

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

EXAMINATION REPORT
OF
CITY OF GREENFIELD
HANCOCK COUNTY, INDIANA
January 1, 2008 to December 31, 2008



FILED
10/29/2009

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Larry J. Breese	01-01-08 to 12-31-11
Mayor	Hon. Bradford DeReamer	01-01-08 to 12-31-11
President of the Board of Public Works	Hon. Bradford DeReamer Joseph Duffy	01-01-08 to 12-31-08 01-01-09 to 12-31-09
President of the Common Council	Donald J. Davis Gary P. Evans	01-01-08 to 12-31-08 01-01-09 to 12-31-09
Controller of Utilities	Otto W. Krohn, CPA	01-01-08 to 12-31-09
Superintendent of Electric Utility	Nelson Castordale	01-01-08 to 12-31-09
Superintendent of Water Utility	Mark Nance Dave Scheiter	01-01-08 to 01-09-09 01-10-09 to 12-31-09
Superintendent of Wastewater Utility	Dave Scheiter	01-01-08 to 12-31-09
Superintendent of Storm Water Utility	Dan Miller	01-01-08 to 12-31-09
Utility Office Manager	Judy Smoll	01-01-08 to 12-31-09



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE CITY OF GREENFIELD, HANCOCK COUNTY, INDIANA

We have examined the Schedule of Receipts, Disbursements, and Cash and Investment Balances presented herein of the City of Greenfield (City), for the period of January 1, 2008 to December 31, 2008. 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, 2008, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The Schedule of Capital Assets and Schedule of Long-Term Debt, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the basic financial information. They have not been subjected to the examination procedures applied to the basic financial information and, accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

September 28, 2009

CITY OF GREENFIELD
SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL, PROPRIETARY, AND FIDUCIARY FUND TYPES
As Of And For The Year Ended December 31, 2008

	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
Governmental Funds:				
General	\$ 1,923,144	\$ 10,621,248	\$ 10,587,723	\$ 1,956,669
Motor Vehicle Highway	431,185	992,305	1,086,443	337,047
Local Road and Street	457,610	185,607	550,000	93,217
Park and Recreation	4,804	799,240	698,870	105,174
Rainy Day	437,336	397,049	-	834,385
Cumulative Capital Improvement	373,988	47,480	14,149	407,319
Plaza Donation	1,094	1,069	-	2,163
Law Enforcement Continuing Education	47,845	32,566	12,176	68,235
Riverboat	186,528	91,587	59,091	219,024
Parking Meters	32,585	5,693	2,000	36,278
Cemetery	153,252	164,182	191,932	125,502
Drug Awareness DARE	2,930	525	725	2,730
Telecommunications	290,775	351,647	346,114	296,308
Park Nonreverting Operating	81,280	210,083	186,516	104,847
Park Donations	34,401	13,492	3,840	44,053
Police Grant Operation Pullover	1,249	20,530	20,538	1,241
Fire Donations	8,756	9,264	11,081	6,939
Brownfields Grant	249	-	249	-
IN Arts Commission Grant	-	500	500	-
COPS More Grant	38	-	38	-
TIF Redevelopment Construction	4,276,198	1,680,832	1,182,092	4,774,938
Animal Control Enrichment	4,725	7,224	8,505	3,444
Park Bond	20,674	123,222	112,875	31,021
Police Donation	1,924	14,794	2,856	13,862
Police Vehicle	23,538	1,650	21,972	3,216
Police STOP Grant	17,668	31,768	46,693	2,743
Police Laser Grant	1	-	1	-
OJP Ballistic Vest/Federal Grant	1,950	-	-	1,950
Task Force One	-	10,733	6,926	3,807
IDOT Grant McClarnon Drive	7,993	1,208	-	9,201
Shop with a Cop	6,931	5,703	10,742	1,892
Greenfield War Memorial	-	29,910	6,146	23,764
Community Development Block Grant	-	134,234	134,234	-
Pennsy Trail Extension/INDOT	-	800,960	62,023	738,937
Proprietary Funds:				
Electric Utility - Operating	3,829,359	22,814,242	21,787,040	4,856,561
Electric Utility - Depreciation	19,036	240,000	238,053	20,983
Electric Utility - Customer Deposit	477,857	62,471	58,387	481,941
Electric Utility - Availability	45,381	27,300	31,983	40,698
Electric Utility - Cash Reserve	47,813	-	-	47,813
Water Utility - Operating	2,896,752	3,472,498	2,495,136	3,874,114
Water Utility - Bond and Interest	891,656	860,000	1,427,037	324,619
Water Utility - Depreciation	3,846	-	-	3,846
Water Utility - Customer Deposit	145,929	14,474	13,104	147,299
Water Utility - Construction	-	-	-	-
Water Utility - Availability	54,539	63,535	83,914	34,160
Water Utility - Debt Service Reserve	888,250	-	-	888,250
Wastewater Utility - Operating	1,035,329	2,535,870	2,573,291	997,908
Wastewater Utility - Bond and Interest	97,937	648,000	630,241	115,696
Wastewater Utility - Availability	232,552	98,563	152,342	178,773
Wastewater Utility - Connection	640,390	105,421	98,281	647,530
Wastewater Utility - Debt Service Reserve	680,000	-	-	680,000
Storm Water	637,475	784,498	574,311	847,662
Fiduciary Funds:				
Police Pension	83,605	307,331	251,312	139,624
Firefighters' Pension	93,652	46,583	65,095	75,140
Cemetery Endowment	84,632	841	2,172	83,301
Utility Billing	-	50	-	50
Payroll	122,842	2,727,408	2,718,342	131,908
Totals	\$ 21,839,483	\$ 51,595,390	\$ 48,567,091	\$ 24,867,782

