

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

CITY OF GREENCASTLE
PUTNAM COUNTY, INDIANA

January 1, 2013 to December 31, 2013



FILED
07/18/2014

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Lynda R. Dunbar	01-01-12 to 12-31-15
Mayor	Susan V. Murray	01-01-12 to 12-31-15
President Pro Tempore of the Common Council	Adam Cohen	01-01-13 to 12-31-14
Water Utility Office Manager	Barbara J. Hathaway	01-01-13 to 12-31-14
Wastewater Utility Office Manager	Madonna A. Gose Melanie Welker	01-01-13 to 12-31-13 01-01-14 to 12-31-14
Trash Utility Office Manager	Lynda R. Dunbar	01-01-12 to 12-31-14
Superintendent of Water and Wastewater Utilities	Richard Hedge (Vacant) Robert Lovell	01-01-13 to 04-19-13 04-20-13 to 06-02-13 06-03-13 to 12-31-14



INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE CITY OF GREENCASTLE, PUTNAM COUNTY, INDIANA

Report on the Financial Statement

We have audited the accompanying financial statement of the City of Greencastle (City), which comprises the financial position and results of operations for the year ended December 31, 2013, and the related notes to the financial statement.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the financial reporting provisions of the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6). Management is responsible for and has determined that the regulatory basis of accounting, as established by the Indiana State Board of Accounts, is an acceptable basis of presentation. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of a financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As discussed in Note 1 of the financial statement, 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 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 the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statement referred to above does not present fairly, in accordance 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.

Opinion on Regulatory Basis of Accounting

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, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated May 28, 2014, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Accompanying Information

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the City's financial statement. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the *U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statement taken as a whole.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Our audit 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 auditing procedures applied by us in the audit of the financial statement and, accordingly, we express no opinion on them.


Paul D. Joyce, CPA
State Examiner

May 28, 2014



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STATE BOARD OF ACCOUNTS
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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL
STATEMENT PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

TO: THE OFFICIALS OF THE CITY OF GREENCASTLE, PUTNAM COUNTY, INDIANA

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statement of the City of Greencastle (City), which comprises the financial position and results of operations for the year ended December 31, 2013, and the related notes to the financial statement, and have issued our report thereon dated May 28, 2014, wherein we noted the City followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of the internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as item 2013-001 to be material weaknesses.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL
STATEMENT PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*
(Continued)

Compliance and Other Matters

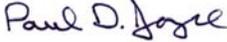
As part of obtaining reasonable assurance about whether the City's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2013-001.

City of Greencastle's Response to Findings

The City's response to the findings identified in our audit is described in the accompanying Corrective Action Plan. The City's response was not subjected to the auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on it.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


Paul D. Joyce, CPA
State Examiner

May 28, 2014

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FINANCIAL STATEMENT AND ACCOMPANYING NOTES

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 GREENCASTLE
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Year Ended December 31, 2013

