAPITAL ASSET RECORDS (Applies to Common Council and Clerk-Treasurer)

We noted the following deficiencies regarding the accountability over capital assets:

1. The Common Council has not adopted a formal capital asset policy for City capital assets used in providing governmental services or for capital assets used in providing Electric, Water, and Wastewater services.

The governing body should establish a capitalization policy that sets a dollar amount as a threshold to be used in determining which items will be recorded. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

2. The capital asset records for the City or the Electric, Water, and Wastewater Utilities have not been updated in several years for additions and no information was presented for examination that an inventory of capital assets have been taken for several years.

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, B34755, B37806, and B39749.

SEPARATE BANK ACCOUNTS (Applies to Clerk-Treasurer and Common Council)

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 following:

" . . . 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, B34755, B37806, and B39749.

CITY OF GREENDALE
EXAMINATION RESULTS AND COMMENTS
(Continued)

NO SMALL PURCHASES POLICY (Applies to Common Council)

The City makes various purchases that cost less than \$50,000. However, no notice inviting bids was given and the Common Council has not adopted a "small purchases" policy to govern purchases costing less than \$50,000. Without a "small purchases" policy, all purchases are subject to the bidding requirements of Indiana Code (IC) 5-22-7-1, unless another purchasing method is authorized by statute and selected by the purchasing agency.

Competitive Bidding Requirements

Indiana Code 5-22-7-1 states: "A purchasing agent shall follow the procedure described in this chapter in awarding a contract for supplies, unless another purchasing method is required or authorized by this article."

Indiana Code 5-22-7-5 states in part the following:

"(a) The purchasing agency shall give notice of the invitation for bids in the manner required by IC 5-3-1."

"(c) The purchasing agency for a political subdivision may also provide electronic access to the notice through: (1) the computer gateway administered by the office of technology; or (2) any other electronic means available to the political subdivision."

Purchases Less Than \$50,000

Indiana Code 5-22-8-2 states:

"(a) This section applies only if the purchasing agent expects the purchase to be less than fifty thousand dollars (\$50,000).

(b) A purchasing agent may make a purchase under small purchase policies established by the purchasing agency or under rules adopted by the governmental body."

DISBURSEMENT PROCEDURES (Applies to Clerk-Treasurer)

State statutes and good internal control procedures require that a disbursement be made only after a department head or other employee has verified that goods or services purchased have been received. A review of accounts payable vouchers (claims) showed that 65 percent of those selected for testing were not approved by the department head or another employee that the goods or services purchased were received. Failure to have the claims reviewed by the responsible department prior to payment could result in items paid for by the City for which the goods or services have not been received or instances in which no payment is due as the goods or services should have been covered under warranty or other contractual agreement.

Indiana Code 5-11-10-1.6(c) states: "The fiscal officer of a governmental entity may not draw a warrant or check for payment of a claim unless: . . . (2) the invoice or bill is approved by the officer or person receiving the goods and services."

CITY OF GREENDALE
EXAMINATION RESULTS AND COMMENTS
(Continued)

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control.

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (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 November 26, 2012, with Mary Jo Lynch, Clerk-Treasurer; Steve Lampert, City Manager; and Doug Hedrick, Mayor. The officials concurred with our findings.