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

ANNUAL FINANCIAL REPORT

2006

CITY OF GREENFIELD

HANCOCK COUNTY, INDIANA



FILED
06/06/2007

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Larry J. Breese	01-01-04 to 12-31-07
Mayor	Honorable Rodney G. Fleming	01-01-04 to 12-31-07
President of the Board of Public Works	Honorable Rodney G. Fleming	01-01-04 to 12-31-07
President of the Common Council	Richard Pasco Marilyn Levering	01-01-06 to 12-31-06 01-01-07 to 12-31-07
Controller of Utilities	Otto W. Krohn, C.P.A.	01-01-06 to 12-31-07
Superintendent of Water Utility	Mark Nance	01-01-06 to 12-31-07
Superintendent of Wastewater Utility	Dave Scheiter	01-01-06 to 12-31-07
Superintendent of Electric Utility	Nelson Castordale	01-01-06 to 12-31-07
Superintendent of Stormwater Utility	Dan Miller	02-27-06 to 12-31-07
Utility Office Manager	Judy Smoll	01-01-06 to 12-31-07



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

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Greenfield (City), as of and for the year ended December 31, 2006, 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, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of December 31, 2006, and the respective cash receipts and cash disbursements during the year then ended on the basis of accounting described in Note I.

In accordance with Government Auditing Standards, we have also issued a report dated May 14, 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 Management's Discussion and Analysis, Schedules of Funding Progress, Schedules of Contributions From the Employer and Other Contributing Entities and Budgetary Comparison Schedules, 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.

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, Schedule of Capital Assets, and Schedule of Long-Term Debt are presented for additional analysis and are not required parts 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 Capital Assets and Schedule of Long-Term Debt have 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 them.

STATE BOARD OF ACCOUNTS

May 14, 2007



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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 GREENFIELD, HANCOCK COUNTY, INDIANA

We have audited the financial statements of the City of Greenfield (City), as of and for the year ended December 31, 2006, and have issued our report thereon dated May 14, 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.

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

May 14, 20067

City of Greenfield, Indiana
Management's Discussion and Analysis
December 31, 2006

This discussion and analysis highlights the City of Greenfield's financial activities for the year ended December 31, 2006. We hope you will find this discussion helpful in assessing the City's financial condition. Please read it in conjunction with the City's financial statements and accompanying notes, which follow this discussion and analysis.

Financial highlights

- The cash and investment balances of the City of Greenfield at December 31, 2006 amounted to \$21,413,757. Of this amount, \$16,505,809 is unrestricted and may be used to meet the City's ongoing obligations to its citizens, creditors and utility customers.
- The City's net cash assets decreased by \$5,604,383. The majority of the net cash decrease relates to the expenditure of the Water Utility Construction Fund (from the 2004 Waterworks Revenue Bonds). During 2006, the City expended \$4.5 million on water capital costs, expended over \$1.0 million on wastewater capital projects, and expended more than \$2.5 million in electric utility capital projects. These extra-ordinary capital expenditures account for the decrease in cash and investments that occurred during 2006.
- The City's long-term debt decreased as follows: \$805,000 principal paid on utility revenue bonds, \$70,000 principal paid on G.O. Bonds, \$39,104 principal paid on Equipment Capital Leases. However, the City incurred additional capital lease indebtedness for the acquisition of police cars (\$312,642, less \$84,664 in lease payments made in 2006) and video equipment (\$117,752 remains outstanding at 12/31/06).

Basic Financial Statements

The Governmental Accounting Standards Board (GASB) requires the City to present its financial statements in accordance with GASB Statement No. 34. Because this is the first year that the City's financial statements are presented in this new format, comparative data is not shown. However, in future years such comparative analysis will be included in management's discussion and analysis.

The basic financial statements of the City of Greenfield consist of two sets:

1. Government-wide statements.
2. Fund financial statements.

Government-wide statements is the Statement of Activities and Net Assets - Cash and Investments Basis. The government-wide statements report on two major categories of services:

- Governmental activities, which encompass most of the City’s basic services that are provided to its citizens.
- Business-type activities, which include the water, wastewater, electric and storm water utilities.

Governmental activities include most of the City’s basic services that are provided to its citizens, such as the general government, street, park, police, fire, arts, and other departments. Governmental activities are presented on the *cash* basis of accounting; in other words, receipts and expenditures are recorded in the financial statements when cash is actually received or disbursed.

Business-type activities include the City’s water, wastewater, electric and storm water utilities. These activities are primarily funded through user charges and fees for services. Unlike governmental activities, business-type activities use the *accrual* method of accounting. This means that revenues and expenses are shown in the fund financial statements when they are incurred, regardless of when payments for the related goods and services are actually made.

Fund financial statements are broadly categorized as governmental, fiduciary and proprietary. Separate financial statements are presented for each of these fund categories.

- Governmental funds include the General Fund, Special Revenue Funds, Capital Projects Funds and Debt Service Funds. These funds report what most people consider the basic government services. The Statement of Assets and Fund Balances and Receipts, Disbursements, and Changes in Fund Balances - Cash and Investment Balances – Governmental Funds reports the two major funds separately, with all other funds combined into one total. This statement provides a detailed short-term view of the City’s general government operations and the basic services it provides. This information will help you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City’s programs.
- Fiduciary funds include the Pension Trust Funds (Police and Firefighters’ Pension Trusts), the Private-Purpose Trust Funds (Cemetery Endowment) and Agency Funds (Payroll). All of the City’s fiduciary activities are reported in a separate Statement of Additions, Deductions, and Changes in Cash and Investment Balances – Fiduciary Funds. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes. These funds are excluded from the City’s other financial statements because the City cannot use these assets to finance its operations.
- Proprietary (enterprise) funds include the business-type activities, namely the water, wastewater, electric and storm water utilities. The enterprise fund statements have been prepared using the cash basis of accounting. The Statement of Net Assets and Fund Balances and Receipts, Disbursements, and Changes in

Fund Balances – Cash and Investment Basis – Proprietary Funds reports activities and balances for each of the proprietary funds.

Condensed Financial Data

The table below provides a summary of the changes in cash net assets of the governmental and business-type activities for the year ended December 31, 2006. Because this is the first year that the governmental and business-type activities are reported on a cash-basis, a comparison to the previous year is not presented.

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<u>Receipts:</u>			
Program receipts:			
Charges for services	2,132,919	25,697,459	27,830,378
Operating grants and contributions	845,755	-	845,755
Capital grants and contributions	618,908	1,216,991	1,835,899
General receipts:			
Property taxes	6,605,548	-	6,605,548
Other local source	4,474,777	-	4,474,777
Other receipts	311,021	627,442	938,463
Total Receipts	<u>14,988,928</u>	<u>27,541,892</u>	<u>42,530,820</u>
<u>Disbursements:</u>			
General Government	3,885,230	-	3,885,230
Public Safety	5,500,332	-	5,500,332
Highway and streets	1,771,846	-	1,771,846
Health and Welfare	317,921	-	317,921
Culture and recreation	2,111,033	-	2,111,033
Economic Development	1,355,347	-	1,355,347
Interest on long term debt	50,348	-	50,348
Water	-	7,887,698	7,887,698
Wastewater	-	3,676,427	3,676,427
Electric	-	21,154,326	21,154,326
Storm Water	-	424,695	424,695
Total Disbursements	<u>14,992,057</u>	<u>33,143,146</u>	<u>48,135,203</u>
Increase (decrease) in cash net assets	(3,129)	(5,601,254)	(5,604,383)
Beginning cash net assets	<u>8,257,525</u>	<u>18,760,615</u>	<u>27,018,140</u>
Ending cash net assets	<u>\$ 8,254,396</u>	<u>\$ 13,159,361</u>	<u>\$ 21,413,757</u>

Fund Analysis

In reviewing the major funds of the governmental activities, the following changes were observed.

