

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

FINANCIAL STATEMENT EXAMINATION REPORT

OF

CITY OF BEECH GROVE

MARION COUNTY, INDIANA

January 1, 2013 to December 31, 2013



FILED
12/05/2014

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	F. Daniel McMillan	01-01-12 to 12-31-15
Mayor	Honorable Dennis Buckley	01-01-12 to 12-31-15
President of the Board of Public Works and Safety	Honorable Dennis Buckley	01-01-13 to 12-31-14
President Pro Tempore of the Common Council	Edward Bell	01-01-13 to 12-31-14
Judge	Honorable Andrew Wells	01-01-12 to 12-31-15



STATE OF INDIANA
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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE CITY OF BEECH GROVE, MARION COUNTY, INDIANA

We have examined the accompanying financial statement of the City of Beech Grove (City), for the year ended December 31, 2013. 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 Indiana 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. The effects on the financial statement of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the matter discussed in the preceding paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position and results of operations of the City for the year ended December 31, 2013.

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, 2013, 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, Schedule of Leases and Debt, and Schedule of Capital Assets, 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.

The City's response to the Examination Results and Comments identified in our examination is described in the accompanying section of the report entitled Official Response. We did not examine the City's response and, accordingly, we express no opinion on it.

Paul D. Joyce
Paul D. Joyce, CPA
State Examiner

October 6, 2014

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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 BEECH GROVE
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended December 31, 2013

Fund	Cash and Investments 01-01-13	Receipts	Disbursements	Cash and Investments 12-31-13
GENERAL	\$ 54,092	\$ 10,040,868	\$ 9,600,631	\$ 494,329
MOTOR VEHICLE HIGHWAY	4,288	735,879	653,502	86,665
LOCAL ROAD & STREET	37,424	479,325	490,000	26,749
PARKS NON-REVERTING	3,731	-	-	3,731
LOCAL LAW ENFORCEMENT	24,335	24,592	17,579	31,348
CLERK RECORD PERPETUATION	3,084	4,746	2,485	5,345
PARK DONATION	2,601	3,125	2,329	3,397
RAINY DAY FUND	193,019	-	-	193,019
LEVY EXCESS FUND	25	-	-	25
POLICE PENSION	16,515	646,963	587,576	75,902
FIRE PENSION	64,447	408,327	362,518	110,256
MAYOR'S DONATION	2,187	2,650	3,375	1,462
PUBLIC SAFETY	146,579	972,428	828,150	290,857
2009 POLICE/BYRNES-JAG GRANT 2009-SB-B9-1704	-	27,464	27,464	-
CRIMINAL INVESTIGATION	166,113	96,028	49,554	212,587
HEALTH-RETIREES	13,642	-	-	13,642
INSURANCE REIMBURSEMENTS	-	28,550	12,761	15,789
SENIOR CITIZENS DONATION	18,731	6,255	10,036	14,950
POLICE DONATION	4,113	618	1,191	3,540
FIRE DONATION	2,103	2,888	1,872	3,119
POLICE/ 2012 GRANT	87,736	-	87,736	-
2013 POLICE GRANT/CAMERAS	-	46,846	46,846	-
FIRE DEPT/EMS UNIF.GRANT	-	15,794	15,794	-
GENERAL-CITY COURT CLEARING FUND	-	170,663	170,663	-
2012 BOND ISSUE	473,258	-	449,016	24,242
BOND AND INTEREST REDEMPT	78,562	161,211	124,815	114,958
INSURANCE-AMBULANCE REPAI	3,187	-	-	3,187
MAIN STREET REDEVELOPMENT PROJECT/GRANT	-	364,657	351,056	13,601
CUMULATIVE CAPITAL DEVELOP	2,835	-	-	2,835
RDAF-DEBT SERVICE RESERVE	584,649	194	-	584,843
RDAF-GENERAL ACCOUNT	597,169	815,171	572,092	840,248
PAYROLL BAL.END OF 2004	-	1,029,015	1,029,014	1
PAYROLL	15,941	7,935,096	7,951,037	-
POLICE/FIRE TRUST	2,530	-	-	2,530
REVOLVING LOAN	81,171	176,717	15,841	242,047
SEWAGE UTILITY OPERATIN	631,677	2,911,623	2,913,775	629,525
Beech Grove City Court	20,055	462,205	427,441	54,819
SW AUCTION PROCEEDS	105,707	-	105,707	-
UTILITY BOND & INTEREST	-	220,246	220,246	-
UTILITY CONSTRUCTION	314	-	-	314
UTILITY BOND AND INTEREST RESERVE	136,178	139,758	129,989	145,947
SRF BEECH GROVE DSR	136,178	-	-	136,178
SRF BEECH GROVE B&I ESCROW	85,096	129,989	136,178	78,907
Totals	\$ 3,799,272	\$ 28,059,891	\$ 27,398,269	\$ 4,460,894