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

CITY OF GREENFIELD
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

The City was established under the laws of the State of Indiana. The City provides the following services: public safety, highways and streets, health and social services, culture and recreation, public improvements, planning and zoning, general administrative services, electric, water, wastewater, storm water, and urban redevelopment and housing.

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).

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 GREENFIELD
NOTES TO FINANCIAL INFORMATION
(Continued)

Note 6. Pension Plan

Public Employees' Retirement Fund

Plan Description

The City contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF Board, most requirements of the system, and give the City authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

PERF administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

Public Employees' Retirement Fund
Harrison Building, Room 800
143 West Market Street
Indianapolis, IN 46204
Ph. (317) 233-4162

Funding Policy and Annual Pension Cost

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

Note 7. Subsequent Event

In March 2009, the City entered into a construction contract for infrastructure costing \$1.3 million for Progress Business Park. The new development is located on the north side of State Road 9 and Interstate 70 covering approximately 25 acres. Construction began in late spring. Local funding is being provided by tax increment financing (TIF) revenues.

CITY OF GREENFIELD
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS

For The Year Ended December 31, 2008

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.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets	
Land	\$ 5,499,116
Infrastructure	28,466,485
Buildings	6,350,945
Improvements other than buildings	436,804
Machinery and equipment	7,007,467
Construction in progress	<u>-</u>
 Total governmental activities, capital assets not being depreciated	 <u>\$ 47,760,817</u>

<u>Primary Government</u>	<u>Ending Balance</u>
Business-type activities:	
Water Utility:	
Capital assets	
Land	\$ 221,152
Construction in progress	
Buildings	9,851,083
Improvements other than buildings	18,556,187
Machinery and equipment	6,297,483
Transportation equipment	<u>315,169</u>
 Total Water Utility capital assets	 <u>35,241,074</u>
 Wastewater Utility:	
Capital assets	
Land	42,986
Construction in progress	342,133
Buildings	11,935,632
Improvements other than buildings	20,735,348
Machinery and equipment	4,559,937
Transportation equipment	<u>530,951</u>
 Total Wastewater Utility capital assets	 <u>38,146,987</u>

Electric Utility:	
Capital assets	
Land	196,305
Construction in progress	-
Buildings	1,320,647
Improvements other than buildings	11,949,565
Machinery and equipment	6,210,160
Transportation equipment	<u>1,015,027</u>
Total Electric Utility capital assets	<u>20,691,704</u>
Storm Water Utility:	
Capital assets	
Land	49,559
Construction in progress	-
Buildings	1,717
Improvements other than buildings	4,510,974
Machinery and equipment	19,996
Transportation equipment	<u>18,521</u>
Total Storm Water Utility capital assets	<u>4,600,767</u>
Total business-type activities capital assets	<u>\$ 98,680,532</u>

CITY OF GREENFIELD
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT

Year Ending December 31, 2008

The City has entered into the following long-term debt:

Description of Asset	Ending Balance	Due Within One Year
Governmental Activities:		
Capital leases:		
2005 Police Video Cameras	\$ 43,994	\$ 45,231
2005 14 Police Vehicles	47,357	48,385
2007 Computer Server	8,724	9,248
2007 Computer Software	3,301	3,680
Bonds payable:		
General obligation bonds:		
Park Elmore Center Building	<u>815,000</u>	<u>128,833</u>
Total governmental activities long-term debt	<u>\$ 918,376</u>	<u>\$ 235,377</u>
Business-type Activities:		
Water Utility		
Revenue bonds:		
2005 East Side Water Plant	<u>\$ 9,700,000</u>	<u>\$ 818,431</u>
Total Water Utility	<u>9,700,000</u>	<u>818,431</u>
Wastewater Utility		
Revenue bonds:		
2003 Plant Improvement	<u>5,440,000</u>	<u>634,066</u>
Total Wastewater Utility	<u>5,440,000</u>	<u>634,066</u>
Storm Water		
2007 Loan From Water Operating	<u>375,000</u>	<u>125,000</u>
Total Other Utility	<u>375,000</u>	<u>125,000</u>
Total business-type activities long-term debt	<u>\$ 15,515,000</u>	<u>\$ 1,577,497</u>

CITY OF GREENFIELD
OTHER REPORT

The report presented herein was prepared in addition to the official report prepared for the City's Utilities listed below:

Electric, Water, Wastewater, and Storm Water Utilities

CITY OF GREENFIELD
EXAMINATION RESULTS AND COMMENTS

EMPLOYEES - COLLECTION OF AMOUNTS DUE

A change in practice during 2008 resulted in some employees of the police department having their worked time misreported resulting in more compensation being paid than was earned. Each employee maintained a time sheet and listed his/her flextime either used or earned. The payroll voucher being presented to the Clerk-Treasurer's office for payment did not show any of the flextime and misreported the actual time worked. The Police Department did not present a record indicating they were monitoring the balance of this nonreported flextime.

We tested 7 Police Department employees from the start of the flex time practice, July 12 and followed their unreported flex time earned and used through December 26, 2008. All of the officers used more time than they earned. One police officer used 45.5 flex hours more than earned. The other employees had negative balances from 13 to 5 hours. This resulted in an overpayment due to the lack of a balance being maintained or monitored. The testing was typical of all employees using flextime since monitoring was inadequate to detect the errors. The Police Department discontinued using this flextime practice in January 2009.

Errors noted for the Police Department employees indicated a pervasive problem and a review should be expanded to determine which other employees were overpaid.

Governmental units have a responsibility to collect amounts owed to the governmental unit pursuant to procedures authorized by statute. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, resolution or salary schedule adopted by the governing body unless otherwise authorized by statute. Compensation should be made in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

ERRORS ON CLAIMS

While these errors were not numerous, the following deficiencies were noted in some instances on accounts payable vouchers during the examination period:

1. Claims did not have corresponding evidence to support receipt of goods or services.
2. Claims were not adequately itemized.
3. All claims did not have Board approval nor the fiscal officer because the claims were not listed on the Accounts Payable Voucher Register.
4. A single incidence was noted of the Electric Utility paying for an expense of the City's animal shelter.

CITY OF GREENFIELD
EXAMINATION RESULTS AND COMMENTS
(Continued)

IC 5-11-10-1.6 states in part:

"(b) As used in this section, 'claim' means a bill or an invoice submitted to a governmental entity for goods or services."

"(c) The fiscal officer of a governmental entity may not draw a warrant or check for payment of a claim unless:

- (1) there is a fully itemized invoice or bill for the claim;
- (2) the invoice or bill is approved by the officer or person receiving the goods and services;
- (3) the invoice or bill is filed with the governmental entity's fiscal officer;
- (4) the fiscal officer audits and certifies before payment that the invoice or bill is true and correct; and
- (5) payment of the claim is allowed by the governmental entity's legislative body or the board or official having jurisdiction over allowance of payment of the claim."

PUBLIC RECORDS RETENTION - PARK DEPARTMENT

Various swimming pool season pass records were not presented for examination.

IC 5-15-6-3(f) concerning destruction of public records, states in part: "Original records may be disposed of only with the approval of the commission according to guidelines established by the commission."

Supporting documentation such as receipts, canceled checks, invoices, bills, contracts, and other public records must be available for audit to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

CITY OF GREENFIELD
EXIT CONFERENCE

The contents of this report were discussed on September 28, 2009, with Hon. Bradford DeReamer, Mayor; Larry J. Breese, Clerk-Treasurer; and Gary P. Evans, President of the Common Council.