

STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2765

EXAMINATION REPORT
OF
CITY OF GREENCASTLE
PUTNAM COUNTY, INDIANA
January 1, 2005 to December 31, 2005



FILED
8/1/06

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Teresa P. Glenn	01-01-05 to 12-31-07
Mayor	Nancy A. Michael	01-01-04 to 12-31-07
President of the Board of Public Works	Nancy A. Michael	01-01-05 to 12-31-07
President of the Common Council	Robert Sedlack	01-01-05 to 12-31-06
Superintendent of Water Utility	Terry Dale	01-01-05 to 12-31-06
Superintendent of Wastewater Utility	Michael Neese	01-01-05 to 12-31-06
Water Utility Office Manager	Barbara Hathaway	01-01-05 to 12-31-06
Wastewater Utility Office Manager	Madonna Gose	01-01-05 to 12-31-06



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the schedule of receipts, disbursements, and cash and investment balances of the City of Greencastle (City), for the period of January 1, 2005 to December 31, 2005. The City's management is responsible for the schedule. 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 schedule of receipts, disbursements, and cash and investment balances 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 schedule referred to above presents fairly, in all material respects, the cash transactions of the City for the year ended December 31, 2005, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

June 22, 2006

CITY OF GREENCASTLE
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL, FIDUCIARY, AND PROPRIETARY FUND TYPES
As Of And For The Year Ended December 31, 2005

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds:				
General	\$ 479,739	\$ 3,209,076	\$ 3,393,541	\$ 295,274
Motor Vehicle Highway	294,772	648,288	653,322	289,738
Local Road and Street	198,281	42,086	77,000	163,367
Parks and Recreation	191,038	582,288	466,363	306,963
Cemetery Operating	64,050	232,583	212,901	83,732
Law Enforcement Continuing Education	10,230	2,300	-	12,530
Park Nonreverting Basketball	14,146	15,385	11,637	17,894
Park Nonreverting Softball	20,683	39,628	37,082	23,229
IRIS Donation	1,006	-	-	1,006
Economic Development Operating	18,372	122	-	18,494
RICO Law Enforcement	2,777	-	-	2,777
Riverboat	124,775	62,301	450	186,626
State Grant	-	2,500	-	2,500
Rainy Day Fund	194,684	-	-	194,684
Hazmat Nonreverting	329	-	-	329
PEG Access Account	4,516	7	1,289	3,234
Cemetery Ground Improvement	51,879	26,330	30,712	47,497
Donations	18,451	114,759	7,409	125,801
Fire Department Service Charge Account	7,852	7,564	4,200	11,216
Tax Increment Allocation	1,172,228	594,126	268,038	1,498,316
People Pathways IV	-	24,333	24,333	-
General Obligation Bond	15,092	64,717	41,315	38,494
Redevelopment Bond Sinking	58,757	263,086	256,545	65,298
Park Bond Sinking	14,027	142,823	155,020	1,830
Redevelopment Debt Service Reserve	202,891	5,170	4,874	203,187
Cumulative Capital Improvement Levy	159,391	31,134	1,770	188,755
Cumulative Capital Development	445,259	178,406	86,333	537,332
Park Nonreverting Capital	51,818	865	-	52,683
Cumulative Capital Improvement	165,491	68,085	67,963	165,613
City Hall Nonreverting	165,744	1,797	8,620	158,921
CEDIT BAN Revenue 2000	27,555	-	-	27,555
Economic Development Income Tax	709,430	659,887	456,275	913,042
Industrial Development	339,850	26,125	40,080	325,895
Redevelopment Capital	18,144	16,961	31,082	4,023
Community Building Center	4,724	79	-	4,803
Cemetery Trust	12,413	3,580	325	15,668
Cemetery Old Mausoleum	6,460	1,032	-	7,492
Fiduciary Funds:				
Fire Pension	146,555	124,194	108,892	161,857
Police Pension	96,504	80,394	100,122	76,776
Payroll	108,374	8,993	-	117,367
Proprietary Funds:				
Trash Utility	123,452	332,736	300,468	155,720
Water Utility Operating	563,321	1,468,440	1,706,564	325,197
Water Utility Customer Deposit	44,723	8,234	-	52,957
Water Utility Revenue Bond Accounts	1,494,512	82,439	151,626	1,425,325
Wastewater Utility Operating	752,117	2,271,483	2,147,328	876,272
Wastewater Customer Deposit	13,434	29,271	-	42,705
Wastewater Revenue Bond Accounts	1,770,307	38,381	97,152	1,711,536
Totals	<u>\$ 10,380,153</u>	<u>\$ 11,511,988</u>	<u>\$ 10,950,631</u>	<u>\$ 10,941,510</u>

The accompanying notes are an integral part of the schedules.

CITY OF GREENCASTLE
NOTES TO SCHEDULE

Note 1. Introduction

The City was established under the laws of the State of Indiana. The City provides the following services: public safety, health and social services, culture and recreation, and general administrative services.

Note 2. Fund Accounting

The City uses funds to report on its cash and investments and the results of its operations on a cash basis. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities.

Note 3. Budgets

The operating budget is initially prepared and approved at the local level. In addition, funds for which property taxes are levied or highway use taxes are received are subject to final approval by the Indiana Department of Local Government Finance.

Note 4. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the City in June and December. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100% of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which become delinquent if not paid by May 10 and November 10, respectively. All property taxes collected by the County Treasurer and available for distribution were distributed to the City on or prior to December 31 of the year collected.

Note 5. Deposits and Investments

Deposits, made in accordance with Indiana Code 5-13, with financial institutions in the State of Indiana at year end were entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

State statute (IC 5-13-9) authorizes the City to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

CITY OF GREENCASTLE
NOTES TO SCHEDULE
(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. Long-Term Debt

The City has entered into various debts such as bonds for acquisition and construction of facilities, a State Revolving Fund loan for wastewater plant construction, and capital leases for various equipment. The outstanding principal at December 31, 2005, was \$9,020,000, \$10,610,000, and \$554,135, respectively.

CITY OF GREENCASTLE
EXAMINATION RESULT AND COMMENT

CUSTOMER DEPOSIT REGISTER - WATER UTILITY

The detailed customer deposit register does not reconcile with the customer deposit amount recorded on the general ledger.

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

CITY OF GREENCASTLE
EXIT CONFERENCE

The contents of this report were discussed on June 22, 2006, with Nancy A. Michael, Mayor; Teresa P. Glenn, Clerk-Treasurer; Pamela Pierce, Deputy Clerk-Treasurer; Tiffany Brunes, Bookkeeper; Shannon Norman, Planner; Lauri R. Hardwick, City Attorney; and Melanie Welker, Billing Clerk. The officials concurred with our finding.