General Fund:

Cash and Investments decreased by (\$203,677). This decrease was due to the fact that the City did not expend its entire 2006 budget. The 2006 City budget anticipated an even greater decrease in cash (\$660,000 was anticipated). Because actual expenditures were \$457,000 less than the budget, the actual cash flow deficit was only \$203,677. The capital outlays for the General Fund amounted to approximately \$502,000 in 2006.

TIF Redevelopment Construction:

Cash and Investments increased by \$221,304. This increase was due to the fact that 2006 tax increment revenues (TIR) were not all expended. The Redevelopment Commission has pledged \$500,000 per year towards the waterworks revenue bonds that were issued in 2004 for the new water treatment plant and wellfield. Other capital projects for the Redevelopment Commission are for capital improvements that are located within or serve the Greenfield North Economic Development Area.

Other Governmental Funds:

Cash and Investment decreased by (\$20,756). This slight decrease is deemed to be immaterial in relation to the City's overall financial condition.

In reviewing the business-type activities funds, the following changes were observed:

Water:

In total, the waters utility's cash and investment assets decreased by (\$4,222,167). This decrease was due to the expenditure of construction funds on the new water treatment plant and well field capital projects. Approximately \$4.5 million was expended on water capital projects in 2006.

Wastewater:

Overall, the wastewater utility's cash and investment assets decreased by (\$815,362). This decrease was due to the capital project expenditures made during 2006 (approximately \$1.2 million expended on sewer interceptor projects and a new sludge belt press).

Electric:

Overall, the electric utility's cash and investment assets decreased by (\$869,381). This decrease was due to the capital project expenditures in 2006 (\$2.5 million expended on capital projects, including upgrades to the Elmore Substation).

Storm Water:

Overall, the storm water utility's cash and investment assets increased by \$305,656. This increase was due to the fact that not all revenues were expended on capital projects and

operating costs. The storm water utility is still very new. The City wants to accumulate some cash reserve balances for contingencies and working capital before expending all of its cash on projects.

General Fund Budgetary Highlights

During 2006, the General Fund budget expenditures were \$457,246 less than the final approved budget. Total General Fund expenditures amounted to approximately \$9.4 million. Tax revenues included \$4.3 million from property taxes, \$2.3 million from county adjusted gross income tax, \$250,000 from property tax replacement credits (PTRC's) and \$510,000 from other miscellaneous taxes. Additional general fund revenues included EMS (ambulance) fees of \$478,000, Fire Contract payments of \$193,000 from Center Township, Intergovernmental revenues from Hancock County of \$675,000 and interest earnings of \$143,000. The remaining budgetary expenditures were funded from other miscellaneous revenues.

Capital Asset and Long-Term Debt Activity

As of December 31, 2006, the City had \$110,397,600 invested in capital assets, including buildings, park facilities, roads, storm sewers, equipment, and electric, water, and sewer.

	<u>Governmental Activities</u>	<u>Business-Type Activites</u>	<u>Total</u>
Land	\$ 3,231,288	\$ 463,963	\$ 3,695,251
Buildings	6,334,151	22,787,390	29,121,541
Improvements other than buildings	436,804	50,721,773	51,158,577
Machinery and equipment	6,661,453	10,981,934	17,643,387
Transportation equipment		2,179,848	2,179,848
Infrastructure	5,259,991		5,259,991
Construction in progress	-	1,339,005	1,339,005
Totals	<u>\$ 21,923,687</u>	<u>\$ 88,473,913</u>	<u>\$ 110,397,600</u>

The City has \$110 million in capital assets, 80% of which is utilities. Major capital asset additions during 2006 were related to the water treatment plant, electric substation rehabilitation project and sewer line interceptor project as described above.

Long-term Debt Activity:

As of December 31, 2006 the City's outstanding debt consisted of the following:

2001 Park and Recreation GO Bonds	\$ 975,000
2003 Wastewater Utility Revenue Bonds	6,300,000
2004 Utility Revenue Bonds	10,520,000
Equipment Capital Lease	375,761

During the year, the business-type activities made principal payments of \$805,000 and interest payments of \$634,304.

During 2006, the City did not issue any new bonds.

Other Currently Known Facts

- The City is planning to construct a major storm drainage project that is adjacent to prominent local industry. Half of the \$1.2 million West-Side drainage project will be funded by contributions from the local industry. The remaining project costs will be funded through cumulative storm water management user fees collected since the inception of the storm water utility.
- The completion of Phase I - Beckenholdt Park is anticipated to occur by the end of 2007. The vision for this new 60-acre park includes a balance between active and passive recreation with emphasis on the conservation of two existing wetlands, creation of a fishing pond, and the establishment of approximately twenty acres of prairie. Phase 1 includes a pond, fishing pier, wetland observation deck, trails, a dog park, and a pavilion.
- Pay 2007 property taxes will be the first year that business inventory assessed values are no longer included in the property tax base. The elimination of inventory taxation resulted in a loss of approximately 10% of the pay 2006 assessed value. But due to growth and trending, the City of Greenfield's assessed values actually increased by 5% for its pay 2007 property tax assessed valuation.
- The City has several other projects which are anticipated for 2007. These include, but are not limited to, rehabilitating the old water plant, water and sewer main extension projects and resurfacing of City streets.

Contacting the City's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the City's Clerk-Treasurer Office at 10 S. State Street, Greenfield, Indiana.

CITY OF GREENFIELD
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For The Year Ended December 31, 2006

