

B29858

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

ANNUAL FINANCIAL REPORT

2004

CITY OF GREENWOOD

JOHNSON COUNTY, INDIANA



FILED
05/09/2007

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials.....	2
Independent Auditor's Report on Financial Statements and Supplementary Schedule of Expenditures of Federal Awards	3-4
Independent Auditor's Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards.....	5
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Activities and Net Assets – Cash and Investment Basis	6
Fund Financial Statements:	
Governmental Funds:	
Statement of Assets and Fund Balances and Receipts, Disbursements, and Changes in Fund Balances – Cash and Investment Basis – Governmental Funds.....	7
Proprietary Funds:	
Statement of Assets and Fund Balances and Receipts, Disbursements, and Changes in Fund Balances – Cash and Investment Basis – Proprietary Funds.....	8
Fiduciary Funds:	
Statement of Additions, Deductions, and Changes in Cash and Investment Balances – Fiduciary Funds	9
Notes to Financial Statements	10-20
Required Supplementary Information:	
Schedules of Funding Progress.....	21
Schedule of Contributions From the Employer and Other Contributing Entities.....	22
Supplementary Information:	
Combining Schedule of Assets and Fund Balances and Receipts, Disbursements, and Changes in Fund Balances – Cash and Investment Basis – Other Governmental Funds.....	23-29
Combining Schedule of Additions, Deductions, and Changes in Cash and Investment Balances – Agency Funds.....	30
Schedule of Long-Term Debt.....	31
Other Reports.....	32
Audit Results and Comments:	
Supporting Documentation	33
Credit Cards.....	33-34
Receipt Deposits.....	34
Temporary Loans.....	34
Payroll Withholding Detail.....	34
Bank Account Reconciliations	35
Appropriations.....	35
Capital Asset Records	35
Supplemental Audit of Federal Awards:	
Independent Auditor's Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133	38-39
Schedule of Expenditures of Federal Awards.....	40
Note to Schedule of Expenditures of Federal Awards	41
Schedule of Findings and Questioned Costs.....	42-43
Auditee Prepared Schedules:	
Summary Schedule of Prior Audit Findings.....	44
Corrective Action Plan.....	45
Exit Conference.....	46
Official Response	47

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Jeannine Myers	01-01-04 to 12-31-07
Mayor	Charles E. Henderson	01-01-04 to 12-31-07
President of the Board of Public Works and Safety	Charles E. Henderson	01-01-04 to 12-31-07
President of the Common Council	Jessie Reed Bruce Armstrong Ron Bates Keith Hardin	01-01-04 to 12-31-04 01-01-05 to 12-31-05 01-01-06 to 12-31-06 01-01-07 to 12-31-07



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

TO: THE OFFICIALS OF THE CITY OF GREENWOOD, JOHNSON COUNTY, INDIANA

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Greenwood (City), as of and for the year ended December 31, 2004, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements 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 statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note I, the City prepares its financial statements on the prescribed basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash and investment balances of the governmental activities, each major fund, and the aggregate remaining fund information of the City as of December 31, 2004, and the respective cash receipts and cash disbursements during the year then ended on the basis of accounting described in Note I. As discussed in Note I, the City has presented the business-type activities in a separately issued report.

In accordance with Government Auditing Standards, we have also issued a report dated March 29, 2007, 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 and grants. Our report on compliance and on internal control over financial reporting should be read along with this report.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of the City taken as a whole. 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(Continued)

The Schedules of Funding Progress, Schedule of Contributions From the Employer and Other Contributing Entities as listed in the table of contents, are not required parts of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The City has not presented Management's Discussion and Analysis or Budgetary Comparison Schedules that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Combining Schedules, as listed in the table of contents and Schedule of Long-Term Debt are presented for additional analysis and are not a required part of the basic financial statements. The Combining Schedules, as listed in the table of contents, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The Schedule of Long-Term Debt has not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we express no opinion on it.

STATE BOARD OF ACCOUNTS

March 29, 2007



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

TO: THE OFFICIALS OF THE CITY OF GREENWOOD, JOHNSON COUNTY, INDIANA

We have audited the financial statements of the City of Greenwood (City), as of and for the year ended December 31, 2004, and have issued our report thereon dated March 29, 2007. 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.

Compliance

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 no instances of noncompliance that are required to be reported under Government Auditing Standards.

We noted certain immaterial instances of noncompliance that we have discussed with the management of the City on April 12, 2007. These immaterial instances of noncompliance were subsequently communicated to management in a separate letter.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

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

STATE BOARD OF ACCOUNTS

March 29, 2007

CITY OF GREENWOOD
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For The Year Ended December 31, 2004

<u>Functions/Programs</u>	<u>Disbursements</u>	Program Receipts			<u>Primary Government</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>
Primary government:					
Governmental activities:					
General government	\$ 8,077,809	\$ 2,413,822	\$ 318,858	\$ -	\$ (5,345,129)
Public safety	8,808,264	730,082	567,332	-	(7,510,850)
Highways and streets	1,575,402	2,486	1,573,656	-	740
Urban redevelopment	197,365	-	21,993	-	(175,372)
Economic development	8,352	-	-	-	(8,352)
Culture and recreation	1,442,566	473,573	91,438	-	(877,555)
Capital outlay	2,437,737	510,065	-	311,326	(1,616,346)
Debt service	1,019,096	-	56,771	-	(962,325)
	<u>\$ 23,566,591</u>	<u>\$ 4,130,028</u>	<u>\$ 2,630,048</u>	<u>\$ 311,326</u>	<u>(16,495,189)</u>
Total primary government					
General receipts:					
Property taxes					8,678,265
Other local sources					922,024
Grants and contributions not restricted to specific programs					3,840,823
Unrestricted intergovernmental receipts					478,119
Riverboat revenue sharing					227,240
Unrestricted investment earnings					181,177
					<u>14,327,648</u>
					(2,167,541)
					<u>15,866,802</u>
					Net assets - beginning
					<u>15,866,802</u>
					Net assets - ending
					<u>\$ 13,699,261</u>
<u>Assets</u>					
Cash and investments					\$ 4,096,890
Restricted assets:					
Cash and investments					9,602,371
Total assets					<u>\$ 13,699,261</u>
<u>Net Assets</u>					
Restricted for:					
Culture and recreation					\$ 443,880
Debt service					557,216
Other purposes					8,601,275
Unrestricted					4,096,890
Total net assets					<u>\$ 13,699,261</u>

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

CITY OF GREENWOOD
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
GOVERNMENTAL FUNDS
For The Year Ended December 31, 2004