Fund	Cash and Investments 01-01-13	Receipts	Disbursements	Cash and Investments 12-31-13
General	\$ 896,370	\$ 3,409,190	\$ 3,462,140	\$ 843,420
Motor Vehicle Highway	369,194	1,280,810	834,938	815,066
Local Road And Street	9,619	37,598	30,878	16,339
Park Nr Basketball	4,156	8,658	2,500	10,314
Economic Development	19,878	-	-	19,878
State Grant	265	1	-	266
Law Enforcement Education	23,067	5,412	-	28,479
Riverboat Rev Fund	310,952	136,091	155,789	291,254
Park And Recreation	457,928	348,475	446,055	360,348
Rainy Day Fund	633,731	1,915	30,241	605,405
Hazmat Fund	2,317	20,330	-	22,647
Tif Allocation	2,748,679	2,590,661	2,479,688	2,859,652
Cci	158,672	479	39,642	119,509
Ccd	272,255	158,867	284,543	146,579
Park Non Revert Capital	69,526	194	31,363	38,357
Redev Dist Cap Fund	26,321	2,491,815	2,385,716	132,420
Industrial Development	198,800	65,262	95,100	168,962
Ccf	269,239	39,478	119,549	189,168
City Hall N/R	104,818	314	5,532	99,600
Police Pension Fund	101,551	266,375	129,180	238,746
Fire Pension Fund	122,454	273,799	118,026	278,227
Contractor Escrow	9,048	-	-	9,048
INDOT Grant	919,814	665,844	424,809	1,160,849
FACADE/OCRA Grant	120,192	532,656	532,656	120,192
ICHDA Grant	-	129,282	129,282	-
Albin Pond Dam Grant	-	90,993	90,993	-
LWCF 2011 Grant	-	24,720	24,720	-
LWCG 2012 Grant	-	50,000	5,400	44,600
Excess Levy	5,521	-	-	5,521
Cemetery	228,462	136,633	223,839	141,256
Donation Fund	189,051	34,110	11,737	211,424
Fema Fire Grant	1	-	-	1
Fire Dept Serv Chg Acct	2,476	10,772	5,521	7,727
Peg Access Account	1,422	-	-	1,422
Law Enforcement Fund	4,855	15	-	4,870
Tree Grant	641	2	-	643
Park Non Reverting Operating Softba	42,195	20,194	24,948	37,441
Economic Dev Income Tax	1,503,068	489,463	382,468	1,610,063
General Obligation Bonds	68,016	16,326	84,342	-
Community Rec Center	5,493	17	-	5,510
Cemetery Ground Improvement	75,172	34,833	44,254	65,751
Park Culture Rec	1,142	3	-	1,145
Old Mausoleum Fund	4,738	1,409	-	6,147
Payroll Fund	3,091	2,258,588	2,258,588	3,091
Cemetery Trustee	40,557	3,592	234	43,915
Trash Fund	361,059	315,081	277,354	398,786
Trash Deposit	18,331	6,780	6,150	18,961
Sewer Operating Fund	375,914	2,484,768	2,216,848	643,834
Sewage Bond & Interest	167,917	341,548	333,031	176,434
Sewage Improvement	1,246,517	3,775	267,773	982,519
Sewage Customer Deposit	39,799	13,815	12,510	41,104
Sewage Debt Service Resv	931,857	447	43,157	889,147
Water Operating	289,527	1,656,870	1,506,138	440,259
Water Bond And Interest	6,777	410,905	410,593	7,089
Water Meter Deposit	43,167	15,290	13,650	44,807
Water Improvement	833,998	2,494	178,209	658,283
Water Debt Serv Resv	302,423	-	-	302,423
Totals	<u>\$ 14,642,033</u>	<u>\$ 20,886,949</u>	<u>\$ 20,160,084</u>	<u>\$ 15,368,898</u>

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

CITY OF GREENCASTLE
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, aviation, 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 GREENCASTLE
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.

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.

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

CITY OF GREENCASTLE
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 GREENCASTLE
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 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 audit. This is a common occurrence in any financial statement audit. The financial information presented in this report is audited information, and the accuracy of such information can be determined by reading the opinion given in the Independent Auditor's Report.

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

CITY OF GREENCASTLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013

	General	Motor Vehicle Highway	Local Road And Street	Park Nr Basketball	Economic Development	State Grant	Law Enforcement Education
Cash and investments - beginning	\$ 896,370	\$ 369,194	\$ 9,619	\$ 4,156	\$ 19,878	\$ 265	\$ 23,067
Receipts:							
Taxes	1,548,970	775,211	37,560	-	-	-	-
Licenses and permits	31,577	1,400	-	-	-	-	-
Intergovernmental	1,554,439	502,246	-	-	-	-	-
Charges for services	60,835	-	-	8,645	-	-	5,335
Fines and forfeits	57,727	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	155,642	1,953	38	13	-	1	77
Total receipts	<u>3,409,190</u>	<u>1,280,810</u>	<u>37,598</u>	<u>8,658</u>	<u>-</u>	<u>1</u>	<u>5,412</u>
Disbursements:							
Personal services	2,512,892	386,224	-	2,500	-	-	-
Supplies	150,410	153,874	-	-	-	-	-
Other services and charges	698,762	91,114	5,493	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	29,912	181,314	25,385	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	70,164	22,412	-	-	-	-	-
Total disbursements	<u>3,462,140</u>	<u>834,938</u>	<u>30,878</u>	<u>2,500</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(52,950)</u>	<u>445,872</u>	<u>6,720</u>	<u>6,158</u>	<u>-</u>	<u>1</u>	<u>5,412</u>
Cash and investments - ending	<u>\$ 843,420</u>	<u>\$ 815,066</u>	<u>\$ 16,339</u>	<u>\$ 10,314</u>	<u>\$ 19,878</u>	<u>\$ 266</u>	<u>\$ 28,479</u>