Functions/Programs	Program Receipts				Net (Disbursement) Receipt and Changes in Net Assets		
	Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 3,885,230	\$ 441,023	\$ -	\$ 52,159	\$ (3,392,048)	\$ -	\$ (3,392,048)
Public safety	5,500,332	1,350,107	112,350	-	(4,037,875)	-	(4,037,875)
Highways and streets	1,771,846	7,809	553,331	172,360	(1,038,346)	-	(1,038,346)
Health and welfare	317,921	-	16,026	-	(301,895)	-	(301,895)
Culture and recreation	2,111,033	333,980	164,048	394,389	(1,218,616)	-	(1,218,616)
Economic development	1,355,347	-	-	-	(1,355,347)	-	(1,355,347)
Interest on long-term debt	50,348	-	-	-	(50,348)	-	(50,348)
Total governmental activities	14,992,057	2,132,919	845,755	618,908	(11,394,475)	-	(11,394,475)
Business-type activities:							
Water	7,887,698	2,801,440	-	555,076	-	(4,531,182)	(4,531,182)
Wastewater	3,676,427	2,351,262	-	363,015	-	(962,150)	(962,150)
Electric	21,154,326	19,830,962	-	298,900	-	(1,024,464)	(1,024,464)
Stormwater	424,695	713,795	-	-	-	289,100	289,100
Total business-type activities	33,143,146	25,697,459	-	1,216,991	-	(6,228,696)	(6,228,696)
Total primary government	\$ 48,135,203	\$ 27,830,378	\$ 845,755	\$ 1,835,899	(11,394,475)	(6,228,696)	(17,623,171)
General receipts:							
Property taxes					6,605,548	-	6,605,548
Other local sources					4,474,777	-	4,474,777
Grants and contributions not restricted to specific programs					68,069	-	68,069
Unrestricted investment earnings					242,952	627,442	870,394
Total general receipts					11,391,346	627,442	12,018,788
Change in net assets					(3,129)	(5,601,254)	(5,604,383)
Net assets - beginning					8,257,525	18,760,615	27,018,140
Net assets - ending					\$ 8,254,396	\$ 13,159,361	\$ 21,413,757
Assets							
Cash and investments					\$ 8,223,174	\$ 8,282,635	\$ 16,505,809
Restricted assets:							
Cash and investments					31,222	4,876,726	4,907,948
Total assets					\$ 8,254,396	\$ 13,159,361	\$ 21,413,757
Net Assets							
Restricted for:							
Debt service					\$ 31,222	\$ -	\$ 31,222
Other purposes					-	4,876,726	4,876,726
Unrestricted					8,223,174	8,282,635	16,505,809
Total net assets					\$ 8,254,396	\$ 13,159,361	\$ 21,413,757

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

CITY OF GREENFIELD
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, 2006

	General	TIF Redevelopment Construction	Other Governmental Funds	Totals
Receipts:				
Taxes	\$ 4,258,646	\$ 1,514,751	\$ 832,150	\$ 6,605,547
Special assessments	-	-	15,198	15,198
Licenses and permits	133,910	-	4,355	138,265
Intergovernmental	3,173,491	-	1,959,594	5,133,085
Charges for services	1,377,617	-	384,955	1,762,572
Fines and forfeits	900	-	-	900
Other	176,172	61,900	1,095,289	1,333,361
	<u>9,120,736</u>	<u>1,576,651</u>	<u>4,291,541</u>	<u>14,988,928</u>
Total receipts				
Disbursements:				
General government	3,410,416	-	474,814	3,885,230
Public safety	5,351,746	-	148,586	5,500,332
Highways and streets	200,000	-	1,571,846	1,771,846
Health and welfare	301,653	-	16,268	317,921
Culture and recreation	60,598	-	1,980,435	2,041,033
Debt service:				
Principal	-	-	70,000	70,000
Interest	-	-	50,348	50,348
Capital outlay:				
Economic development	-	1,355,347	-	1,355,347
	<u>9,324,413</u>	<u>1,355,347</u>	<u>4,312,297</u>	<u>14,992,057</u>
Total disbursements				
Excess (deficiency) of receipts over disbursements	<u>(203,677)</u>	<u>221,304</u>	<u>(20,756)</u>	<u>(3,129)</u>
Cash and investment fund balance - beginning	<u>1,572,506</u>	<u>4,149,942</u>	<u>2,535,077</u>	<u>8,257,525</u>
Cash and investment fund balance - ending	<u>\$ 1,368,829</u>	<u>\$ 4,371,246</u>	<u>\$ 2,514,321</u>	<u>\$ 8,254,396</u>
<u>Cash and Investment Assets - December 31</u>				
Cash and investments	\$ 1,368,829	\$ 4,371,246	\$ 2,483,099	\$ 8,223,174
Restricted assets:				
Cash and investments	-	-	31,222	31,222
Total cash and investment assets - December 31	<u>\$ 1,368,829</u>	<u>\$ 4,371,246</u>	<u>\$ 2,514,321</u>	<u>\$ 8,254,396</u>
<u>Cash and Investment Fund Balance - December 31</u>				
Restricted for:				
Debt service	\$ -	\$ -	\$ 31,222	\$ 31,222
Unrestricted	<u>1,368,829</u>	<u>4,371,246</u>	<u>2,483,099</u>	<u>8,223,174</u>
Total cash and investment fund balance - December 31	<u>\$ 1,368,829</u>	<u>\$ 4,371,246</u>	<u>\$ 2,514,321</u>	<u>\$ 8,254,396</u>

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

CITY OF GREENFIELD
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, 2006

	Water Utility	Wastewater Utility	Electric Utility	Stormwater Utility	Total
Operating receipts:					
Metered water receipts:					
Residential	\$ 1,464,039	\$ -	\$ -	\$ -	\$ 1,464,039
Commercial	691,987	-	-	-	691,987
Residential sales and tier 1 commercial sales	-	-	-	386,501	386,501
Commercial tier 2 sales	-	-	-	315,793	315,793
Public street and highway lighting	-	-	522,503	-	522,503
Fire protection receipts	202,710	-	-	-	202,710
Penalties	17,020	45,067	72,506	10,555	145,148
Other water receipts	19,666	-	-	-	19,666
Measured revenue:					
Residential	-	1,533,452	5,636,283	-	7,169,735
Commercial	-	716,546	12,906,579	-	13,623,125
Other	227,399	55,847	620,161	946	904,353
Total operating receipts	2,622,821	2,350,912	19,758,032	713,795	25,445,560
Operating disbursements:					
Equipment and capital improvements	5,052,953	1,313,821	2,162,425	170,239	8,699,438
Source of supply and disbursements - operations and maintenance	10,387	-	-	-	10,387
Water treatment disbursements - operations and maintenance	456,894	-	-	-	456,894
Transmission and distribution	767,500	-	1,877,008	-	2,644,508
Collection system - operations and maintenance	-	269,996	-	74,049	344,045
Treatment and disposal disbursements - operations and maintenance	-	874,265	-	-	874,265
Customer accounts	133,228	73,340	191,325	58,415	456,308
Administration and general	527,552	519,142	877,334	121,992	2,046,020
Purchased power	-	-	15,428,603	-	15,428,603
Miscellaneous disbursements	2,569	846	568,407	-	571,822
Total operating disbursements	6,951,083	3,051,410	21,105,102	424,695	31,532,290
Excess (deficiency) of operating receipts over operating disbursements	(4,328,262)	(700,498)	(1,347,070)	289,100	(6,086,730)
Nonoperating receipts (disbursements):					
Interest and investment receipts	309,015	146,788	155,083	16,556	627,442
Miscellaneous receipts	178,619	350	72,930	-	251,899
Debt service of principal	(395,000)	(410,000)	-	-	(805,000)
Interest and investment disbursement	(421,388)	(213,217)	-	-	(634,605)
Miscellaneous disbursements	(120,227)	(1,800)	(49,224)	-	(171,251)
Total nonoperating receipts (disbursements)	(448,981)	(477,879)	178,789	16,556	(731,515)
Excess (deficiency) of receipts over disbursements and nonoperating receipts (disbursements)	(4,777,243)	(1,178,377)	(1,168,281)	305,656	(6,818,245)
Capital contributions	555,076	363,015	298,900	-	1,216,991
Excess (deficiency) of receipts and contributions over disbursements	(4,222,167)	(815,362)	(869,381)	305,656	(5,601,254)
Cash and investment fund balance - beginning	9,921,151	4,103,838	4,481,349	254,277	18,760,615
Cash and investment fund balance - ending	<u>\$ 5,698,984</u>	<u>\$ 3,288,476</u>	<u>\$ 3,611,968</u>	<u>\$ 559,933</u>	<u>\$ 13,159,361</u>
Cash and Investment Assets - December 31					
Cash and investments	\$ 3,456,813	\$ 1,343,995	\$ 2,921,894	\$ 559,933	\$ 8,282,635
Restricted assets:					
Cash and investments	2,242,171	1,944,481	690,074	-	4,876,726
Total cash and investment assets - December 31	<u>\$ 5,698,984</u>	<u>\$ 3,288,476</u>	<u>\$ 3,611,968</u>	<u>\$ 559,933</u>	<u>\$ 13,159,361</u>
Cash and Investment Fund Balance - December 31					
Restricted for:					
Other purposes	\$ 2,242,171	\$ 1,944,481	\$ 690,074	\$ -	\$ 4,876,726
Unrestricted	3,456,813	1,343,995	2,921,894	559,933	8,282,635
Total cash and investment fund balance - December 31	<u>\$ 5,698,984</u>	<u>\$ 3,288,476</u>	<u>\$ 3,611,968</u>	<u>\$ 559,933</u>	<u>\$ 13,159,361</u>