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

CITY OF BEECH GROVE
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, gas, 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 Indiana 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. The basis of accounting involves the reporting of only cash and investments and the changes therein resulting from cash inflows (receipts) and cash outflows (disbursements) reported in the period in which they occurred.

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, innkeepers tax, food and beverage 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, dog tax licenses, auctioneer license, building and planning permits, demolition permits, electrical permits, sign permits, and gun permits.

CITY OF BEECH GROVE
NOTES TO FINANCIAL STATEMENT
(Continued)

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.

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, 911 telephone services, recycling fees, dog pound fees, emergency medical service fees, park rental fees, swimming pool receipts, cable tv receipts, ordinance violations, fines and fees, bond forfeitures, court costs, and court receipts.

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.

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.

CITY OF BEECH GROVE
NOTES TO FINANCIAL STATEMENT
(Continued)

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.

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.

CITY OF BEECH GROVE
NOTES TO FINANCIAL STATEMENT
(Continued)

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.

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 statement. 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 Capitol Street, Suite 001
Indianapolis, IN 46204
Ph. (888) 526-1687

CITY OF BEECH GROVE
NOTES TO FINANCIAL STATEMENT
(Continued)

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. 1925 Police Officers' Pension Plan

Plan Description

The 1925 Police Officers' Pension Plan 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.

Funding Policy

The contribution requirements of plan members for the 1925 Police Officers' Pension Plan are established by state statute.

On Behalf Payments

The 1925 Police Officers' Pension Plan is funded by the State of Indiana through the Indiana Public Retirement System as provided under Indiana Code 5-10.3-11.

C. 1937 Firefighters' Pension Plan

Plan Description

The 1937 Firefighters' Pension Plan is a single-employer defined benefit pension plan. The plan is administered by the local pension board as authorized by state statute (IC 36-8-7). 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.

Funding Policy

The contribution requirements of plan members for the 1937 Firefighters' Pension Plan are established by state statute.

On Behalf Payments

The 1937 Firefighters' Pension Plan is funded by the State of Indiana through the Indiana Public Retirement System as provided under Indiana Code 5-10.3-11.

CITY OF BEECH GROVE
NOTES TO FINANCIAL STATEMENT
(Continued)

D. 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.

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 Capitol 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.

SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the City's Annual Reports 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 BEECH GROVE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013

	<u>GENERAL</u>	<u>MOTOR VEHICLE HIGHWAY</u>	<u>LOCAL ROAD & STREET</u>	<u>PARKS NON-REVERTING</u>	<u>LOCAL LAW ENFORCEMENT</u>	<u>CLERK RECORD PERPETUATION</u>	<u>PARK DONATION</u>
Cash and investments - beginning	\$ 54,092	\$ 4,288	\$ 37,424	\$ 3,731	\$ 24,335	\$ 3,084	\$ 2,601
Receipts:							
Taxes	3,358,245	231,429	-	-	-	-	-
Licenses and permits	232,736	-	-	-	8,830	-	-
Intergovernmental	2,083,748	504,450	479,325	-	-	-	-
Charges for services	1,110,198	-	-	-	3,059	-	3,125
Fines and forfeits	72,437	-	-	-	12,703	4,746	-
Utility fees	-	-	-	-	-	-	-
Other receipts	3,183,504	-	-	-	-	-	-
Total receipts	<u>10,040,868</u>	<u>735,879</u>	<u>479,325</u>	<u>-</u>	<u>24,592</u>	<u>4,746</u>	<u>3,125</u>
Disbursements:							
Personal services	5,807,576	367,301	-	-	-	-	-
Supplies	211,772	90,527	40,000	-	17,579	2,485	349
Other services and charges	1,063,561	195,674	50,000	-	-	-	-
Debt service - principal and interest	2,302,166	-	-	-	-	-	-
Capital outlay	88,290	-	400,000	-	-	-	1,980
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	127,266	-	-	-	-	-	-
Total disbursements	<u>9,600,631</u>	<u>653,502</u>	<u>490,000</u>	<u>-</u>	<u>17,579</u>	<u>2,485</u>	<u>2,329</u>
Excess (deficiency) of receipts over disbursements	<u>440,237</u>	<u>82,377</u>	<u>(10,675)</u>	<u>-</u>	<u>7,013</u>	<u>2,261</u>	<u>796</u>
Cash and investments - ending	<u>\$ 494,329</u>	<u>\$ 86,665</u>	<u>\$ 26,749</u>	<u>\$ 3,731</u>	<u>\$ 31,348</u>	<u>\$ 5,345</u>	<u>\$ 3,397</u>