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

	Riverboat Rev Fund	Park And Recreation	Rainy Day Fund	Hazmat Fund	Tif Allocation	Cci	Ccd
Cash and investments - beginning	\$ 310,952	\$ 457,928	\$ 633,731	\$ 2,317	\$ 2,748,679	\$ 158,672	\$ 272,255
Receipts:							
Taxes	-	245,500	-	-	2,436,461	-	156,498
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	61,170	2,543	-	-	-	-	1,621
Charges for services	-	84,676	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	74,921	15,756	1,915	20,330	154,200	479	748
Total receipts	<u>136,091</u>	<u>348,475</u>	<u>1,915</u>	<u>20,330</u>	<u>2,590,661</u>	<u>479</u>	<u>158,867</u>
Disbursements:							
Personal services	-	226,573	30,241	-	-	-	-
Supplies	-	76,410	-	-	-	-	-
Other services and charges	-	113,812	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	4,962	-	-	-	39,642	284,543
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	155,789	24,298	-	-	2,479,688	-	-
Total disbursements	<u>155,789</u>	<u>446,055</u>	<u>30,241</u>	<u>-</u>	<u>2,479,688</u>	<u>39,642</u>	<u>284,543</u>
Excess (deficiency) of receipts over disbursements	<u>(19,698)</u>	<u>(97,580)</u>	<u>(28,326)</u>	<u>20,330</u>	<u>110,973</u>	<u>(39,163)</u>	<u>(125,676)</u>
Cash and investments - ending	<u>\$ 291,254</u>	<u>\$ 360,348</u>	<u>\$ 605,405</u>	<u>\$ 22,647</u>	<u>\$ 2,859,652</u>	<u>\$ 119,509</u>	<u>\$ 146,579</u>

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

	Park Non Revert Capital	Redev Dist Cap Fund	Industrial Development	Ccf	City Hall N/R	Police Pension Fund	Fire Pension Fund
Cash and investments - beginning	\$ 69,526	\$ 26,321	\$ 198,800	\$ 269,239	\$ 104,818	\$ 101,551	\$ 122,454
Receipts:							
Taxes	-	-	-	37,387	-	264,541	269,710
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	503	-	1,580	1,488
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	194	2,491,815	65,262	1,588	314	254	2,601
Total receipts	<u>194</u>	<u>2,491,815</u>	<u>65,262</u>	<u>39,478</u>	<u>314</u>	<u>266,375</u>	<u>273,799</u>
Disbursements:							
Personal services	-	-	-	-	-	350	350
Supplies	-	-	-	25,272	-	-	-
Other services and charges	31,363	-	-	20,765	5,532	128,677	117,432
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	2,385,716	-	73,512	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	95,100	-	-	153	244
Total disbursements	<u>31,363</u>	<u>2,385,716</u>	<u>95,100</u>	<u>119,549</u>	<u>5,532</u>	<u>129,180</u>	<u>118,026</u>
Excess (deficiency) of receipts over disbursements	<u>(31,169)</u>	<u>106,099</u>	<u>(29,838)</u>	<u>(80,071)</u>	<u>(5,218)</u>	<u>137,195</u>	<u>155,773</u>
Cash and investments - ending	<u>\$ 38,357</u>	<u>\$ 132,420</u>	<u>\$ 168,962</u>	<u>\$ 189,168</u>	<u>\$ 99,600</u>	<u>\$ 238,746</u>	<u>\$ 278,227</u>

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

	Contractor Escrow	INDOT Grant	FACADE/OCRA Grant	ICHDA Grant	Albin Pond Dam Grant	LWCF 2011 Grant	LWCG 2012 Grant
Cash and investments - beginning	\$ 9,048	\$ 919,814	\$ 120,192	\$ -	\$ -	\$ -	\$ -
Receipts:							
Taxes	-	200,771	-	-	-	24,720	50,000
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	532,656	129,282	90,993	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	-	465,073	-	-	-	-	-
Total receipts	-	665,844	532,656	129,282	90,993	24,720	50,000
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	2,500	-	-	-	-	-
Other services and charges	-	296,359	1,610	-	-	11,211	5,400
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	125,950	531,046	-	90,993	13,509	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	129,282	-	-	-
Total disbursements	-	424,809	532,656	129,282	90,993	24,720	5,400
Excess (deficiency) of receipts over disbursements	-	241,035	-	-	-	-	44,600
Cash and investments - ending	\$ 9,048	\$ 1,160,849	\$ 120,192	\$ -	\$ -	\$ -	\$ 44,600

