

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

EXAMINATION REPORT
OF
TOWN OF GREENTOWN
HOWARD COUNTY, INDIANA
January 1, 2005 to December 31, 2006



FILED
09/27/2007

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OFFICIALS

Office

Official

Term

Clerk-Treasurer

Barbara J. Middleton

01-01-04 to 12-31-07

President of the Town Council

James Harris
Joyce Higginbottom

01-01-05 to 12-31-06
01-01-07 to 12-31-07



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF GREENTOWN, HOWARD COUNTY, INDIANA

We have examined the financial information presented herein of the Town of Greentown (Town), for the period of January 1, 2005 to December 31, 2006. The Town's management is responsible for the financial information presented herein. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the financial information presented herein and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the financial information referred to above presents fairly, in all material respects, the financial information of the Town for the years ended December 31, 2005 and 2006, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

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

STATE BOARD OF ACCOUNTS

August 7, 2007

TOWN OF GREENTOWN
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL, PROPRIETARY, AND FIDUCIARY FUND TYPES
As Of And For The Years Ended December 31, 2005 And 2006

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds:				
General	\$ 323,398	\$ 463,881	\$ 472,106	\$ 315,173
Motor Vehicle Highway	146,148	115,940	121,680	140,408
Local Road and Street	54,991	26,140	80,145	986
Law Enforcement Continuing Education	4,392	1,763	864	5,291
Riverboat	33,045	16,054	837	48,262
Cumulative Capital Improvement	75,012	7,870	5,477	77,405
Cumulative Capital Development	49,263	-	-	49,263
County Economic Development Income Tax	35,606	23,944	54,074	5,476
Levy Excess	-	13,498	-	13,498
Proprietary Funds:				
Water Utility - Operating	369,377	408,558	444,418	333,517
Water Utility - Bond and Interest	5,000	149,714	154,714	-
Water Utility - Depreciation	20,882	-	-	20,882
Water Utility - Customer Deposit	31,320	4,485	3,544	32,261
Water Utility - Construction	46,800	31,200	-	78,000
Wastewater Utility - Operating	72,634	432,996	392,694	112,936
Wastewater Utility - Bond and Interest	3,173	87,120	85,206	5,087
Wastewater Utility - Depreciation	19,985	-	-	19,985
Wastewater Utility - Construction	88,038	8,000	-	96,038
Fiduciary Fund:				
Payroll	2,132	422,435	422,395	2,172
Totals	<u>\$ 1,381,196</u>	<u>\$ 2,213,598</u>	<u>\$ 2,238,154</u>	<u>\$ 1,356,640</u>

	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
Governmental Funds:				
General	\$ 315,173	\$ 481,492	\$ 459,689	\$ 336,976
Motor Vehicle Highway	140,408	163,032	97,863	205,577
Local Road and Street	986	25,483	7,119	19,350
Law Enforcement Continuing Education	5,291	1,906	982	6,215
Riverboat	48,262	16,022	3,546	60,738
Cumulative Capital Improvement	77,405	9,156	9,660	76,901
Cumulative Capital Development	49,263	19,945	3,187	66,021
County Economic Development Income Tax	5,476	-	-	5,476
Levy Excess	13,498	5,259	18,757	-
Proprietary Funds:				
Water Utility - Operating	333,517	392,707	691,758	34,466
Water Utility - Bond and Interest	-	168,350	155,005	13,345
Water Utility - Depreciation	20,882	-	-	20,882
Water Utility - Customer Deposit	32,261	4,050	3,255	33,056
Water Utility - Construction	78,000	33,800	-	111,800
Wastewater Utility - Operating	112,936	441,423	498,955	55,404
Wastewater Utility - Bond and Interest	5,087	94,380	87,728	11,739
Wastewater Utility - Depreciation	19,985	-	-	19,985
Wastewater Utility - Construction	96,038	-	-	96,038
Fiduciary Fund:				
Payroll	2,172	479,885	479,840	2,217
Totals	<u>\$ 1,356,640</u>	<u>\$ 2,336,890</u>	<u>\$ 2,517,344</u>	<u>\$ 1,176,186</u>

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

TOWN OF GREENTOWN
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

The Town was established under the laws of the State of Indiana. The Town provides the following services: public safety, highway and streets, public improvements, planning and zoning, water, wastewater, and general administrative services.

Note 2. Fund Accounting

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

Note 3. Budgets

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

Note 4. Property Taxes

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

Note 5. Deposits and Investments

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

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

TOWN OF GREENTOWN
NOTES TO FINANCIAL INFORMATION
(Continued)

Note 6. Pension Plan

Public Employees' Retirement Fund

Plan Description

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

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

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

Funding Policy and Annual Pension Cost

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

Note 7. Subsequent Event

The Town has entered into a contract with E & B Paving, Inc., for \$644,969.79 for a paving and curb construction project on Grant Street in Greentown. The project should be completed at the end of September 2007. This project is funded with 80% federal monies and 20% local funds.

TOWN OF GREENTOWN
 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.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Infrastructure	\$ 266,479
Buildings	35,804
Improvements other than buildings	277,104
Machinery and equipment	<u>442,896</u>
 Total governmental activities, capital assets not being depreciated	 \$ <u>1,022,283</u>
 Business-type activities:	
Water Utility:	
Capital assets, not being depreciated:	
Land	\$ 29,200
Buildings	44,468
Improvements other than buildings	933,784
Machinery and equipment	<u>200,353</u>
 Total Water Utility capital assets	 <u>1,207,805</u>
 Wastewater Utility:	
Capital assets, not being depreciated:	
Land	42,976
Buildings	28,200
Improvements other than buildings	4,379,699
Machinery and equipment	<u>154,084</u>
 Total Wastewater Utility capital assets	 <u>4,604,959</u>
 Total business-type activities capital assets	 \$ <u>5,812,764</u>

TOWN OF GREENTOWN
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 For The Year Ended December 31, 2006

Description of Debt	Ending Balance	Due Within One Year
Business-type Activities:		
Water Utility		
Notes and loans payable	\$ 1,819,000	\$ 73,000
Wastewater Utility		
Notes and loans payable	795,000	15,000
Revenue bonds:		
Wastewater improvements and construction	125,000	40,000
Total Wastewater Utility	920,000	55,000
 Total business-type activities long-term debt:	 \$ 2,739,000	 \$ 128,000

TOWN OF GREENTOWN
EXAMINATION RESULT AND COMMENT

MOTOR VEHICLE HIGHWAY DISBURSEMENTS FOR LAW ENFORCEMENT PURPOSES

During 2005 and 2006, the Town of Greentown expended funds from the Motor Vehicle Highway Fund for law enforcement purposes which exceeded the 15% amount that is allowed by state statute.

Motor Vehicle Highway Distributions are limited by Indiana Code 8-14-1-5 to approved uses. The approved uses include, in part, law enforcement purposes, with the following limitation: "For cities and towns with a population of less than five thousand (5,000), no more than fifteen percent (15%) may be spent for law enforcement purposes." The percentage limitation is based solely on the Motor Vehicle Highway gas tax distributions.

TOWN OF GREENTOWN
EXIT CONFERENCE

The contents of this report were discussed on August 7, 2007, with Barbara J. Middleton, Clerk-Treasurer. The official concurred with our finding.