CITY OF BEECH GROVE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013
 (Continued)

	RAINY DAY FUND	LEVY EXCESS FUND	POLICE PENSION	FIRE PENSION	MAYOR'S DONATION	PUBLIC SAFETY	2009 POLICE/ BYRNES-JAG GRANT 2009-SB-B9-1704
Cash and investments - beginning	\$ 193,019	\$ 25	\$ 16,515	\$ 64,447	\$ 2,187	\$ 146,579	\$ -
Receipts:							
Taxes	-	-	105,781	82,116	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	7,780	9,290	-	972,428	27,464
Charges for services	-	-	533,402	316,921	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	-	-	-	2,650	-	-
Total receipts	-	-	646,963	408,327	2,650	972,428	27,464
Disbursements:							
Personal services	-	-	-	35,631	-	828,150	-
Supplies	-	-	-	-	3,375	-	-
Other services and charges	-	-	-	-	-	-	27,464
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	587,576	326,887	-	-	-
Total disbursements	-	-	587,576	362,518	3,375	828,150	27,464
Excess (deficiency) of receipts over disbursements	-	-	59,387	45,809	(725)	144,278	-
Cash and investments - ending	\$ 193,019	\$ 25	\$ 75,902	\$ 110,256	\$ 1,462	\$ 290,857	\$ -

CITY OF BEECH GROVE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013
 (Continued)

	CRIMINAL INVESTIGATION	HEALTH- RETIREES	INSURANCE REIMBURSEMENTS	SENIOR CITIZENS DONATION	POLICE DONATION	FIRE DONATION
Cash and investments - beginning	\$ 166,113	\$ 13,642	\$ -	\$ 18,731	\$ 4,113	\$ 2,103
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	67,313	-	-	-	-	-
Fines and forfeits	28,661	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	54	-	28,550	6,255	618	2,888
Total receipts	<u>96,028</u>	<u>-</u>	<u>28,550</u>	<u>6,255</u>	<u>618</u>	<u>2,888</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	18,995	-	-	-	-	1,872
Other services and charges	30,559	-	12,761	10,036	1,191	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	<u>49,554</u>	<u>-</u>	<u>12,761</u>	<u>10,036</u>	<u>1,191</u>	<u>1,872</u>
Excess (deficiency) of receipts over disbursements	<u>46,474</u>	<u>-</u>	<u>15,789</u>	<u>(3,781)</u>	<u>(573)</u>	<u>1,016</u>
Cash and investments - ending	<u>\$ 212,587</u>	<u>\$ 13,642</u>	<u>\$ 15,789</u>	<u>\$ 14,950</u>	<u>\$ 3,540</u>	<u>\$ 3,119</u>

CITY OF BEECH GROVE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013
 (Continued)

	POLICE/ 2012 GRANT	2013 POLICE GRANT/ CAMERAS	FIRE DEPT/EMS UNIF.GRANT	GENERAL-CITY COURT CLEARING FUND	2012 BOND ISSUE	BOND AND INTEREST REDEMPT
Cash and investments - beginning	\$ 87,736	\$ -	\$ -	\$ -	\$ 473,258	\$ 78,562
Receipts:						
Taxes	-	-	-	-	-	150,786
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	46,846	15,794	-	-	10,425
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	170,663	-	-
Utility fees	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-
Total receipts	<u>-</u>	<u>46,846</u>	<u>15,794</u>	<u>170,663</u>	<u>-</u>	<u>161,211</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	87,736	46,846	15,794	-	-	-
Other services and charges	-	-	-	80,821	449,016	-
Debt service - principal and interest	-	-	-	-	-	124,815
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	89,842	-	-
Total disbursements	<u>87,736</u>	<u>46,846</u>	<u>15,794</u>	<u>170,663</u>	<u>449,016</u>	<u>124,815</u>
Excess (deficiency) of receipts over disbursements	<u>(87,736)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(449,016)</u>	<u>36,396</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,242</u>	<u>\$ 114,958</u>