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

CITY OF GREENFIELD
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
FIDUCIARY FUNDS
For The Year Ended December 31, 2006

	<u>Pension Trust Funds</u>	<u>Private-Purpose Trust Fund</u>	<u>Agency Funds</u>
Additions:			
Contributions:			
Employer	\$ 47,317	\$ -	\$ -
State	159,619	-	-
Other	<u>-</u>	<u>2,702</u>	<u>-</u>
Total contributions	<u>206,936</u>	<u>2,702</u>	<u>-</u>
Agency fund additions	<u>-</u>	<u>-</u>	<u>2,712,729</u>
Total additions	<u>206,936</u>	<u>2,702</u>	<u>2,712,729</u>
Deductions:			
Benefits	312,202	-	-
Administrative and general	6,150	2,137	-
Agency fund deductions	<u>-</u>	<u>-</u>	<u>2,695,585</u>
Total deductions	<u>318,352</u>	<u>2,137</u>	<u>2,695,585</u>
Excess (deficiency) of total additions over total deductions	(111,416)	565	17,144
Cash and investment fund balance - beginning	<u>147,891</u>	<u>84,487</u>	<u>95,367</u>
Cash and investment fund balance - ending	<u>\$ 36,475</u>	<u>\$ 85,052</u>	<u>\$ 112,511</u>

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

CITY OF GREENFIELD
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, electric, water, wastewater, stormwater, and urban redevelopment and housing.

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

Primary Government: City of Greenfield and Utilities

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

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 non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

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 and major individual enterprise 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 TIF (tax increment financing) redevelopment construction fund accounts for all financial resources of the taxes received from the designated TIF district and the associated expenditures related to improving the area which are primarily infrastructure costs.

The City reports the following major proprietary funds:

The water utility fund accounts for the operation of the water distribution system.

CITY OF GREENFIELD
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

The electric utility fund accounts for the operation of the electric distribution system.

The stormwater utility fund accounts for the operation of the stormwater collection system.

Additionally, the City reports the following fund types:

The pension trust funds account for the activities of the 1925 police officer's and 1937 firefighters' pension plans, which accumulate resources for pension benefit payments.

The private-purpose trust fund reports a trust arrangement under which principal and income support the costs of providing cemetery flowers and decorations to the decedents' grave sites throughout the year.

Agency fund accounts for assets held by the City as an agent for payroll withholdings and deductions.

C. Measurement Focus and Basis of Accounting

The government-wide, governmental fund, proprietary 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, while the fund financial statements for proprietary fund types would use the accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the enterprise fund statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

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 City and Utilities. Elimination of these charges would distort the direct costs and program receipts reported for the various functions concerned.

CITY OF GREENFIELD
NOTES TO FINANCIAL STATEMENTS
(Continued)

Enterprise funds distinguish operating receipts and disbursements from nonoperating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal ongoing operations. The principal operating receipts of the enterprise funds are charges to customers for sales and services. Operating disbursements for enterprise funds include the cost of sales and services and administrative costs. All receipts and disbursements not meeting this definition are reported as nonoperating receipts and disbursements. Internal service funds are used to account for activities provided to other departments or agencies primarily with the government. The City does not have any internal service funds.

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.

CITY OF GREENFIELD
NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

2. Operating Receipts and Disbursements

Operating receipts and disbursements for proprietary funds 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.

CITY OF GREENFIELD
 NOTES TO FINANCIAL STATEMENTS
 (Continued)

II. Stewardship, Compliance and Accountability

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.

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.

III. Detailed Notes on All Funds

A. Deposits and Investments

1. 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 City's 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.

2. Investments

Authorization for investment activity is stated in Indiana Code 5-13. As of December 31, 2006, the City had the following investments:

Investment Type	Primary Government Market Value
U.S. Agencies	\$ 3,050,000
Mutual funds	<u>950,000</u>
Totals	<u><u>\$ 4,000,000</u></u>

CITY OF GREENFIELD
NOTES TO FINANCIAL STATEMENTS
(Continued)

Investment Policies

Indiana Code 5-13-9 authorizes the City to invest in securities backed by the full faith and credit of the United States Treasury or fully guaranteed by the United States of America and issued by the United States Treasury, a federal agency, a federal instrumentality, or a federal government sponsored enterprise. Indiana Code also authorizes the unit to invest in securities fully guaranteed and issued by a federal agency, a federal instrumentality or a federal government sponsored enterprise. These investments are required by statute to have a stated final maturity of not more than two years.

Indiana Code also provides for investment in money market mutual funds that are in the form of securities of, or interest in, an open-end, no-load, management-type investment company or investment trust registered under the provision of the federal Investment Company Act of 1940, as amended. Investments in money market mutual funds may not exceed 50% of the funds held by the City and available for investment. The portfolio of an investment company or investment trust used must be limited to direct obligations of the United States of America, obligations issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise or repurchase agreements fully collateralized by direct obligations of the United States of America or obligations issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise. The form of securities of, or interest in, an investment company or investment trust must be rated as AAA, or its equivalent by Standard and Poor's Corporation or its successor or Aaa, or its equivalent, by Moody's Investors Service, Inc., or its successor. The form of securities in an investment company or investment trust should have a stated final maturity of one day.

Additionally, the City may enter into repurchase agreements with depositories designated by the State Board of Finance as depositories for state deposits involving the unit's purchase and guaranteed resale of any interest-bearing obligations issued or fully insured or guaranteed by the United States of America, a United States of America government agency, an instrumentality of the United States of America, or a federal government sponsored enterprise. The repurchase agreement is considered to have a stated final maturity of one day. This agreement must be fully collateralized by interest-bearing obligations as determined by their current market value.