	General	Fire Department	East Side Surplus (Tax Increment Financing District)	Other Governmental Funds	Totals
Receipts:					
Taxes	\$ 2,609,465	\$ 2,172,042	\$ 865,359	\$ 3,031,399	\$ 8,678,265
Intergovernmental	740,031	452,660	16,259	2,437,783	3,646,733
Charges for services	2,627,781	12,110	-	1,490,137	4,130,028
Other	4,554,481	15,906	17,527	356,110	4,944,024
Total receipts	10,531,758	2,652,718	899,145	7,315,429	21,399,050
Disbursements:					
General government	7,865,225	-	-	220,353	8,085,578
Public safety	5,321,936	2,951,406	-	534,922	8,808,264
Highways and streets	-	-	-	1,575,402	1,575,402
Culture and recreation	4,000	-	-	1,438,566	1,442,566
Urban redevelopment	18,905	-	123,653	54,807	197,365
Economic development	7,377	-	-	975	8,352
Debt service:					
Principal	-	-	-	439,936	439,936
Interest	-	-	103,345	475,815	579,160
Capital outlay	-	-	-	2,437,737	2,437,737
Total disbursements	13,217,443	2,951,406	226,998	7,178,513	23,574,360
Excess (deficiency) of receipts over disbursements	(2,685,685)	(298,688)	672,147	136,916	(2,175,310)
Other financing sources (uses)					
Transfers in	3,284,590	-	-	-	3,284,590
Transfers out	-	-	-	(3,284,590)	(3,284,590)
Total other financing sources (uses)	3,284,590	-	-	(3,284,590)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	598,905	(298,688)	672,147	(3,147,674)	(2,175,310)
Cash and investment fund balance - beginning	3,497,985	1,009,260	1,144,993	10,208,075	15,860,313
Cash and investment fund balance - ending	<u>\$ 4,096,890</u>	<u>\$ 710,572</u>	<u>\$ 1,817,140</u>	<u>\$ 7,060,401</u>	<u>13,685,003</u>
Amounts reported for governmental activities in the Statement of Activities and Net Assets - Cash and Investment Basis are different because:					
Internal services funds are used by management to charge the costs of certain services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Activities and Net Assets - Cash and Investment Basis.					
					14,258
Net assets of governmental activities					<u>\$ 13,699,261</u>
<u>Cash and Investment Assets - December 31</u>					
Cash and investments	\$ 4,096,890	\$ -	\$ -	\$ -	\$ 4,096,890
Restricted assets:					
Cash and investments	-	710,572	1,817,140	7,060,401	9,588,113
Total cash and investment assets - December 31	<u>\$ 4,096,890</u>	<u>\$ 710,572</u>	<u>\$ 1,817,140</u>	<u>\$ 7,060,401</u>	<u>\$ 13,685,003</u>
<u>Cash and Investment Fund Balance - December 31</u>					
Restricted for:					
Culture and recreation	\$ -	\$ -	\$ -	\$ 443,880	\$ 443,880
Debt service	-	-	-	557,216	557,216
Other purposes	-	710,572	1,817,140	6,097,514	8,625,226
Unrestricted	4,096,890	-	-	(38,209)	4,058,681
Total cash and investment fund balance - December 31	<u>\$ 4,096,890</u>	<u>\$ 710,572</u>	<u>\$ 1,817,140</u>	<u>\$ 7,060,401</u>	<u>\$ 13,685,003</u>

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

CITY OF GREENWOOD
STATEMENT OF ASSETS AND FUND BALANCES AND
RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
PROPRIETARY FUNDS
As of and for the Year Ended December 31, 2004

	<u>Internal Service Funds</u>
Operating receipts:	
Other	\$ 2,125,538
Operating disbursements:	
Insurance claims and premiums	<u>2,117,769</u>
Excess of receipts over disbursements	7,769
Cash and investment fund balance - beginning	<u>6,489</u>
Cash and investment fund balance - ending	<u>\$ 14,258</u>
 <u>Cash and Investment Assets - December 31</u>	
Restricted assets:	
Cash and investments	<u>\$ 14,258</u>
 <u>Cash and Investment Fund Balance - December 31</u>	
Restricted for:	
Other purposes	<u>\$ 14,258</u>

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

CITY OF GREENWOOD
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
FIDUCIARY FUNDS
For The Year Ended December 31, 2004

	Pension Trust Funds	Agency Funds
Additions:		
Contributions:		
Plan members	\$ 48,205	\$ -
State	117,618	-
Other	80,200	-
Total contributions	246,023	-
Investment earnings:		
Interest	2,816	-
Agency fund additions	-	11,791,762
Total additions	248,839	11,791,762
Deductions:		
Benefits	221,780	-
Administrative and general	1,544	-
Agency fund deductions	-	11,764,128
Total deductions	223,324	11,764,128
Excess of total additions over total deductions	25,515	27,634
Cash and investment fund balance - beginning	351,091	294,855
Cash and investment fund balance - ending	\$ 376,606	\$ 322,489

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

CITY OF GREENWOOD
NOTES TO FINANCIAL STATEMENTS

I. 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 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, wastewater, sanitation and urban redevelopment.

The City's financial reporting entity is composed of the following:

Primary Government

In determining the financial reporting entity, the City complies with the provisions of GASB Statement No. 14, *The Financial Reporting Entity*.

Related Organizations

The City's officials are also responsible for appointing the members of the boards of other organizations, but the City's accountability for these organizations does not extend beyond making the appointments. The City appoints the board members of the Redevelopment Commission and Economic Development Commission.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The Statement of Activities and Net Assets – Cash and Investment Basis displays information about the reporting government as a whole. It includes all funds of the reporting entity except for fiduciary funds. The statement distinguishes between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. Business-type activities of the Aviation Commission and the Wastewater Utility are reported separately in a report dated March 29, 2007.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, liabilities, fund equity, receipts, and disbursements. Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

The general fund is the primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The fire department fund is used to account for the activities of the fire department. The major revenue is from property taxes levied.

CITY OF GREENWOOD
NOTES TO FINANCIAL STATEMENTS
(Continued)

The east side surplus – tax increment financing (TIF) district fund is used to account for property taxes levied on improvements to the area after the TIF district was established by the City.

The City reports the following major proprietary funds in a separate report dated March 29, 2007:

The wastewater utility fund accounts for the operation of the wastewater treatment plant, pumping stations and collection systems.

The aviation fund accounts for the operation of the airport.

Additionally, the City reports the following fund types:

The internal service fund accounts for health insurance coverage provided to other departments on a cost-reimbursement basis.

The pension trust fund accounts for the activities of the 1925 police pension fund, which accumulates resources for pension benefit payments.

Agency funds account for assets held by the City as an agent for employees, police departments, county and state government and other city funds and serve as control accounts for certain cash transactions during the time they are a liability to the City.

C. Measurement Focus and Basis of Accounting

The government-wide, governmental fund and fiduciary fund financial statements are reported using the basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when received and disbursements are recorded when paid.

The cash and investment 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. Investment transactions are not presented on the financial statements.

If the City utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the wastewater utility and the City. Elimination of these charges would distort the direct costs and program receipts reported for the various functions concerned.

Internal service funds are used to account for activities provided to other departments or agencies primarily with the government.