CITY OF BEECH GROVE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013
 (Continued)

	INSURANCE- AMBULANCE REPAI	MAIN STREET REDEVELOPMENT PROJECT/GRANT	CUMULATIVE CAPITAL DEVELOP	RDAF-DEBT SERVICE RESERVE	RDAF-GENERAL ACCOUNT	PAYROLL BAL. END OF 2004
Cash and investments - beginning	\$ 3,187	\$ -	\$ 2,835	\$ 584,649	\$ 597,169	\$ -
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	364,657	-	-	-	-
Charges for services	-	-	-	-	-	63,871
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	-	-	-	194	815,171	965,144
Total receipts	-	364,657	-	194	815,171	1,029,015
Disbursements:						
Personal services	-	-	-	-	-	1,027,031
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	2,758	1,983
Debt service - principal and interest	-	-	-	-	569,334	-
Capital outlay	-	351,056	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	-	351,056	-	-	572,092	1,029,014
Excess (deficiency) of receipts over disbursements	-	13,601	-	194	243,079	1
Cash and investments - ending	\$ 3,187	\$ 13,601	\$ 2,835	\$ 584,843	\$ 840,248	\$ 1

CITY OF BEECH GROVE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013
 (Continued)

	PAYROLL	POLICE/FIRE TRUST	REVOLVING LOAN	SEWAGE UTILITY OPERATING	Beech Grove City Court	SW AUCTION PROCEEDS
Cash and investments - beginning	\$ 15,941	\$ 2,530	\$ 81,171	\$ 631,677	\$ 20,055	\$ 105,707
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	176,717	-	-	-
Fines and forfeits	-	-	-	-	462,205	-
Utility fees	-	-	-	2,727,825	-	-
Other receipts	7,935,096	-	-	183,798	-	-
Total receipts	7,935,096	-	176,717	2,911,623	462,205	-
Disbursements:						
Personal services	7,943,141	-	-	500,541	-	-
Supplies	-	-	-	-	-	-
Other services and charges	7,896	-	15,841	99,814	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	200,000	-	-
Utility operating expenses	-	-	-	925,928	-	-
Other disbursements	-	-	-	1,187,492	427,441	105,707
Total disbursements	7,951,037	-	15,841	2,913,775	427,441	105,707
Excess (deficiency) of receipts over disbursements	(15,941)	-	160,876	(2,152)	34,764	(105,707)
Cash and investments - ending	\$ -	\$ 2,530	\$ 242,047	\$ 629,525	\$ 54,819	\$ -

CITY OF BEECH GROVE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013
 (Continued)

	UTILITY BOND & INTEREST	UTILITY CONSTRUCTION	UTILITY BOND AND INTEREST RESERVE	SRF BEECH GROVE DSR	SRF BEECH GROVE B&I ESCROW	Totals
Cash and investments - beginning	\$ -	\$ 314	\$ 136,178	\$ 136,178	\$ 85,096	\$ 3,799,272
Receipts:						
Taxes	-	-	-	-	-	3,928,357
Licenses and permits	-	-	-	-	-	241,566
Intergovernmental	-	-	-	-	-	4,522,207
Charges for services	-	-	-	-	-	2,274,606
Fines and forfeits	-	-	-	-	-	751,415
Utility fees	-	-	-	-	-	2,727,825
Other receipts	220,246	-	139,758	-	129,989	13,613,915
Total receipts	220,246	-	139,758	-	129,989	28,059,891
Disbursements:						
Personal services	-	-	-	-	-	16,509,371
Supplies	-	-	-	-	-	537,330
Other services and charges	-	-	-	-	-	2,049,375
Debt service - principal and interest	147,216	-	129,989	-	-	3,273,520
Capital outlay	73,030	-	-	-	-	1,114,356
Utility operating expenses	-	-	-	-	-	925,928
Other disbursements	-	-	-	-	136,178	2,988,389
Total disbursements	220,246	-	129,989	-	136,178	27,398,269
Excess (deficiency) of receipts over disbursements	-	-	9,769	-	(6,189)	661,622
Cash and investments - ending	\$ -	\$ 314	\$ 145,947	\$ 136,178	\$ 78,907	\$ 4,460,894