Investment Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The City does not have a formal investment policy for custodial credit risk for investments. At December 31, 2006, the City held investments in investment management accounts and external investment pools in the amount of \$6,250,000. Of these investments \$4,000,000 were held by the counterparty's trust department or agent but not in the City's name.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City must follow state statute and limit the stated final maturities of the investments to no more than two years.

CITY OF GREENFIELD
NOTES TO FINANCIAL STATEMENTS
(Continued)

Investment Type	Investment Maturities (in Years) Less Than 1
U.S. Agencies	\$ <u>5,300,000</u>

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The distribution of securities with credit ratings is summarized below.

Moody's Rating	City's Investments		
	Mutual Funds	Government Sponsored Enterprise	Investment Pools
Unrated	\$ <u>950,000</u>	\$ <u>3,050,000</u>	\$ <u>2,250,000</u>

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The City does not have a policy in regards to concentration of credit risk. United States of America government and United States of America governmental agency securities are exempt from this policy requirement.

B. Restatements and Reclassifications

For the year ended December 31, 2006, certain changes have been made to the financial statements to more appropriately reflect financial activity of the City. The following schedule presents a summary of restated beginning balances by opinion unit. Prior period adjustments represent to more accurately reflect the type of funds and to conform to GASB 34 reporting of cash balances.

Opinion Unit	Balance as Reported December 31, 2005	Fund Reclassification	Prior Period Adjustments	Balance as Restated January 1, 2006
Fund				
Governmental funds - general	\$ 1,476,985	General Fund	\$ 95,521	\$ 1,572,506
Governmental funds	95,521	Levy Excess Fund	(95,521)	-
Proprietary funds	602	Medical Insurance Fund	(602)	-
Fiduciary funds	94,765	Payroll Fund	602	95,367

CITY OF GREENFIELD
NOTES TO FINANCIAL STATEMENTS
(Continued)

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; 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.

B. Subsequent Events

National Road Corridor Right-of Way Improvement Project – City

In February 2007, the City entered into an agreement for professional services with Storrow Kinsella Associates Inc., in the amount of \$117,300, plus some costs for the design phase of the National Road Corridor Right-of-way Improvement Project. The design phase began. While not funded by a grant, this project is the forerunner of a federal road grant awarded in 2006 for approximately \$500,000.

Construction – Water Utility

On February 5, 2007, the Greenfield Water Utility entered into a contract with Bowen Engineering for the installation of energy related upgrades to Water Plant No. 2. in the amount of \$691,755. The contractor represents that there will be energy savings in the amount of \$11,960 and operational savings of \$892,000 during the first ten year period.

A contract was signed January 8, 2007, with R.C.V. Construction Company, Inc., by the Board of Public Works for the Meridian Road-McKenzie Road Water Main Extension Project. The contract was for \$441,000. The project is nearing completion.

C. Rate Structure – Enterprise Funds

Water Utility

On February 14, 2002, the City Council adopted Ordinance No. 2002-3 to withdraw from the jurisdiction of the Indiana Utility Regulatory Commission. The current rate structure was approved by the Council on March 11, 2004.

Wastewater Utility

The current rate structure was approved by the City Council on April 12, 2001.

Electric Utility

On February 14, 2002, the City Council adopted Ordinance No. 2002-3 to withdraw from the jurisdiction of the Indiana Utility Regulatory Commission. The current rate structure was approved by the Council on August 26, 1993.

CITY OF GREENFIELD
NOTES TO FINANCIAL STATEMENTS
(Continued)

Stormwater Utility

The current rate structure was approved by the City Council on June 9, 2005.

D. 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.

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

CITY OF GREENFIELD
NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

c. 1937 Firefighters' Pension Plan

Plan Description

The City contributes to the 1937 Firefighters' 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 36-8-7). 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 and Annual Pension Cost

The contribution requirements of plan members for the 1937 Firefighters' 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 GREENFIELD
NOTES TO FINANCIAL STATEMENTS
(Continued)

Actuarial Information for the Above Plans

	PERF	1925 Police Officers' Pension	1937 Firefighters' Pension
Annual required contribution	\$ 261,136	\$ 415,100	\$ 181,200
Interest on net pension obligation	(12,288)	122,500	63,600
Adjustment to annual required contribution	<u>14,004</u>	<u>(214,000)</u>	<u>(111,200)</u>
Annual pension cost	262,852	323,600	133,600
Contributions made	<u>269,417</u>	<u>312,740</u>	<u>29,628</u>
Increase (decrease) in net pension obligation	(6,565)	10,860	103,972
Net pension obligation, beginning of year	<u>(169,495)</u>	<u>1,814,337</u>	<u>942,794</u>
Net pension obligation, end of year	<u>\$ (176,060)</u>	<u>\$ 1,825,197</u>	<u>\$ 1,046,766</u>

	PERF	1925 Police Officers' Pension	1937 Firefighters' Pension
Contribution rates:			
City	6.25%	*	608%
Plan members	3%	*	6%
Actuarial valuation date	07-01-05	01-01-05	01-01-05
Actuarial cost method	Entry age	Entry age	Entry age
Amortization method	Level percentage of projected payroll, closed	Level percentage of projected payroll, closed	Level percentage of projected payroll, closed
Amortization period	40 years	30 years	30 years
Amortization period (from date)	07-01-97	01-01-05	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	4 year phase in of unrealized and realized capital

*There were no active members, not applicable.

CITY OF GREENFIELD
NOTES TO FINANCIAL STATEMENTS
(Continued)

<u>Actuarial Assumptions</u>	PERF	1925 Police Officers' Pension	1937 Firefighters' Pension
Investment rate of return	7.25%	6%	6%
Projected future salary increases:			
Total	5%	4%	4%
Attributed to inflation	4%	4%	4%
Attributed to merit/seniority	1%	0%	0%
Cost-of-living adjustments	2%	2.75/4%*	2.75/4%*

*2.75% converted members; 4% nonconverted members.

Three Year Trend Information

	Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
PERF	06-30-03	\$ 255,763	92%	\$ 145,264
	06-30-04	234,252	110%	169,495
	06-30-05	262,852	115%	176,060
1925 Police Officers' Pension Plan	12-31-02	396,200	33%	1,592,186
	12-31-03	366,100	39%	1,814,337
	12-31-04	323,600	97%	1,825,197
1937 Firefighters' Pension Plan	12-31-02	129,300	25%	842,490
	12-31-03	134,300	25%	942,794
	12-31-04	133,600	22%	1,046,766

Membership in the 1925 Police Officers' Pension Plan and the 1937 Firefighters' Pension Plan at January 1, 2006, was comprised of the following:

	1925 Police Officers' Pension	1937 Firefighters' Pension
Retirees and beneficiaries currently receiving benefits	13	3

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 GREENFIELD
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, 2006, 2005, and 2004, were \$563,023, \$496,382 and \$452,267, respectively, equal to the required contributions for each year.