CITY OF GREENWOOD
NOTES TO FINANCIAL STATEMENTS
(Continued)

D. Assets and Cash and Investment Balances

1. Cash and Investments

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

2. Capital Assets

Capital assets arising from cash transactions acquired for use in governmental or proprietary fund operations are accounted for as capital outlay disbursements of the fund upon acquisition.

3. Long-Term Debt

Long-term debt arising from cash basis transactions of governmental and proprietary funds is not reported as liabilities in the basic financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as disbursements.

4. Equity Classification

Government-Wide Statements

Equity is classified as net assets and displayed in two components:

- a. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or (2) law through constitutional provisions or enabling legislation.
- b. Unrestricted net assets – All other net assets that do not meet the definition of "restricted."

It is the City's policy to first use restricted net assets prior to the use of unrestricted net assets when a disbursement is incurred for purposes for which both restricted and unrestricted net assets are available.

Fund Financial Statements

Governmental fund equity is classified as fund balance. Proprietary fund equity is classified the same as in the government-wide statements.

E. Receipts and Disbursements

1. Program Receipts

Amounts reported as program receipts include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general receipts rather than as program receipts. Likewise, general receipts include all taxes.

CITY OF GREENWOOD
NOTES TO FINANCIAL STATEMENTS
(Continued)

2. Operating Receipts and Disbursements

Operating receipts and disbursements for proprietary funds and result from providing services and producing and delivering goods and/or services. They also include all receipts and disbursements not related to capital and related financing, noncapital financing, or investing activities.

F. Internal and Interfund Balances and Activities

In the process of aggregating the financial information for the government-wide Statement of Activities and Net Assets – Cash and Investment Basis, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified.

Fund Financial Statements

1. Interfund services – Sales or purchases of goods and services between funds are reported as receipts and disbursements.
2. Interfund reimbursements – Repayments from funds responsible for certain disbursements to the funds that initially paid for them are not reported as reimbursements but as adjustments to disbursements in the respective funds.
3. Interfund transfers – Flow of assets from one fund to another where repayment is not expected is reported as transfers in and out.

Government-Wide Financial Statements

Interfund activity and balances, if any, are eliminated or reclassified in the government-wide financial statements as follows:

Internal activities – Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis except for the net amount of transfers between governmental and business-type activities, which are reported as Transfers – Internal Activities. The effects of interfund services between funds, if any, are not eliminated in the Statement of Activities and Net Assets – Cash and Investment Basis.

II. Stewardship, Compliance and Accountability

A. Budgetary Information

Annual budgets are adopted on the cash basis, which is not consistent with accounting principles generally accepted in the United States of America. All annual appropriations lapse at calendar year end.

Prior to the first required publication, the fiscal officer of the City submits to the governing board a proposed operating budget for the year commencing the following January 1. Prior to adoption, the budget is advertised and public hearings are conducted by the governing board to obtain taxpayer comments. In September of each year, the governing board, through the passage of a resolution/ ordinance, approves the budget for the next year. Copies of the budget resolution/ordinance and the advertisement for funds for which property taxes are levied or highway use taxes are received are sent to the Indiana Department of Local Government Finance. The budget becomes legally enacted after the fiscal officer of the City receives approval of the Indiana Department of Local Government Finance.

CITY OF GREENWOOD
NOTES TO FINANCIAL STATEMENTS
(Continued)

The City's management cannot transfer budgeted appropriations between object classifications of a budget without approval of the governing board. The Indiana Department of Local Government Finance must approve any revisions to the appropriations for any fund or any department of the General Fund. The legal level of budgetary control is by object and department within the fund for the General Fund and by object within the fund for all other budgeted funds.

B. Disbursements in Excess of Appropriations

For the year ended December 31, 2004, disbursements exceeded budgeted appropriations in the following funds by the amounts below:

Fund	2004
General - City Council	\$ 3,640
General - Board of Public Works	2,766,768
General - Engineer	1,461
General - Police Earned Income	27,184
Total	<u>\$ 2,799,053</u>

These disbursements were funded by available fund balances.

C. Cash and Investment Balance Deficits

At December 31, 2004, the following funds reported deficits in cash and investments, which are violations of the Uniform Compliance Guidelines and state statute:

Fund	2004
Adult Probation	\$ 38,209

Cash and investment deficits arose primarily from disbursements exceeding receipts due to the underestimate of current requirements; these deficits are to be repaid from future receipts.

III. Detailed Notes on All Funds

A. Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Indiana Code 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision. The bank balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

CITY OF GREENWOOD
NOTES TO FINANCIAL STATEMENTS
(Continued)

B. Interfund Transfers

Interfund transfers for the year ended December 31, 2004, were as follows:

Transfer From	Transfer To	2004
Other governmental	General Fund	\$ 3,284,590

The City typically uses transfers for cash flow purposes as provided by various statutory provisions.

Interfund transfers to the general fund were for major capital expenditures of the board of works that were funded by capital project funds. These transfers were based upon resolutions approved by the board.

IV. Other Information

A. Risk Management

The City is 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 (excluding postemployment benefits); and natural disasters.

The risks of torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; and natural disasters are covered by commercial insurance from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance by major category of risk.

Medical Benefits

The City has chosen to establish a risk financing fund for risks associated with medical benefits. The risk financing fund is accounted for in the Health-Self Insurance Fund, an internal service fund, where assets are set aside for claim settlements. An excess policy through commercial insurance covers individual claims in excess of \$70,000 per year. Settled claims resulting from this risk did not exceed commercial insurance coverage in the past three years. Interfund premiums are paid into the fund by all affected funds and are available to pay claims, claim reserves, and administrative costs of the program. Interfund premiums are based upon an overall premium percentage which is applied to each affected fund and are reported as quasi-external interfund transactions.

B. Holding Corporation

The City has entered into a capital lease with City of Greenwood Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the City. The lessor has been determined to be a related party of the City. Lease payments during the year totaled \$735,000.

CITY OF GREENWOOD
NOTES TO FINANCIAL STATEMENTS
(Continued)

C. Subsequent Events

The Greenwood Redevelopment Commission issued Redevelopment District Tax Increment Revenue Bonds of 2005 in a principal amount of \$4,000,000. There was a draw schedule approved stating when and how much the City would receive. As of December 31, 2005, the City received \$1,660,000 as set out in the schedule. The remaining amount is scheduled to be received by June 2006. These bonds have semiannual debt service requirements ranging between \$243,200 and \$265,083. Scheduled semiannual debt service payments begin February 1, 2007 and end February 1, 2016.

The City sold general obligation bonds dated October 28, 2005, in a principal amount of \$1,935,000 for the park district to purchase land. These bonds have annual debt service requirements ranging between \$148,729 and \$157,214. Scheduled semiannual debt service payments begin January 15, 2006 and end January 15, 2025.

On September 15, 2006, the City entered into a lease for 15 police vehicles. The principal amount was \$321,746. There are four annual scheduled lease payments. The first one is due on January 15, 2007, for \$71,161 and the next three payments are for \$96,269. The final maturity for this lease is January 15, 2010.