CITY OF BEECH GROVE
 SCHEDULE OF PAYABLES AND RECEIVABLES
 December 31, 2013

Government or Enterprise	Accounts Payable	Accounts Receivable
Governmental activities	\$ 116,882	\$ 166,905
Beech Grove Wastewater	39,717	313,770
Totals	\$ 156,599	\$ 480,675

CITY OF BEECH GROVE
SCHEDULE OF LEASES AND DEBT
December 31, 2013

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Gordon Flesch	3 Copiers - Clerks Office Police Department and Fire Department	\$ 5,001	10/1/2011	9/30/2016
Regions Equipment Finance Corporation	Fire vehicles	27,314	5/15/2013	7/15/2018
Regions Equipment Finance Corporation	Police vehicles	26,709	5/15/2013	7/15/2018
Reliable Water Company	Fire Dept. water heater	<u>1,735</u>	1/1/2011	12/31/2014
Total governmental activities		<u>60,759</u>		
Beech Grove Wastewater:				
Regions Equipment Finance Corporation	Trash trucks	<u>76,475</u>	10/2/2012	8/2/2017
Total of annual lease payments		<u>\$ 137,234</u>		

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
General obligation bonds	2012 General Obligation Bond	\$ 1,950,000	\$ 204,763
Tax anticipation warrants	Tax Anticipation Warrant 2013	-	-
Notes and loans payable	Redevelopment TIF 2005	1,745,000	284,001
Notes and loans payable	Redevelopment TIF 2007	<u>2,155,000</u>	<u>288,798</u>
Total governmental activities		<u>5,850,000</u>	<u>777,562</u>
Beech Grove Wastewater:			
Revenue bonds	2005A Sewage Works Revenue Bond	629,102	74,779
Notes and loans payable	2004 State Revolving Fund Loan	<u>1,266,029</u>	<u>136,180</u>
Total Beech Grove Wastewater		<u>1,895,131</u>	<u>210,959</u>
Totals		<u>\$ 7,745,131</u>	<u>\$ 988,521</u>

CITY OF BEECH GROVE
 SCHEDULE OF CAPITAL ASSETS
 December 31, 2013

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

	Ending Balance
Governmental activities:	
Land	\$ 1,500,000
Infrastructure	27,080,427
Buildings	11,159,653
Improvements other than buildings	121,000
Machinery, equipment, and vehicles	4,227,388
Total governmental activities	44,088,468
Beech Grove Wastewater:	
Infrastructure	88,872,500
Machinery, equipment, and vehicles	394,000
Total Beech Grove Wastewater	89,266,500
Beech Grove City Court:	
Total Beech Grove City Court	-
Total capital assets	\$ 133,354,968

CITY OF BEECH GROVE
EXAMINATION RESULTS AND COMMENTS

BANK ACCOUNT RECONCILIATIONS

Depository reconciliations of the fund balances to the bank account balances were conducted; however, the reconciliation contained errors. The City maintains several bank accounts and performs bank reconciliations monthly. The City completed the December 31, 2013 bank reconciliations for the City Corporation Bank Account and the City Utilities Bank Account. Several adjustments were included in the reconciliations that could not be verified. Explanation and/or documentation for the adjustments were provided; however, the adjustments did not reflect ledger or bank activity. Without these adjustments the funds did not balance to the bank. Because the adjustments could not be verified, they were not included on the auditor's bank reconciliation and, as a result, the funds did not reconcile to the bank for these accounts. The verified Corporation Bank Account reconciliation reflected \$55,378 less than the fund ledger and the City Utilities Bank Account reconciliation reflected \$13,547 less than the fund ledger. In total, the bank account reconciliations did not balance in the amount of \$68,925 less than what was reported on the financial statement. Adjustments, if necessary, for any unidentified errors were not made to the financial statement. Cash and investment balances may be overstated.

Additionally, the depository reconciliations did not include the funds held by BNY-Mellon Bank for the State Revolving Loan Funds (SRF). Adjustments were made to the financial statement to properly include this fund and its transactions.

Indiana Code 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."