CITY OF GREENFIELD
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)
07-01-03	\$ 1,937,500	\$ 2,447,507	\$ (510,007)	79%	\$ 3,817,618	(13%)
07-01-04	2,094,839	2,814,155	(719,316)	74%	4,063,258	(18%)
07-01-05	2,309,249	3,367,421	(1,058,172)	69%	4,373,718	(24%)

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	\$ 190,557	\$ 4,505,600	\$ (4,315,043)	4%	\$ 126,000	(3,425%)
01-01-01	183,186	4,333,800	(4,150,614)	4%	129,800	(3,198%)
01-01-02	301,635	4,226,900	(3,925,265)	7%	33,400	(11,752%)
01-01-03	206,232	3,437,100	(3,230,868)	6%	137,200	(2,355%)
01-01-04	118,748	3,633,800	(3,515,052)	3%	*	*
01-01-05	183,981	2,691,900	(2,507,919)	7%	*	*

*No covered payroll, no active members.

1937 Firefighters' 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	\$ 216,087	\$ 1,487,900	\$ (1,271,813)	15%	\$ 31,500	(4,038%)
01-01-01	182,496	1,509,100	(1,326,604)	12%	32,400	(4,094%)
01-01-02	161,841	1,468,600	(1,306,759)	11%	33,400	(3,912%)
01-01-03	140,583	1,484,000	(1,343,417)	9%	34,300	(3,917%)
01-01-04	120,652	1,512,100	(1,391,448)	8%	35,000	(3,976%)
01-01-05	95,282	1,512,100	(1,416,818)	6%	35,700	(3,969%)

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

	Year Ending	Annual Required Contribution (ARC)	Percentage of ARC Contributed City and State
1925 Police Officers' Pension Plan	12-31-99	\$ 413,500	39%
	12-31-00	467,500	30%
	12-31-01	465,900	68%
	12-31-02	450,100	29%
	12-31-03	437,900	33%
	12-31-04	415,100	75%
1937 Firefighters' Pension Plan	12-31-99	139,800	61%
	12-31-00	150,600	14%
	12-31-01	158,100	19%
	12-31-02	159,600	20%
	12-31-03	172,300	20%
	12-31-04	181,200	16%

CITY OF GREENFIELD
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULES
GENERAL FUND
For The Year Ended December 31, 2006

	General Fund			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes:				
Property	\$ 4,258,646	\$ 4,258,646	\$ 4,258,646	\$ -
Licenses and permits	133,910	133,910	133,910	-
Intergovernmental	3,173,491	3,173,491	3,173,491	-
Charges for services	1,377,617	1,377,617	1,377,617	-
Fines and forfeits	900	900	900	-
Other	176,172	176,172	176,172	-
Total revenues	<u>9,120,736</u>	<u>9,120,736</u>	<u>9,120,736</u>	<u>-</u>
Expenditures:				
Current:				
General government	4,553,899	3,773,765	3,410,416	363,349
Public safety	5,461,399	5,384,599	5,351,746	32,853
Highways and streets	-	200,000	200,000	-
Health and welfare	347,535	344,535	301,653	42,882
Culture and recreation	78,760	78,760	60,598	18,162
Total expenditures	<u>10,441,593</u>	<u>9,781,659</u>	<u>9,324,413</u>	<u>457,246</u>
Net change in fund balances	(1,320,857)	(660,923)	(203,677)	457,246
Fund balances - January 1	<u>1,572,506</u>	<u>1,572,506</u>	<u>1,572,506</u>	<u>-</u>
Fund balances - December 31	<u>\$ 251,649</u>	<u>\$ 911,583</u>	<u>\$ 1,368,829</u>	<u>\$ 457,246</u>

CITY OF GREENFIELD
 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, 2006

	Motor Vehicle Highway	Local Road and Street	Park and Recreation	Rainy Day	Cumulative Capital Improvement	Plaza Donations	Law Enforcement Continuing Education
Receipts:							
Taxes	\$ 245,672	\$ -	\$ 470,538	\$ -	\$ -	\$ -	\$ -
Special assessments	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	4,355
Intergovernmental	585,678	481,352	224,365	-	52,159	-	-
Charges for services	7,809	-	72,553	-	-	-	7,795
Other	16,117	23,418	23,201	-	16,026	971	12,505
Total receipts	<u>855,276</u>	<u>504,770</u>	<u>790,657</u>	<u>-</u>	<u>68,185</u>	<u>971</u>	<u>24,655</u>
Disbursements:							
General government	-	-	-	-	-	4,377	-
Public safety	-	-	-	-	-	-	6,883
Highways and streets	836,042	713,658	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Culture and recreation	-	-	918,355	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Total disbursements	<u>836,042</u>	<u>713,658</u>	<u>918,355</u>	<u>-</u>	<u>-</u>	<u>4,377</u>	<u>6,883</u>
Excess (deficiency) of receipts over disbursements	<u>19,234</u>	<u>(208,888)</u>	<u>(127,698)</u>	<u>-</u>	<u>68,185</u>	<u>(3,406)</u>	<u>17,772</u>
Cash and investment fund balance - beginning	<u>496,288</u>	<u>668,007</u>	<u>179,408</u>	<u>437,336</u>	<u>254,522</u>	<u>3,545</u>	<u>17,786</u>
Cash and investment fund balance - ending	<u>\$ 515,522</u>	<u>\$ 459,119</u>	<u>\$ 51,710</u>	<u>\$ 437,336</u>	<u>\$ 322,707</u>	<u>\$ 139</u>	<u>\$ 35,558</u>
<u>Cash and Investment Assets - December 31</u>							
Cash and investments	\$ 515,522	\$ 459,119	\$ 51,710	\$ 437,336	\$ 322,707	\$ 139	\$ 35,558
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - December 31	<u>\$ 515,522</u>	<u>\$ 459,119</u>	<u>\$ 51,710</u>	<u>\$ 437,336</u>	<u>\$ 322,707</u>	<u>\$ 139</u>	<u>\$ 35,558</u>
<u>Cash and Investment Fund Balance - December 31</u>							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	<u>515,522</u>	<u>459,119</u>	<u>51,710</u>	<u>437,336</u>	<u>322,707</u>	<u>139</u>	<u>35,558</u>
Total cash and investment fund balance - December 31	<u>\$ 515,522</u>	<u>\$ 459,119</u>	<u>\$ 51,710</u>	<u>\$ 437,336</u>	<u>\$ 322,707</u>	<u>\$ 139</u>	<u>\$ 35,558</u>

CITY OF GREENFIELD
 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, 2006
 (Continued)