The City sold general obligation bonds dated January 6, 2006, in a principal amount of \$1,500,000 for two fire trucks and related equipment. These bonds have annual debt service requirements ranging between \$169,258 and \$175,965. Scheduled semiannual debt service payments begin July 15, 2006 and end January 15, 2017. The City received a \$15,000 good faith deposit on December 19, 2005.

D. Postemployment Benefits

In addition to the pension benefits described below, the City provides postemployment health insurance benefits, as authorized by Indiana Code 5-10-8, to all employees who retire from the City on or after attaining specified age with at least 25 years of service. Currently, 8 retirees meet these eligibility requirements. The City provides the cost of these postemployment benefits that exceeds 50% of the monthly health insurance premium. Disbursements for those postemployment benefits include insurance premiums and benefit payments under the City's self-insurance plan and are recognized on a pay-as-you-go basis. Disbursements for postemployment benefits cannot be reasonably estimated.

E. Pension Plans

1. Agent Multiple-Employer and Single-Employer Defined Benefit Pension Plans

a. 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 the 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 member's 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.

CITY OF GREENWOOD
NOTES TO FINANCIAL STATEMENTS
(Continued)

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. The 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 plan members for PERF are established by the Board of Trustees of PERF. The City's annual pension cost and related information, as provided by the actuary, is presented in this note.

Information to segregate the assets/liabilities and the actuarial study figures between the City and the Utilities is not available.

b. 1925 Police Officers' Pension Plan

Plan Description

The City contributes to the 1925 Police Officers' Pension Plan, which 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 and Annual Pension Cost

The contribution requirements of plan members for the 1925 Police Officers' Pension Plan are established by state statute. The City's annual pension cost and related information as provided by the actuary, is presented in this note.

The use of the pay-as-you-go actuarial cost method by the City results in significant underfunding of the plan. Therefore, the Net Pension Obligation (NPO) is not reflected in the financial statements of the pension trust funds.

CITY OF GREENWOOD
NOTES TO FINANCIAL STATEMENTS
(Continued)

Actuarial Information for the Above Plans

	PERF	1925 Police Officers' Pension
Annual required contribution	\$ 265,190	\$ 669,000
Interest on net pension obligation	(7,537)	175,200
Adjustment to annual required contribution	8,589	(292,200)
Annual pension cost	266,242	552,000
Contributions made	263,498	137,470
Increase in net pension obligation	2,744	414,530
Net pension obligation, beginning of year	(103,955)	2,594,919
Net pension obligation, end of year	\$ (101,211)	\$ 3,009,449

	PERF	1925 Police Officers' Pension
Contribution rates:		
City	4%	509%
Plan members	3%	6%
Actuarial valuation date	07-01-05	01-01-05
Actuarial cost method	Entry age	Entry age
Amortization method	Level percentage of projected payroll, closed	Level percentage of projected payroll, closed
Amortization period	40 years	30 years
Amortization period (from date)	07-01-97	01-01-05
Asset valuation method	75% of expected actuarial value plus 25% of market value	4 year phase in of unrealized and realized capital

CITY OF GREENWOOD
NOTES TO FINANCIAL STATEMENTS
(Continued)

<u>Actuarial Assumptions</u>	<u>PERF</u>	<u>1925 Police Officers' Pension</u>
Investment rate of return	7.25%	6%
Projected future salary increases:		
Total	5%	4%
Attributed to inflation	4%	4%
Attributed to merit/seniority	1%	0%
Cost-of-living adjustments	2%	2.75/4%*

*2.75% converted members; 4% nonconverted members.

Three Year Trend Information

	<u>Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
PERF	06-30-03	\$ 255,361	72%	\$ (115,611)
	06-30-04	231,851	95%	(103,955)
	06-30-05	266,242	114%	(101,211)
1925 Police Officers' Pension Plan	12-31-01	536,900	13%	2,262,786
	12-31-02	495,700	33%	2,594,919
	12-31-03	552,000	25%	3,009,449

Membership in the 1925 Police Officers' Pension Plan at January 1, 2005, was comprised of the following:

	<u>1925 Police Officers' Pension</u>
Retirees and beneficiaries currently receiving benefits	9
Current active employees	5

2. Cost-Sharing Multiple-Employer Defined Benefit Pension Plan

1977 Police Officers' and Firefighters' Pension and Disability Fund

Plan Description

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

CITY OF GREENWOOD
NOTES TO FINANCIAL STATEMENTS
(Continued)

State statute (IC 36-8-8) regulates the operations of the system, including benefits, vesting and requirements for contributions by employers and by employees. Covered employees may retire at age 55 with 20 years of service. An employee with 20 years of service may leave service, but will not receive benefits until reaching age 55. The plan also provides for death and disability benefits.

PERF 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 Costs

Plan members are required to contribute 6% of the first-class police officers' and firefighters' salary and the City is to contribute at an actuarially determined rate. The current rate, which has not changed since the inception of the plan, is 21% of the first-class police officers' and firefighters' salary. The contribution requirements of plan members and the City are established by the Board of Trustees of PERF. The City's contributions to the plan for the years ending December 31, 2004, 2003, and 2002, were \$680,882, \$611,887, and \$579,772, respectively, equal to the required contributions for each year.

CITY OF GREENWOOD
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULES OF FUNDING PROGRESS

Public Employees' Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-02	\$ 3,100,238	\$ 3,781,306	\$ (681,068)	82%	\$ 4,202,662	(16%)
07-01-03	3,154,453	3,653,350	(498,897)	86%	4,417,101	(11%)
07-01-04	3,248,996	3,927,090	(678,094)	83%	4,785,036	(14%)

1925 Police Officers' Pension Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
01-01-00	\$ 595,529	\$ 5,296,700	\$ (4,701,171)	11%	\$ 150,000	(3,134%)
01-01-01	551,456	5,552,500	(5,001,044)	10%	160,000	(3,126%)
01-01-02	465,418	5,197,600	(4,732,182)	9%	170,700	(2,772%)
01-01-03	433,573	5,607,100	(5,173,527)	8%	175,700	(2,945%)
01-01-04	351,091	5,726,800	(5,375,709)	6%	179,700	(2,991%)
01-01-05	376,606	5,159,400	(4,782,794)	7%	137,500	(3,478%)

CITY OF GREENWOOD
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULES OF CONTRIBUTIONS FROM THE
 EMPLOYER AND OTHER CONTRIBUTING ENTITIES

1925 Police Officers' Pension Plan			
	Year Ending	Annual Required Contribution (ARC)	Percentage of ARC Contributed State
1925 Police Officers' Pension Plan	12-31-98	\$ 614,000	26%
	12-31-99	523,200	13%
	12-31-00	559,800	16%
	12-31-01	602,600	12%
	12-31-02	587,600	28%
	12-31-03	669,000	21%