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

	Excess Levy	Cemetery	Donation Fund	Fema Fire Grant	Fire Dept Serv Chg Acct	Peg Access Account
Cash and investments - beginning	\$ 5,521	\$ 228,462	\$ 189,051	\$ 1	\$ 2,476	\$ 1,422
Receipts:						
Taxes	-	63,068	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	4,459	-	-	-	-
Charges for services	-	68,350	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	-	756	34,110	-	10,772	-
Total receipts	-	136,633	34,110	-	10,772	-
Disbursements:						
Personal services	-	184,113	-	-	-	-
Supplies	-	18,665	-	-	5,521	-
Other services and charges	-	20,950	6,276	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	111	5,461	-	-	-
Total disbursements	-	223,839	11,737	-	5,521	-
Excess (deficiency) of receipts over disbursements	-	(87,206)	22,373	-	5,251	-
Cash and investments - ending	\$ 5,521	\$ 141,256	\$ 211,424	\$ 1	\$ 7,727	\$ 1,422

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

	Law Enforcement Fund	Tree Grant	Park Non Reverting Operating Softba	Economic Dev Income Tax	General Obligation Bonds	Community Rec Center
Cash and investments - beginning	\$ 4,855	\$ 641	\$ 42,195	\$ 1,503,068	\$ 68,016	\$ 5,493
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	440,950	-	-
Charges for services	-	-	19,854	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	15	2	340	48,513	16,326	17
Total receipts	<u>15</u>	<u>2</u>	<u>20,194</u>	<u>489,463</u>	<u>16,326</u>	<u>17</u>
Disbursements:						
Personal services	-	-	1,500	-	-	-
Supplies	-	-	9,915	-	-	-
Other services and charges	-	-	5,615	15,000	-	-
Debt service - principal and interest	-	-	-	42,297	84,342	-
Capital outlay	-	-	7,046	303,812	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	872	21,359	-	-
Total disbursements	<u>-</u>	<u>-</u>	<u>24,948</u>	<u>382,468</u>	<u>84,342</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>15</u>	<u>2</u>	<u>(4,754)</u>	<u>106,995</u>	<u>(68,016)</u>	<u>17</u>
Cash and investments - ending	<u>\$ 4,870</u>	<u>\$ 643</u>	<u>\$ 37,441</u>	<u>\$ 1,610,063</u>	<u>\$ -</u>	<u>\$ 5,510</u>

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

	Cemetery Ground Improvement	Park Culture Rec	Old Mausoleum Fund	Payroll Fund	Cemetery Trustee	Trash Fund
Cash and investments - beginning	\$ 75,172	\$ 1,142	\$ 4,738	\$ 3,091	\$ 40,557	\$ 361,059
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	34,600	-	-	-	-	307,417
Fines and forfeits	-	-	-	-	-	6,531
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	233	3	1,409	2,258,588	3,592	1,133
Total receipts	<u>34,833</u>	<u>3</u>	<u>1,409</u>	<u>2,258,588</u>	<u>3,592</u>	<u>315,081</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	1,340	-	-	-	234	-
Other services and charges	4,055	-	-	-	-	274,510
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	31,599	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	7,260	-	-	2,258,588	-	2,844
Total disbursements	<u>44,254</u>	<u>-</u>	<u>-</u>	<u>2,258,588</u>	<u>234</u>	<u>277,354</u>
Excess (deficiency) of receipts over disbursements	<u>(9,421)</u>	<u>3</u>	<u>1,409</u>	<u>-</u>	<u>3,358</u>	<u>37,727</u>
Cash and investments - ending	<u>\$ 65,751</u>	<u>\$ 1,145</u>	<u>\$ 6,147</u>	<u>\$ 3,091</u>	<u>\$ 43,915</u>	<u>\$ 398,786</u>