ANNUAL FINANCIAL REPORT

The Annual Financial Report for 2013 contained errors and did not properly reflect the financial activity of the City. Two funds had the following differences in reporting:

- The City did not include the cash and investment balance and financial transactions of the SRF Beech Grove B&I Escrow fund.
- The SRF Beech Grove DSR fund was erroneously reported. The fund's beginning balance was reported as \$0 and total receipts were \$136,178. The actual fund had a beginning balance of \$136,178 with no in receipts during 2013.

CITY OF BEECH GROVE
EXAMINATION RESULTS AND COMMENTS
(Continued)

The adjustments were approved by the management of the City and were presented on the Annual Financial Report.

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every municipality and every state or local governmental unit, entity, or instrumentality financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each fiscal year. The reports must be in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under IC 5-14-3.8-7."

CONTRACTS

Payments totaling \$6,510 were made to a lawn care vendor for mowing services in 2013. Although a pricing list was obtained and agreed upon, a contract was not written for these services.

Payments made or received for contractual services should be supported by a written contract. Each governmental unit is responsible for complying with the provisions of its contracts. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

NEPOTISM AND CONTRACTING CERTIFICATIONS

Elected officials did not file written annual certification of their compliance with the nepotism law or the law regarding contract disclosure requirements with the Mayor, as required by statute.

Indiana Code 36-1-20.2-16 states: "Each elected officer of the unit shall annually certify in writing, subject to the penalties for perjury, that the officer has not violated this chapter. An officer shall submit the certification to the executive of the unit not later than December 31 of each year."

Furthermore, Indiana Code 36-1-21-6 states: "Each elected officer of the unit shall annually certify in writing, subject to the penalties for perjury, that the officer is in compliance with this chapter. An officer shall submit the certification to the executive of the unit not later than December 31 of each year."

CITY OF BEECH GROVE
EXIT CONFERENCE

The contents of this report were discussed on October 6, 2014, with F. Daniel McMillan, Clerk-Treasurer; Honorable Dennis Buckley, Mayor; and Edward Bell, President Pro Tempore of the Common Council.



October 9, 2014

To: State Board of Accounts

CC: Dennis Buckley, Mayor
City of Beech Grove, IN

From: Dan McMillan, Clerk Treasurer
City of Beech Grove

RE: 2013 Audit

First, I would like to thank the State Board of Accounts and the Auditors for their time spent with the City of Beech Grove. We always learn from them and I welcome their audits, because I believe that they provide a great service to the city and the taxpayer. Their audits provide us with an overview of our accounting procedures and they make recommendations as to where improvement is needed. I have attached my response to the 2013 audit. I take full responsibility for any errors included in this audit and my office will work diligently to correct our mistakes.

Bank Account Reconciliations:

The \$55,378 are adjustments left in the bank reconciliation; which include the December payroll payments from Sewage to Corporation and a payment from Main Street Loans to the Corporation that were not transferred in December and so they were outstanding on the Bank Statement. That money was transferred in January, so it did not appear again.

The \$13,547 is from the changeover from Keybud to Keyfund, again it was a remaining outstanding transaction in the bank reconciliation.

Annual Report:

I don't completely understand what was missing from the SRF B& I Fund # 610 on the Cash & Investment Statement, but I will work on correcting that.

The SRF DRS Fund balance of \$136, 178.00 with the Bank of New York Mellon was not found until the audit was completed last year. When that was brought to our attention, a fund/bank account was created in Keyfund and that fund /bank account is reconciled monthly like all the other bank accounts. Since, the fund was just created last year and no history was available of a pre existing fund, we receipted that money into the fund in the current accounting year instead of creating the fund with a beginning balance of \$136, 178.00. It did not change the balance, but it was an incorrect entry.

Contracts:

Mayor Buckley, Beech Grove City Council, or I were not aware that a contract had to be written for these services. We will comply in the future.

Nepotism:

We follow the Nepotism laws regarding hiring and we have a Nepotism Ordinance, but we were not aware that elected officials should file a compliance statement with Mayor Buckley each year. This law includes, Mayor Buckley, Beech Grove City Council Members, Judge Wells, and me. I will begin compliance this year.

In closing, I would just like to say that we will continue to try to improve and strive for accuracy. Once again we enjoyed having the auditors here in Beech Grove. They are such an asset to the office when they are here. The service they provide the citizens of this state is invaluable. Thank you.