CITY OF GREENWOOD
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2004

	Motor Vehicle Highway	Local Road and Street	Park and Recreation	Special Nonreverting Parks	Cumulative Capital Improvement Tax Levy	Cumulative Capital Improvement Cigarette Tax	Cumulative Capital Development
Receipts:							
Taxes	\$ 25,184	\$ -	\$ 705,156	\$ -	\$ 765,210	\$ -	\$ 598,608
Intergovernmental	1,163,675	409,981	91,438	-	99,225	134,480	77,621
Charges for services	2,486	-	212,032	261,541	-	-	-
Other	68,869	776	116,472	294	4,718	3,352	18,121
Total receipts	1,260,214	410,757	1,125,098	261,835	869,153	137,832	694,350
Disbursements:							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Highways and streets	1,320,730	254,672	-	-	-	-	-
Culture and recreation	-	-	1,192,328	246,238	-	-	-
Urban redevelopment	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	529,333
Total disbursements	1,320,730	254,672	1,192,328	246,238	-	-	529,333
Excess (deficiency) of receipts over disbursements	(60,516)	156,085	(67,230)	15,597	869,153	137,832	165,017
Other financing sources (uses)							
Transfers out	-	-	-	-	(1,631,143)	(150,000)	(1,503,447)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(60,516)	156,085	(67,230)	15,597	(761,990)	(12,168)	(1,338,430)
Cash and investment fund balance - beginning	451,572	72,559	438,316	57,197	1,807,153	459,294	2,992,078
Cash and investment fund balance - ending	<u>\$ 391,056</u>	<u>\$ 228,644</u>	<u>\$ 371,086</u>	<u>\$ 72,794</u>	<u>\$ 1,045,163</u>	<u>\$ 447,126</u>	<u>\$ 1,653,648</u>
Cash and Investment Assets - December 31							
Restricted assets:							
Cash and investments	<u>\$ 391,056</u>	<u>\$ 228,644</u>	<u>\$ 371,086</u>	<u>\$ 72,794</u>	<u>\$ 1,045,163</u>	<u>\$ 447,126</u>	<u>\$ 1,653,648</u>
Cash and Investment Fund Balance - December 31							
Restricted for:							
Culture and recreation	\$ -	\$ -	\$ 371,086	\$ 72,794	\$ -	\$ -	\$ -
Debt service	-	-	-	-	-	-	-
Other purposes	391,056	228,644	-	-	1,045,163	447,126	1,653,648
Unrestricted	-	-	-	-	-	-	-
Total cash and investment fund balance - December 31	<u>\$ 391,056</u>	<u>\$ 228,644</u>	<u>\$ 371,086</u>	<u>\$ 72,794</u>	<u>\$ 1,045,163</u>	<u>\$ 447,126</u>	<u>\$ 1,653,648</u>

CITY OF GREENWOOD
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2004
 (Continued)

	Sidewalk	Economic Development Commission Donation	Alpine	Local Law Enforcement Continuing Education	Restricted Donation	Paid Insurance	Vehicle Identification Number
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	16,140	-	-	-
Other	5,422	941	406	292	45,389	48,343	-
Total receipts	5,422	941	406	16,432	45,389	48,343	-
Disbursements:							
General government	-	-	-	-	-	29,190	-
Public safety	-	-	-	7,136	-	-	-
Highways and streets	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Urban redevelopment	-	-	-	-	53,235	-	-
Economic development	-	975	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Total disbursements	-	975	-	7,136	53,235	29,190	-
Excess (deficiency) of receipts over disbursements	5,422	(34)	406	9,296	(7,846)	19,153	-
Other financing sources (uses)							
Transfers out	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	5,422	(34)	406	9,296	(7,846)	19,153	-
Cash and investment fund balance - beginning	41,857	8,404	42,943	34,207	22,201	78,611	76
Cash and investment fund balance - ending	<u>\$ 47,279</u>	<u>\$ 8,370</u>	<u>\$ 43,349</u>	<u>\$ 43,503</u>	<u>\$ 14,355</u>	<u>\$ 97,764</u>	<u>\$ 76</u>
Cash and Investment Assets - December 31							
Restricted assets:							
Cash and investments	<u>\$ 47,279</u>	<u>\$ 8,370</u>	<u>\$ 43,349</u>	<u>\$ 43,503</u>	<u>\$ 14,355</u>	<u>\$ 97,764</u>	<u>\$ 76</u>
Cash and Investment Fund Balance - December 31							
Restricted for:							
Culture and recreation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Debt service	-	-	-	-	-	-	-
Other purposes	47,279	8,370	43,349	43,503	14,355	97,764	76
Unrestricted	-	-	-	-	-	-	-
Total cash and investment fund balance - December 31	<u>\$ 47,279</u>	<u>\$ 8,370</u>	<u>\$ 43,349</u>	<u>\$ 43,503</u>	<u>\$ 14,355</u>	<u>\$ 97,764</u>	<u>\$ 76</u>

CITY OF GREENWOOD
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2004
 (Continued)

	Restitution	D.A.R.E.	Greenwood City Flag	Fire Prevention and Public Education	Building Lease and Fire Bond	Police Property Room
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 437,817	\$ -
Intergovernmental	-	-	-	-	56,771	-
Charges for services	-	-	647	-	-	1,523
Other	529	2,087	-	4,017	852	460
Total receipts	529	2,087	647	4,017	495,440	1,983
Disbursements:						
General government	-	-	-	-	-	-
Public safety	-	1,977	-	1,587	-	4,930
Highways and streets	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Urban redevelopment	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	439,936	-
Interest	-	-	-	-	372,470	-
Capital outlay	-	-	-	-	-	-
Total disbursements	-	1,977	-	1,587	812,406	4,930
Excess (deficiency) of receipts over disbursements	529	110	647	2,430	(316,966)	(2,947)
Other financing sources (uses)						
Transfers out	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	529	110	647	2,430	(316,966)	(2,947)
Cash and investment fund balance - beginning	57,096	540	-	5,432	447,015	53,508
Cash and investment fund balance - ending	<u>\$ 57,625</u>	<u>\$ 650</u>	<u>\$ 647</u>	<u>\$ 7,862</u>	<u>\$ 130,049</u>	<u>\$ 50,561</u>
Cash and Investment Assets - December 31						
Restricted assets:						
Cash and investments	<u>\$ 57,625</u>	<u>\$ 650</u>	<u>\$ 647</u>	<u>\$ 7,862</u>	<u>\$ 130,049</u>	<u>\$ 50,561</u>
Cash and Investment Fund Balance - December 31						
Restricted for:						
Culture and recreation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Debt service	-	-	-	-	130,049	-
Other purposes	57,625	650	647	7,862	-	50,561
Unrestricted	-	-	-	-	-	-
Total cash and investment fund balance - December 31	<u>\$ 57,625</u>	<u>\$ 650</u>	<u>\$ 647</u>	<u>\$ 7,862</u>	<u>\$ 130,049</u>	<u>\$ 50,561</u>

CITY OF GREENWOOD
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2004
 (Continued)