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

	Trash Deposit	Sewer Operating Fund	Sewage Bond & Interest	Sewage Improvement	Sewage Customer Deposit	Sewage Debt Service Resv
Cash and investments - beginning	\$ 18,331	\$ 375,914	\$ 167,917	\$ 1,246,517	\$ 39,799	\$ 931,857
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	2,414,943	-	-	-	-
Penalties	-	28,571	-	-	-	-
Other receipts	6,780	41,254	341,548	3,775	13,815	447
Total receipts	<u>6,780</u>	<u>2,484,768</u>	<u>341,548</u>	<u>3,775</u>	<u>13,815</u>	<u>447</u>
Disbursements:						
Personal services	-	431,933	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	52,754	-	-	-	-
Debt service - principal and interest	-	571,796	333,031	-	-	-
Capital outlay	-	31,451	-	267,773	-	-
Utility operating expenses	-	790,356	-	-	-	-
Other disbursements	6,150	338,558	-	-	12,510	43,157
Total disbursements	<u>6,150</u>	<u>2,216,848</u>	<u>333,031</u>	<u>267,773</u>	<u>12,510</u>	<u>43,157</u>
Excess (deficiency) of receipts over disbursements	<u>630</u>	<u>267,920</u>	<u>8,517</u>	<u>(263,998)</u>	<u>1,305</u>	<u>(42,710)</u>
Cash and investments - ending	<u>\$ 18,961</u>	<u>\$ 643,834</u>	<u>\$ 176,434</u>	<u>\$ 982,519</u>	<u>\$ 41,104</u>	<u>\$ 889,147</u>

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

	Water Operating	Water Bond And Interest	Water Meter Deposit	Water Improvement	Water Debt Serv Resv	Totals
Cash and investments - beginning	\$ 289,527	\$ 6,777	\$ 43,167	\$ 833,998	\$ 302,423	\$ 14,642,033
Receipts:						
Taxes	-	-	-	-	-	6,110,397
Licenses and permits	-	-	-	-	-	32,977
Intergovernmental	-	-	-	-	-	3,323,930
Charges for services	-	-	-	-	-	589,712
Fines and forfeits	-	-	-	-	-	64,258
Utility fees	1,617,244	-	-	-	-	4,032,187
Penalties	17,596	-	-	-	-	46,167
Other receipts	22,030	410,905	15,290	2,494	-	6,687,321
Total receipts	<u>1,656,870</u>	<u>410,905</u>	<u>15,290</u>	<u>2,494</u>	<u>-</u>	<u>20,886,949</u>
Disbursements:						
Personal services	401,870	-	-	-	-	4,178,546
Supplies	-	-	-	-	-	444,141
Other services and charges	60,836	-	-	-	-	1,967,526
Debt service - principal and interest	-	410,593	-	-	-	1,442,059
Capital outlay	104,163	-	-	-	-	4,532,328
Utility operating expenses	528,414	-	-	-	-	1,318,770
Other disbursements	410,855	-	13,650	178,209	-	6,276,714
Total disbursements	<u>1,506,138</u>	<u>410,593</u>	<u>13,650</u>	<u>178,209</u>	<u>-</u>	<u>20,160,084</u>
Excess (deficiency) of receipts over disbursements	<u>150,732</u>	<u>312</u>	<u>1,640</u>	<u>(175,715)</u>	<u>-</u>	<u>726,865</u>
Cash and investments - ending	<u>\$ 440,259</u>	<u>\$ 7,089</u>	<u>\$ 44,807</u>	<u>\$ 658,283</u>	<u>\$ 302,423</u>	<u>\$ 15,368,898</u>

CITY OF GREENCASTLE
 SCHEDULE OF PAYABLES AND RECEIVABLES
 December 31, 2013

Government or Enterprise	Accounts Payable	Accounts Receivable
Trash	\$ -	\$ 28,497
Wastewater	41,033	146,627
Water	543,432	119,504
Governmental activities	<u>12,501</u>	<u>56,832</u>
Totals	<u>\$ 596,966</u>	<u>\$ 351,460</u>

CITY OF GREENCASTLE
SCHEDULE OF LEASES AND DEBT
December 31, 2013

Description of Debt		Ending Principal Balance	Principal and Interest Due Within One Year
Type	Purpose		
Governmental activities:			
General obligation bonds	Purchase Police Station	\$ 557,100	\$ 86,610
Revenue bonds	Purchase City Hall	<u>325,107</u>	<u>42,297</u>
Total governmental activities		<u>882,207</u>	<u>128,907</u>
Wastewater:			
Revenue bonds	Wastewater Improvement	944,800	127,901
Revenue bonds	New Waste Water Treatment Plant	<u>6,040,000</u>	<u>480,190</u>
Total Wastewater		<u>6,984,800</u>	<u>608,091</u>
Water:			
Revenue bonds	Water Utilities Improvements	<u>2,671,800</u>	<u>410,939</u>
Totals		<u>\$ 10,538,807</u>	<u>\$ 1,147,937</u>