	Riverboat	Parking Meters	Cemetery	Drug Awareness DARE	Tele- communications	Park Nonreverting Operating	Park Donations
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessments	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	91,875	-	-	-	-	-	-
Charges for services	-	3,085	189,150	-	104,563	-	-
Other	-	-	3,835	2,450	209,095	210,435	24,322
Total receipts	91,875	3,085	192,985	2,450	313,658	210,435	24,322
Disbursements:							
General government	-	-	167,299	-	302,688	-	-
Public safety	-	-	-	-	-	-	-
Highways and streets	-	-	-	2,640	-	-	-
Health and welfare	-	-	-	-	-	-	-
Culture and recreation	16,292	-	-	-	-	184,545	18,566
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Total disbursements	16,292	-	167,299	2,640	302,688	184,545	18,566
Excess (deficiency) of receipts over disbursements	<u>75,583</u>	<u>3,085</u>	<u>25,686</u>	<u>(190)</u>	<u>10,970</u>	<u>25,890</u>	<u>5,756</u>
Cash and investment fund balance - beginning	<u>18,881</u>	<u>22,154</u>	<u>125,407</u>	<u>3,120</u>	<u>190,365</u>	<u>53,207</u>	<u>13,373</u>
Cash and investment fund balance - ending	<u>\$ 94,464</u>	<u>\$ 25,239</u>	<u>\$ 151,093</u>	<u>\$ 2,930</u>	<u>\$ 201,335</u>	<u>\$ 79,097</u>	<u>\$ 19,129</u>
<u>Cash and Investment Assets - December 31</u>							
Cash and investments	\$ 94,464	\$ 25,239	\$ 151,093	\$ 2,930	\$ 201,335	\$ 79,097	\$ 19,129
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - December 31	\$ 94,464	\$ 25,239	\$ 151,093	\$ 2,930	\$ 201,335	\$ 79,097	\$ 19,129
<u>Cash and Investment Fund Balance - December 31</u>							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	<u>94,464</u>	<u>25,239</u>	<u>151,093</u>	<u>2,930</u>	<u>201,335</u>	<u>79,097</u>	<u>19,129</u>
Total cash and investment fund balance - December 31	\$ 94,464	\$ 25,239	\$ 151,093	\$ 2,930	\$ 201,335	\$ 79,097	\$ 19,129

CITY OF GREENFIELD
 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, 2006
 (Continued)

	Police Grant Operation Pullover	Fire Donations	Brownsfield Grant	IN Arts Commission Grant	COPS More Grant	Animal Control Enrichment	Police Car Seat Grant
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessments	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	6,400	-	-	1,400	-	-	-
Charges for services	-	-	-	-	-	-	-
Other	-	3,761	-	-	-	2,121	-
Total receipts	6,400	3,761	-	1,400	-	2,121	-
Disbursements:							
General government	-	-	-	-	-	-	-
Public safety	4,817	2,919	-	-	-	-	2,462
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	242	-
Culture and recreation	-	-	-	2,300	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Total disbursements	4,817	2,919	-	2,300	-	242	2,462
Excess (deficiency) of receipts over disbursements	1,583	842	-	(900)	-	1,879	(2,462)
Cash and investment fund balance - beginning	46	9,936	249	900	38	1,943	2,462
Cash and investment fund balance - ending	\$ 1,629	\$ 10,778	\$ 249	\$ -	\$ 38	\$ 3,822	\$ -
<u>Cash and Investment Assets - December 31</u>							
Cash and investments	\$ 1,629	\$ 10,778	\$ 249	\$ -	\$ 38	\$ 3,822	\$ -
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - December 31	\$ 1,629	\$ 10,778	\$ 249	\$ -	\$ 38	\$ 3,822	\$ -
<u>Cash and Investment Fund Balance - December 31</u>							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	1,629	10,778	249	-	38	3,822	-
Total cash and investment fund balance - December 31	\$ 1,629	\$ 10,778	\$ 249	\$ -	\$ 38	\$ 3,822	\$ -

CITY OF GREENFIELD
 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, 2006
 (Continued)

	Park Bond	Police Donation	Police Vehicle	Police STOP Grant	Puttersbaugh Drainage Grant	Energy Gas Award
Receipts:						
Taxes	\$ 115,940	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessments	15,198	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	79,570	16,026	-
Charges for services	-	-	-	-	-	-
Other	-	22,034	75,919	3,091	-	-
Total receipts	131,138	22,034	75,919	82,661	16,026	-
Disbursements:						
General government	-	-	-	-	-	450
Public safety	-	23,267	23,663	77,701	-	-
Highways and streets	-	-	-	-	-	-
Health and welfare	-	-	-	-	16,026	-
Culture and recreation	-	-	-	-	-	-
Debt service:						
Principal	70,000	-	-	-	-	-
Interest	50,348	-	-	-	-	-
Total disbursements	120,348	23,267	23,663	77,701	16,026	450
Excess (deficiency) of receipts over disbursements	10,790	(1,233)	52,256	4,960	-	(450)
Cash and investment fund balance - beginning	20,432	10,121	-	5,100	-	450
Cash and investment fund balance - ending	<u>\$ 31,222</u>	<u>\$ 8,888</u>	<u>\$ 52,256</u>	<u>\$ 10,060</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Cash and Investment Assets - December 31</u>						
Cash and investments	\$ -	\$ 8,888	\$ 52,256	\$ 10,060	\$ -	\$ -
Restricted assets:						
Cash and investments	31,222	-	-	-	-	-
Total cash and investment assets - December 31	<u>\$ 31,222</u>	<u>\$ 8,888</u>	<u>\$ 52,256</u>	<u>\$ 10,060</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Cash and Investment Fund Balance - December 31</u>						
Restricted for:						
Debt service	\$ 31,222	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	8,888	52,256	10,060	-	-
Total cash and investment fund balance - December 31	<u>\$ 31,222</u>	<u>\$ 8,888</u>	<u>\$ 52,256</u>	<u>\$ 10,060</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF GREENFIELD
 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, 2006
 (Continued)

	Village Theater Grant	Police Laser Grant	OJP Ballistic Vest/ Federal Grant	ICJ Grant Radar/ Equipment	IDOT Grant McClarnon Drive	Totals
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 832,150
Special assessments	-	-	-	-	-	15,198
Licenses and permits	-	-	-	-	-	4,355
Intergovernmental	394,389	-	3,175	3,699	19,506	1,959,594
Charges for services	-	-	-	-	-	384,955
Other	445,988	-	-	-	-	1,095,289
Total receipts	840,377	-	3,175	3,699	19,506	4,291,541
Disbursements:						
General government	-	-	-	-	-	474,814
Public safety	-	-	3,175	3,699	-	148,586
Highways and streets	-	-	-	-	19,506	1,571,846
Health and welfare	-	-	-	-	-	16,268
Culture and recreation	840,377	-	-	-	-	1,980,435
Debt service:						
Principal	-	-	-	-	-	70,000
Interest	-	-	-	-	-	50,348
Total disbursements	840,377	-	3,175	3,699	19,506	4,312,297
Excess (deficiency) of receipts over disbursements	-	-	-	-	-	(20,756)
Cash and investment fund balance - beginning	-	1	-	-	-	2,535,077
Cash and investment fund balance - ending	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,514,321</u>
<u>Cash and Investment Assets - December 31</u>						
Cash and investments	\$ -	\$ 1	\$ -	\$ -	\$ -	\$ 2,483,099
Restricted assets:						
Cash and investments	-	-	-	-	-	31,222
Total cash and investment assets - December 31	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,514,321</u>
<u>Cash and Investment Fund Balance - December 31</u>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 31,222
Unrestricted	-	1	-	-	-	2,483,099
Total cash and investment fund balance - December 31	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,514,321</u>

CITY OF GREENFIELD
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PENSION TRUST FUNDS
 For The Year Ended December 31, 2006

	<u>Police Pension Trust</u>	<u>Firefighters' Pension Trust</u>	<u>Total</u>
Additions:			
Contributions:			
Employer	\$ 39,431	\$ 7,886	\$ 47,317
State	<u>130,832</u>	<u>28,787</u>	<u>159,619</u>
 Total contributions	 <u>170,263</u>	 <u>36,673</u>	 <u>206,936</u>
 Total additions	 <u>170,263</u>	 <u>36,673</u>	 <u>206,936</u>
 Deductions:			
Benefits	251,433	60,769	312,202
Administrative and general	<u>3,000</u>	<u>3,150</u>	<u>6,150</u>
 Total deductions	 <u>254,433</u>	 <u>63,919</u>	 <u>318,352</u>
 Deficiency of total additions over total deductions	 (84,170)	 (27,246)	 (111,416)
 Cash and investment fund balance - beginning	 <u>76,617</u>	 <u>71,274</u>	 <u>147,891</u>
 Cash and investment fund balance - ending	 <u><u>\$ (7,553)</u></u>	 <u><u>\$ 44,028</u></u>	 <u><u>\$ 36,475</u></u>

CITY OF GREENFIELD
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS

For The Year Ended December 31, 2006

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.