	Employee Christmas	Independent Engineer	Administrative Fee	Adult Probation	Department of Justice Grant Drug Court	Byrne Grant Drug Court
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	80,000	-
Charges for services	-	60,540	-	388,786	-	-
Other	-	1,558	114	-	6,838	-
Total receipts	-	62,098	114	388,786	86,838	-
Disbursements:						
General government	-	49,268	-	-	-	-
Public safety	-	-	-	405,583	113,709	-
Highways and streets	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Urban redevelopment	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Total disbursements	-	49,268	-	405,583	113,709	-
Excess (deficiency) of receipts over disbursements	-	12,830	114	(16,797)	(26,871)	-
Other financing sources (uses)						
Transfers out	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	12,830	114	(16,797)	(26,871)	-
Cash and investment fund balance - beginning	217	153,054	13,670	(21,412)	89,802	1,235
Cash and investment fund balance - ending	<u>\$ 217</u>	<u>\$ 165,884</u>	<u>\$ 13,784</u>	<u>\$ (38,209)</u>	<u>\$ 62,931</u>	<u>\$ 1,235</u>
Cash and Investment Assets - December 31						
Restricted assets:						
Cash and investments	<u>\$ 217</u>	<u>\$ 165,884</u>	<u>\$ 13,784</u>	<u>\$ (38,209)</u>	<u>\$ 62,931</u>	<u>\$ 1,235</u>
Cash and Investment Fund Balance - December 31						
Restricted for:						
Culture and recreation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Debt service	-	-	-	-	-	-
Other purposes	217	165,884	13,784	-	62,931	1,235
Unrestricted	-	-	-	(38,209)	-	-
Total cash and investment fund balance - December 31	<u>\$ 217</u>	<u>\$ 165,884</u>	<u>\$ 13,784</u>	<u>\$ (38,209)</u>	<u>\$ 62,931</u>	<u>\$ 1,235</u>

CITY OF GREENWOOD
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2004
 (Continued)

	City Limit Sign	Sirens Donations	Fry Road (Tax Increment Financing District)	East Side Debt Reserve (Tax Increment Financing District)	East Side Allocation (Tax Increment Financing District)	Airport Boulevard Allocation (Tax Increment Financing District)
Receipts:						
Taxes	\$ -	\$ -	\$ 18,298	\$ -	\$ 471,740	\$ 128
Intergovernmental	-	-	-	-	5,734	-
Charges for services	-	-	-	-	-	-
Other	-	66	3,054	3,167	2,619	-
Total receipts	-	66	21,352	3,167	480,093	128
Disbursements:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Urban redevelopment	-	-	1,572	-	-	-
Economic development	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	103,345	-
Capital outlay	-	-	-	-	-	-
Total disbursements	-	-	1,572	-	103,345	-
Excess (deficiency) of receipts over disbursements	-	66	19,780	3,167	376,748	128
Other financing sources (uses) Transfers out	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	66	19,780	3,167	376,748	128
Cash and investment fund balance - beginning	800	7,366	244,917	424,000	-	68
Cash and investment fund balance - ending	<u>\$ 800</u>	<u>\$ 7,432</u>	<u>\$ 264,697</u>	<u>\$ 427,167</u>	<u>\$ 376,748</u>	<u>\$ 196</u>
Cash and Investment Assets - December 31						
Restricted assets:						
Cash and investments	<u>\$ 800</u>	<u>\$ 7,432</u>	<u>\$ 264,697</u>	<u>\$ 427,167</u>	<u>\$ 376,748</u>	<u>\$ 196</u>
Cash and Investment Fund Balance - December 31						
Restricted for:						
Culture and recreation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Debt service	-	-	-	427,167	-	-
Other purposes	800	7,432	264,697	-	376,748	196
Unrestricted	-	-	-	-	-	-
Total cash and investment fund balance - December 31	<u>\$ 800</u>	<u>\$ 7,432</u>	<u>\$ 264,697</u>	<u>\$ 427,167</u>	<u>\$ 376,748</u>	<u>\$ 196</u>

CITY OF GREENWOOD
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2004
 (Continued)

	Bond Proceeds				Court Documents	
	Capital Redevelopment District	Brownfield Grant	Tracy Ditch	History Book	(Clerk Record Perpetuation)	Rainy Day
Receipts:						
Taxes	\$ -	\$ -	\$ 9,258	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	318,858
Charges for services	-	-	-	4,120	6,642	-
Other	12,268	44	78	-	-	1,732
Total receipts	12,268	44	9,336	4,120	6,642	320,590
Disbursements:						
General government	-	-	-	2,749	12,010	102,500
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Urban redevelopment	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Capital outlay	1,908,404	-	-	-	-	-
Total disbursements	1,908,404	-	-	2,749	12,010	102,500
Excess (deficiency) of receipts over disbursements	(1,896,136)	44	9,336	1,371	(5,368)	218,090
Other financing sources (uses)						
Transfers out	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,896,136)	44	9,336	1,371	(5,368)	218,090
Cash and investment fund balance - beginning	2,124,415	5,006	9,148	8,009	19,547	-
Cash and investment fund balance - ending	<u>\$ 228,279</u>	<u>\$ 5,050</u>	<u>\$ 18,484</u>	<u>\$ 9,380</u>	<u>\$ 14,179</u>	<u>\$ 218,090</u>
<u>Cash and Investment Assets - December 31</u>						
Restricted assets:						
Cash and investments	<u>\$ 228,279</u>	<u>\$ 5,050</u>	<u>\$ 18,484</u>	<u>\$ 9,380</u>	<u>\$ 14,179</u>	<u>\$ 218,090</u>
<u>Cash and Investment Fund Balance - December 31</u>						
Restricted for:						
Culture and recreation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Debt service	-	-	-	-	-	-
Other purposes	228,279	5,050	18,484	9,380	14,179	218,090
Unrestricted	-	-	-	-	-	-
Total cash and investment fund balance - December 31	<u>\$ 228,279</u>	<u>\$ 5,050</u>	<u>\$ 18,484</u>	<u>\$ 9,380</u>	<u>\$ 14,179</u>	<u>\$ 218,090</u>

CITY OF GREENWOOD
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2004
 (Continued)