CITY OF GREENCASTLE
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:	
Infrastructure	\$ 2,437,842
Buildings	9,332,509
Improvements other than buildings	1,386,132
Machinery, equipment, and vehicles	10,438,739
Total governmental activities	23,595,222
Trash	-
Wastewater:	
Infrastructure	59,220
Buildings	16,454,950
Improvements other than buildings	61,868
Machinery, equipment, and vehicles	4,230,865
Total Wastewater	20,806,903
Water:	
Infrastructure	98,207
Buildings	6,715,742
Improvements other than buildings	77,461
Machinery, equipment, and vehicles	3,348,266
Total Water	10,239,676
Total capital assets	\$ 54,641,801

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SUPPLEMENTAL AUDIT OF
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE MAJOR FEDERAL
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE

TO: THE OFFICIALS OF THE CITY OF GREENCASTLE, PUTNAM COUNTY, INDIANA

Report on Compliance for the Major Federal Program

We have audited the City of Greencastle's (City) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on its major federal program for the year ended December 31, 2013. The City's major federal program is identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the City's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on the Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2013.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE MAJOR FEDERAL
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
(Continued)

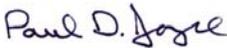
Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.


Paul D. Joyce, CPA
State Examiner

May 28, 2014

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTE

The Schedule of Expenditures of Federal Awards and accompanying note presented were approved by management of the City. The schedule and note are presented as intended by the City.

CITY OF GREENCASTLE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2013

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<u>Department of Housing and Urban Development</u>				
CDBG - State-Administered CDBG Cluster	Indiana Office of Community & Rural Affairs			
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii				
Albin Pond Dam		14.228	B-08-DF-18-001	\$ 90,993
Facades		14.228	B-12-DC-18-0001ST-11	532,656
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	Indiana Housing and Community Development Authority			
Owner Occupied		14.228	DR2SC-011-001	<u>129,282</u>
Total - CDBG - State-Administered CDBG Cluster				<u>752,931</u>
Total - Department of Housing and Urban Development				<u>752,931</u>
<u>Department of Justice</u>				
ARRA - Internet Crimes against Children Task Force Program (ICAC) 2009 Internet Crimes Against Children	Indiana State Police			
		16.800	2009-sn-b9-k051	<u>1,915</u>
Total - Department of Justice				<u>1,915</u>
<u>Department of Transportation</u>				
Highway Planning and Construction Cluster	Indiana Department of Transportation			
Highway Planning and Construction				
Anderson Street		20.205	A249-12-320622	36,717
Washington Street		20.205	A249-12-320651	-
Vine Street		20.205	A249-12-320655	<u>164,054</u>
Total - Highway Planning and Construction Cluster				<u>200,771</u>
Total - Department of Transportation				<u>200,771</u>
<u>Department of Homeland Security</u>				
Disaster Grants - Public Assistance (Presidentially Declared Disasters) Disaster Grant	Indiana Department of Homeland Security			
		97.036	313-REQA-1007	<u>47,148</u>
State Homeland Security Program (SHSP)	Indiana Department of Homeland Security			
2010 HSP CBRNE Grant		97.073	2010-SS-T0-0038	6,245
2010 State Homeland Security Grant		97.073	2010-SS-T0-0038	1,018
2011 HSP Program Grant		97.073	EMW-2011-SS-0058	<u>6,250</u>
Total - State Homeland Security Program (SHSP)				<u>13,513</u>
Total - Department of Homeland Security				<u>60,661</u>
Total federal awards expended				<u>\$ 1,016,278</u>

The accompanying note is an integral part of the Schedule of Expenditures of Federal Awards.

CITY OF GREENCASTLE
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City and is presented in accordance with the cash and investment basis of accounting used in the preparation of the financial statements. Accordingly, the amount of federal awards expended is based on when the disbursement related to the award occurs except when the federal award is received on a reimbursement basis. In these instances the federal awards are considered expended when the reimbursement is received.