General infrastructure assets completed in 2003 through the current year have been reported. Retroactive reporting of general infrastructure assets will occur by December 31, 2007.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets	
Land	\$ 3,231,288
Infrastructure	5,259,991
Buildings	6,334,151
Improvements other than buildings	436,804
Machinery and equipment	<u>6,661,453</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 21,923,687</u>
<u>Primary Government</u>	<u>Ending Balance</u>
Business-type activities:	
Water Utility:	
Capital assets	
Land	\$ 194,193
Construction in progress	-
Buildings	9,312,703
Improvements other than buildings	15,482,625
Machinery and equipment	5,545,968
Transportation equipment	<u>313,087</u>
Total Water Utility capital assets	<u>30,848,576</u>
Wastewater Utility:	
Capital assets	
Land	13,995
Construction in progress	1,339,005
Buildings	11,836,732
Improvements other than buildings	15,256,935
Machinery and equipment	4,480,565
Transportation equipment	<u>521,759</u>
Total Wastewater Utility capital assets	<u>33,448,991</u>
Electric Utility:	
Capital assets	
Land	255,775
Construction in progress	-
Buildings	1,636,238
Improvements other than buildings	19,416,623
Machinery and equipment	942,136
Transportation equipment	<u>1,326,481</u>
Total Electric Utility capital assets	<u>23,577,253</u>
Storm Water Utility:	
Capital assets	
Land	-
Construction in progress	-
Buildings	1,717
Improvements other than buildings	565,590
Machinery and equipment	13,265
Transportation equipment	<u>18,521</u>
Total Storm Water Utility capital assets	<u>599,093</u>
Total business-type activities capital assets	<u>\$ 88,473,913</u>

CITY OF GREENFIELD
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT

For The Year Ended December 31, 2006

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

Description of Asset	Ending Balance	Due Within One Year
Governmental Activities:		
Capital leases:		
2004 Fire Vehicles	\$ 30,031	\$ 16,740
2005 Police Video Cameras	117,752	45,231
2006 14 Police Vehicles	227,978	104,215
Bonds payable:		
General obligation bonds:		
Park Elmore Center Building	975,000	136,795
Total governmental activities long-term debt	\$ 1,350,761	\$ 302,981
Business-type Activities:		
Water Utility		
Revenue bonds:		
2005 East Side Water Plant	\$ 10,520,000	\$ 816,513
Wastewater Utility		
Revenue bonds:		
2003 Plant Improvement	6,300,000	629,716
Total business-type activities long-term debt	\$ 16,820,000	\$ 1,446,229

CITY OF GREENFIELD
OTHER REPORTS

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

Water, Wastewater, Electric and Stormwater Utilities

CITY OF GREENFIELD
AUDIT RESULTS AND COMMENTS

COMPENSATION - NONEMPLOYEE

Payments were made to a person, who is not an employee of the City of Greenfield. She has served as the Victim Advocate Project Coordinator for a few years. Compensation was made in the form of hourly wages and reimbursement for some benefits. The contract with the Coordinator did not adequately contain the terms of payment for services and associated benefits.

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

ADVANCE PAYMENTS

Dates of transactions indicate that some payments were made to companies or individuals prior to the receipt of goods or services.

Compensation and any other payments for goods and services should not be paid in advance of receipt of the goods or services unless specifically authorized by statute. Payments made for goods or services which are not received may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

CHANGE ORDER EXCEEDING TWENTY PERCENT (20%)

A paving project was awarded on July 21, 2006, to the lowest bidder in the amount of \$122,453.50. Additional paving services were performed and awarded on August 16, 2006, to the same vendor for a price of \$36,000 in the form of an addendum. The original paving contract amount should not have been exceeded by more than \$24,490.70 (20%).

Indiana Code 36-1-12-18 states in part: ". . . (d) The total of all change orders issued that increase the scope of the project may not exceed twenty percent (20%) of the amount of the original contract. A change order issued as a result of circumstances that could not have been reasonably foreseen does not increase the scope of the project. (e) All change orders must be directly related to the original public work project."

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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 GREENFIELD, HANCOCK COUNTY, INDIANA

Compliance

We have audited the compliance of the City of Greenfield (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, 2006. 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, 2006.

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)

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control 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 noncompliance with 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. We noted no matters involving the internal control over compliance 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

May 14, 2007

CITY OF GREENFIELD
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended December 31, 2006

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 HOUSING AND URBAN DEVELOPMENT</u>			
Pass-Through Indiana Department of Commerce Community Development Block Grants/State's Program	14.228	CF-04-215	\$ <u>394,389</u>
Total for federal grantor agency			<u>394,389</u>
<u>U.S. DEPARTMENT OF THE INTERIOR</u>			
Pass-Through Indiana Department of Natural Resources Land and Water Conservation Fund Grants	15.916	LWCF 18-00552	<u>197,500</u>
Total for federal grantor agency			<u>197,500</u>
<u>U.S. DEPARTMENT OF JUSTICE</u>			
Direct Grant			
Bulletproof Vest Partnership Program	16.607		<u>3,175</u>
Pass-Through Indiana Criminal Justice Institute Violence Against Women Formula Grants	16.588	05ST024 06ST022	<u>37,000</u> <u>42,750</u>
Total for program			<u>79,750</u>
Total for federal grantor agency			<u>82,925</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
Pass-Through Indiana Criminal Justice Institute Highway Safety Cluster State and Community Highway Safety	20.600	OP-06-02-03-51 OP-07-01-01-07	5,450 <u>950</u>
Total for program			<u>6,400</u>
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	20.601	J8-2006-04-04-01	<u>3,699</u>
Total for federal grantor agency			<u>10,099</u>
Total federal awards expended			<u>\$ <u>684,913</u></u>

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

CITY OF GREENFIELD
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 Greenfield (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 GREENFIELD
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?	none reported

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? no

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
14.228	Community Development Block Grant/State's 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.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

CITY OF GREENFIELD
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

CITY OF GREENFIELD
EXIT CONFERENCE

The contents of this report were discussed on May 14, 2007, with Larry J. Breese, Clerk-Treasurer; Honorable Rodney G. Fleming, Mayor; and Marilyn Levering, President of the Common Council. The officials concurred with our audit findings.