	Late Fees	Special Nonreverting Impact Fees	Fry Road Grant (Build Indiana Fund)	Park and Recreation Grant (Build Indiana Fund)	Wake Up Lot (Build Indiana Fund)	Totals
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,031,399
Intergovernmental	-	-	-	-	-	2,437,783
Charges for services	25,615	510,065	-	-	-	1,490,137
Other	-	2,729	503	-	-	356,110
Total receipts	25,615	512,794	503	-	-	7,315,429
Disbursements:						
General government	19,500	220	-	-	4,916	220,353
Public safety	-	-	-	-	-	534,922
Highways and streets	-	-	-	-	-	1,575,402
Culture and recreation	-	-	-	-	-	1,438,566
Urban redevelopment	-	-	-	-	-	54,807
Economic development	-	-	-	-	-	975
Debt service:						
Principal	-	-	-	-	-	439,936
Interest	-	-	-	-	-	475,815
Capital outlay	-	-	-	-	-	2,437,737
Total disbursements	19,500	220	-	-	4,916	7,178,513
Excess (deficiency) of receipts over disbursements	6,115	512,574	503	-	(4,916)	136,916
Other financing sources (uses)						
Transfers out	-	-	-	-	-	(3,284,590)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	6,115	512,574	503	-	(4,916)	(3,147,674)
Cash and investment fund balance - beginning	-	-	53,242	16	4,916	10,208,075
Cash and investment fund balance - ending	\$ 6,115	\$ 512,574	\$ 53,745	\$ 16	\$ -	\$ 7,060,401
Cash and Investment Assets - December 31						
Restricted assets:						
Cash and investments	\$ 6,115	\$ 512,574	\$ 53,745	\$ 16	\$ -	\$ 7,060,401
Cash and Investment Fund Balance - December 31						
Restricted for:						
Culture and recreation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 443,880
Debt service	-	-	-	-	-	557,216
Other purposes	6,115	512,574	53,745	16	-	6,097,514
Unrestricted	-	-	-	-	-	(38,209)
Total cash and investment fund balance - December 31	\$ 6,115	\$ 512,574	\$ 53,745	\$ 16	\$ -	\$ 7,060,401

CITY OF GREENWOOD
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 AGENCY FUNDS
 For The Year Ended December 31, 2004

	<u>User Fee</u>	<u>Levy Excess</u>	<u>Payroll</u>	<u>City Court</u>	<u>Total</u>
Additions:					
Agency fund additions	\$ 10,529	\$ 603	\$ 10,940,506	\$ 840,124	\$ 11,791,762
Deductions:					
Agency fund deductions	6,652	-	10,918,093	839,383	11,764,128
Excess of total additions over total deductions	3,877	603	22,413	741	27,634
Cash and investment fund balance - beginning	31,881	63,846	83,680	115,448	294,855
Cash and investment fund balance - ending	<u>\$ 35,758</u>	<u>\$ 64,449</u>	<u>\$ 106,093</u>	<u>\$ 116,189</u>	<u>\$ 322,489</u>

CITY OF GREENWOOD
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT

For The Year Ended December 31, 2004

Description of Asset	Ending Balance	Due Within One Year
Governmental Activities:		
Capital leases:		
Building Corporation Lease of 1992	\$ 4,813,528	\$ 396,930
Seventeen Police Vehicles, 2004	262,656	128,344
Bonds payable:		
General obligation bonds:		
Fire Truck, 2000	225,000	150,000
Eastside Redevelopment District Bonds, 2001	<u>4,240,000</u>	<u>35,000</u>
Total governmental activities long-term debt	<u>\$ 9,541,184</u>	<u>\$ 710,274</u>

CITY OF GREENWOOD
OTHER REPORTS

The annual report presented herein was prepared in addition to other official reports prepared for the individual City offices listed below:

Aviation Commission and Wastewater Utility

CITY OF GREENWOOD
AUDIT RESULTS AND COMMENTS

SUPPORTING DOCUMENTATION

Several payments were observed which did not contain adequate supporting documentation, such as fully itemized receipts, invoices, and other public records. For example, 8% of the payments tested were paid from monthly billing statements and other documents that were not itemized. Some of these statements were not the original documents, but were photocopies. Due to the lack of supporting information, the validity and accountability for some money disbursed could not be established.

Supporting documentation such as receipts, canceled checks, tickets, 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)

CREDIT CARDS

The City is using credit cards to purchase items without an approved credit card policy. In addition, it was noted that late fees (\$35) and finance charges (\$13.53), in at least one instance, were incurred and paid by the City.

The State Board of Accounts will not take exception to the use of credit cards by a governmental unit provided the following criteria are observed:

- (1) The governing board must authorize credit card use through an ordinance or resolution, which has been approved in the minutes.
- (2) Issuance and use should be handled by an official or employee designated by the board.
- (3) The purposes for which the credit card may be used must be specifically stated in the ordinance or resolution.
- (4) When the purpose for which the credit card has been issued has been accomplished, the card should be returned to the custody of the responsible person.
- (5) The designated responsible official or employee should maintain an accounting system or log which would include the names of individuals requesting usage of the cards, their position, estimated amounts to be charged, fund and account numbers to be charged, date the card is issued and returned, etc.
- (6) Credit cards should not be used to bypass the accounting system. One reason that purchase orders are issued is to provide the fiscal officer with the means to encumber and track appropriations to provide the governing board and other officials with timely and accurate accounting information and monitoring of the accounting system.
- (7) Payment should not be made on the basis of a statement or a credit card slip only. Procedures for payments should be no different than for any other claim. Supporting documents such as paid bills and receipts must be available. Additionally, any interest or penalty incurred due to late filing or furnishing of documentation by an officer or employee should be the responsibility of that officer or employee.

CITY OF GREENWOOD
AUDIT RESULTS AND COMMENTS
(Continued)

(8) If properly authorized, an annual fee may be paid.

(Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

RECEIPT DEPOSITS

Written receipts did not always identify the classification of the money received, i.e. cash, check, or money order. Testing revealed that 24% of those examined were either not deposited in the same form collected 4% or the composition of the receipts could not be determined due to failure to accurately record method of payment 20%.

Public funds shall be deposited in the same form in which they were received." (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TEMPORARY LOANS

As reported in previous audit reports of the City, a temporary loan of \$250,000 was made in 1998 from the Cumulative Capital Improvement Tax Levy Fund to the Fire Fund that has not been repaid. This loan is still not repaid. A second loan was made on June 16, 2003, from the Cumulative Capital Improvement Tax Levy Fund to the Fire Fund in the amount of \$500,000 per Resolution 03-16. Although the Resolution states that the loan is to be repaid by December 31, 2003, as of the date of this report, this loan is still outstanding.

Indiana Code 36-1-8-4 concerning temporary loans states, in part:

"(a) . . . (3) Except as provided in subsection (b), the prescribed period must end during the budget year of the year in which the transfer occurs. (4) The amount transferred must be returned to the other fund at the end of the prescribed period. . . ."

"(b) If the fiscal body of a political subdivision determines that an emergency exists that requires an extension of the prescribed period of a transfer under this section, the prescribed period may be extended for not more than six (6) months beyond the budget year of the year in which the transfer occurs if the fiscal body does the following: (1) Passes an ordinance or a resolution that contains the following: (A) A statement that the fiscal body has determined that an emergency exists. (B) A brief description of the grounds for the emergency. (C) The date the loan will be repaid that is not more than six (6) months beyond the budget year in which the transfer occurs. (2) Immediately forwards the ordinance or resolution to the state board of accounts and the department of local government finance."

PAYROLL WITHHOLDING DETAIL

The payroll withholding subsidiary ledger does not reconcile with the control 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 GREENWOOD
AUDIT RESULTS AND COMMENTS
(Continued)

BANK ACCOUNT RECONCILIATIONS

Depository reconciliations of the fund balances to the bank account balances were presented for audit, but they were incorrect noting differences that were not investigated and resolved. Also, there were identified posting errors discovered that were months in being corrected and some are still not corrected.