CITY OF GREENCASTLE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

During the audit of the financial statement, we noted that the receipts and disbursements of three funds were netted. These funds were Water Meter Deposit, Sewage Customer Deposit, and Payroll. The City's computer system does not include the receipts and disbursements of these funds on the summary report that is used by the City when preparing the financial statement. This caused both receipts and disbursements to be understated by \$2,284,748. Audit adjustments were proposed, accepted by the City, and made to the financial statement presented in this report. These adjustments resulted in a financial statement that is materially correct.

2. Preparing the Schedule of Expenditures of Federal Awards: The City did not have a proper system of internal control in place to prevent, or detect and correct, errors on the Schedule of Expenditures of Federal Awards (SEFA). The City should have proper controls in place over the preparation of the SEFA to ensure accurate reporting of federal awards. Without a proper system of internal control in place that operates effectively, material misstatements of the SEFA could remain undetected.

During the audit of the SEFA, we noted that the SEFA did not include every federal grant with expenditures. Audit adjustments were proposed, accepted by the City, and made to the SEFA presented in this report. These adjustments resulted in a presentation of the SEFA that is materially correct in relation to the financial statement.

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)

OMB Circular A-133, Subpart C, section .300 states in part: "The auditee shall: . . . (d) Prepare appropriate financial statements, including the schedule of expenditures of Federal Awards in accordance with section.310."

OMB Circular A-133, Subpart C, section .310(b) states:

"Schedule of expenditures of Federal awards: The auditee shall also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements. While not required, the auditee may choose to provide information requested by Federal awarding agencies and pass-through entities to make the schedule easier to use. For example, when a Federal program has multiple award years, the auditee may list the amount of Federal awards expended for each award year separately. At a minimum, the schedule shall:

- (1) List individual Federal programs by Federal agency. For Federal programs included in a cluster of programs, list individual Federal programs within a cluster of programs. For R&D, total Federal awards expended shall be shown either by individual award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.

CITY OF GREENCASTLE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity shall be included.
- (3) Provide the total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available.
- (4) Include notes that describe the significant accounting policies used in preparing the schedule.
- (5) To the extent practical, pass-through entities should identify in the schedule the total amount provided to subrecipients from each Federal program.
- (6) Include, in either the schedule or a note to the schedule, the value of the Federal awards expended in the form of non-cash assistance, the amount of insurance in effect during the year, and loans or loan guarantees outstanding at year end. While not required, it is preferable to present this information in the schedule."

Section III - Federal Award Findings and Questioned Costs

No matters are reportable.

AUDITEE PREPARED DOCUMENT

The subsequent document was provided by management of the City. The document is presented as intended by the City.

City of Greencastle

City Hall
One North Locust Street, P.O. Box 607
Greencastle, Indiana 46135
765-653-3100



CORRECTIVE ACTION PLAN

FINDING 2013-001 INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

Lynda R. Dunbar
Contact Phone Number: 765-848-1510

Description of Corrective Action Plan:

Item 1 - The City agrees with the facts as reported. Our financial reports generate this information however, not in the report used previously to prepare the annual financial report. We will contact INCODE, our software provider, to ask for this to be added, but we DO have the information available and will include in future reports.

Item 2 - The City agrees with the facts as reported. We have notified all departments that if any grants are received they must inform the Clerk-Treasurer's office. The Clerk-Treasurer's office will establish a new fund and will assign all account numbers and process all payments. All contracts and documents will be kept on file in the Clerk-Treasurer's office. Copies will be provided back to the departments receiving the grants. We will also attend any training on preparing the Schedules of Expenditures of Federal Awards.

Anticipated Completion Date:

Item 1 - INCODE will be contacted so the report can be updated by the end of 2014.

Item 2 - New funds and accounts have been set up and department heads have been notified to give all grant information to Clerk-Treasurer. Clerk Treasurer will assign all fund and account numbers. Clerk-Treasurer was also shown by SBOA on where to find additional information to complete the SEFA. Clerk-Treasurer will attend any training related to the completion of the SEFA. SEFA Schedule will be reviewed by Deputy Clerk and Department Head.


(Signature)

Clerk - TREASURER
(Title)

5/15/2015
(Date)

OTHER REPORT

In addition to this report, a Supplemental Compliance Report has been issued for the City. That report can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>.