Indiana Code 5-13-6-1(e) states in part: "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."

APPROPRIATIONS

The records presented for audit indicated the following expenditures in excess of budgeted appropriations:

<u>Fund</u>	<u>Year</u>	<u>Excess Amount Expended</u>
General - City Council	2004	\$ 3,640
General - Board of Public Works	2004	2,766,768
General - Engineer	2004	1,461
General - Police Earned Income	2004	27,184

Indiana Code 6-1.1-18-4 states in part: ". . . the proper officers of a political subdivision shall appropriate funds in such a manner that the expenditures for a year do not exceed its budget for that year as finally determined under this article."

CAPITAL ASSET RECORDS

Capital asset records were presented, however they were incomplete.

Every governmental unit should have a complete inventory of all capital assets owned which reflect their acquisition value. Such inventory should be recorded in the Capital Assets Ledger form. A complete inventory should be taken every year for good internal control and for verifying account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

(This page intentionally left blank.)

SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

TO: THE OFFICIALS OF THE CITY OF GREENWOOD, JOHNSON COUNTY, INDIANA

Compliance

We have audited the compliance of the City of Greenwood (City) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended December 31, 2004. The City's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States; 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. Our audit does not provide a legal determination of the City's compliance with those requirements.

In our opinion, the City complied in all material respects with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2004. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2004-1.

Internal Control Over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133
(Continued)

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the City's ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts and grants. Reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as items 2004-1.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are considered to be material weaknesses. However, we believe none of the reportable conditions described above is a material weakness.

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

STATE BOARD OF ACCOUNTS

March 29, 2007

CITY OF GREENWOOD
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended December 31, 2004

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<u>U.S. DEPARTMENT OF JUSTICE</u>			
Direct Grant			
Drug Court Discretionary Grant Program Adult Implementation Grant	16.585	2001 DC BX 0090	\$ <u>113,709</u>
Local Law Enforcement Block Grant Program Police Department 2004 Wires Received	16.592	None	<u>36,405</u>
Bulletproof Vest Partnership Program Police Department 2004 Wires Received	16.607	None	<u>3,608</u>
Total for federal grantor agency			<u>153,722</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
Pass-Through Indiana Criminal Justice Institute Highway Safety Cluster State and Community Highway Safety Program Operation Pull Over (BBC)	20.600	OP 04-02-03-73	<u>5,000</u>
Direct Grant			
Airport Improvement Program	20.106		
Apron and Taxiway Construction		3-18-0097-15	1,478
Construct Holding Apron and Runway Exit Taxiway and Update Layout Plan		3-18-0097-16	309,249
Conduct Environmental Assessment and Extend Runway, Phase 1 Design		3-18-0097-17	<u>147,709</u>
Total for program			<u>458,436</u>
Total for federal grantor agency			<u>463,436</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>			
Direct Grant			
Assistance to Firefighters' Grant Modify Facility and Personal Protective Equipment	97.044	EMW-2003-FG-19432	<u>105,750</u>
Total federal awards expended			<u>\$ <u>722,908</u></u>

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

CITY OF GREENWOOD
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 of Greenwood (City) and is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Accordingly, the amount of federal awards expended is based on when the activity related to the award occurs. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

CITY OF GREENWOOD
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified?	no
Reportable conditions identified that are not considered to be material weaknesses?	none reported

Noncompliance material to financial statements noted? no

Federal Awards:

Internal control over major programs:

Material weaknesses identified?	no
Reportable conditions identified that are not considered to be material weaknesses?	yes

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? yes

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
20.106	Airport Improvement Program

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? no

Section II – Financial Statement Findings

No matters are reportable.

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

Section III – Federal Award Findings and Questioned Costs

FINDING 2004-1, CASH MANAGEMENT

Federal Agency: U.S. Department of Transportation
Federal Program: Airport Improvement Program
CFDA Number: 20.106

The City has not sufficiently minimized the time elapsing between transfer of funds and their disbursement. All invoices are verified of allowable costs and activities and then a request for reimbursement is prepared. The high dollar invoices are generally not paid until the airport receives the federal portion of the reimbursement. We noted instances where invoices were not paid in a timely manner in regards to when the federal reimbursement was received. The period from receipt of federal reimbursement to payment of claims ranged from 7 days to 81 days.

The City has not implemented adequate internal accounting controls to minimize the time between transfer of funds and their disbursement. 31 CFR 205 states in part: "(a) A State and Federal Program Agency must minimize the time elapsing between the transfer of funds from the United States Treasury and the State's payout of funds for Federal assistance program purposes, whether the transfer occurs before or after the payout of funds."

We recommended the City follow federal regulations in all future airport projects. The City should adopt internal accounting control procedures to ensure proper payout of funds.

CITY OF GREENWOOD
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.



GREENWOOD BOARD OF AVIATION COMMISSIONERS

March 28, 2007

RE: CORRECTIVE ACTION PLAN

FINDING 2004-1, CASH MANAGEMENT

Federal Agency:	U.S. Department of Transportation
Federal Program:	Airport Improvement Program
CFDA Number:	20.106
Federal Award Number:	Projects 3-18-0097-16 and 3-18-0097-17
Auditee Contact Person:	William Jackson
Title of Contact Person:	President of Board of Aviation Commissioners
Expected Completion Date:	June 2007

Corrective Action:

It has come to our attention that time needs to be minimized between the date that Airport Improvement Program federal reimbursements are received and the related costs claimed are paid to the vendor.

We will review our procedures for the payment of vendor's claims for Airport Improvement Program expenditures. An effort will be made to have the invoices approved by the Board of Aviation Commissioners as soon as they are received for engineering and construction costs. Then when the reimbursement is received, we will work with the Clerk-Treasurer's office to insure that the vendor is timely paid in order to minimize the time between the receipt of our federal reimbursement and payment to the vendor.



William Jackson,
President of the Board of Aviation Commissioners

CITY OF GREENWOOD
EXIT CONFERENCE

The contents of this report were discussed on April 12, 2007, with Charles E. Henderson, Mayor; and Jeannine Myers, Clerk-Treasurer. The official response has been made a part of this report and may be found on page 47.



Clerk-Treasurer's Office

Jeannine Myers
Clerk-Treasurer

April 18, 2007

State Board of Accounts
302 West Washington Street, Room E 418
Indianapolis, Indiana 46204-2765

RE: City of Greenwood 2004 Audit

OFFICIAL RESPONSE

To Whom It May Concern:

In response to the Audit Results & Comment-Appropriation; the General Fund-Board of Public Works expenditures was in excess of budgeted appropriations because additional appropriations were received for Cumulative Capital Funds, however, the expenditures were made from the General Fund-Board of Public Works. We failed to get an additional appropriation for those General Fund expenditures.

In subsequent periods we will make the expenditures out of the same fund in which the appropriation was made.

Respectfully Submitted,


Jeannine Myers
Clerk-Treasurer


Charles E. Henderson
Mayor