

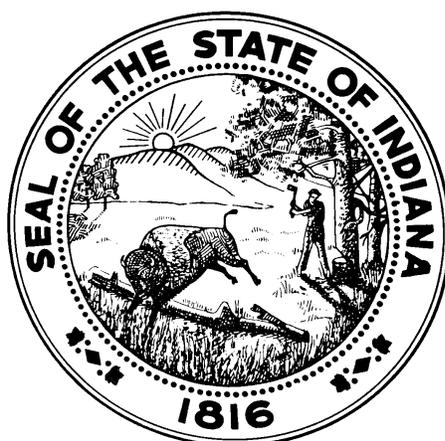
STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

ANNUAL FINANCIAL REPORT

2007

CITY OF GREENCASTLE

PUTNAM COUNTY, INDIANA



FILED

08/27/2008

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Teresa P. Glenn	01-01-04 to 12-31-11
Mayor	Nancy A. Michael Sue Murray	01-01-04 to 12-31-07 01-01-08 to 12-31-11
President of the Board of Public Works	Nancy A. Michael Sue Murray	01-01-04 to 12-31-07 01-01-08 to 12-31-11
President of the Common Council	John A. Lanie	01-01-07 to 12-31-08
Superintendent of Water Utility	Terry Dale George Russell	01-01-07 to 11-16-07 11-17-07 to 12-31-08
Superintendent of Wastewater Utility	George Russell	01-01-07 to 12-31-08
Water Utility Office Manager	Barbara J. Hathaway	01-01-07 to 12-31-08
Wastewater Utility Office Manager	Madonna A. Gose	01-01-07 to 12-31-08



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 GREENCASTLE, PUTNAM 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 Greencastle (City), as of and for the year ended December 31, 2007, 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, 2007, 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 August 13, 2008, 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

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

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.

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

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Combining Schedules, as listed in the Table of Contents, and Schedule of Long-Term Debt are presented for additional analysis and are not 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 Long-Term Debt has not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we express no opinion on it.

STATE BOARD OF ACCOUNTS

August 13, 2008



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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Greencastle (City), as of and for the year ended December 31, 2007, which collectively comprise the City's basic financial statements and have issued our report thereon dated August 13, 2008. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
(Continued)

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be significant deficiencies or material weaknesses, as defined above.

Compliance and Other Matters

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 grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

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

August 13, 2008

CITY OF GREENCASTLE
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For The Year Ended December 31, 2007

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	Totals
Primary government:							
Governmental activities:							
General government	\$ 2,544,113	\$ 53,855	\$ -	\$ -	\$ (2,490,258)	\$ -	\$ (2,490,258)
Public safety	2,253,409	121,949	964,151	-	(1,167,309)	-	(1,167,309)
Highways and streets	704,523	28,838	352,451	41,539	(281,695)	-	(281,695)
Sanitation	-	35,050	-	-	35,050	-	35,050
Health and welfare	-	48,650	16,800	-	65,450	-	65,450
Economic development	1,497,508	-	-	-	(1,497,508)	-	(1,497,508)
Culture and recreation	528,341	118,042	-	-	(410,299)	-	(410,299)
Principal and interest on indebtedness	668,643	-	-	-	(668,643)	-	(668,643)
Total governmental activities	8,196,537	406,384	1,333,402	41,539	(6,415,212)	-	(6,415,212)
Business-type activities:							
Water	2,388,616	1,928,163	-	-	-	(460,453)	(460,453)
Wastewater	2,327,693	2,649,158	-	-	-	321,465	321,465
Trash	302,599	336,260	-	-	-	33,661	33,661
Total business-type activities	5,018,908	4,913,581	-	-	-	(105,327)	(105,327)
Total primary government	\$ 13,215,445	\$ 5,319,965	\$ 1,333,402	\$ 41,539	(6,415,212)	(105,327)	(6,520,539)
General receipts:							
Property taxes					2,824,585	-	2,824,585
Intergovernmental					2,670,360	-	2,670,360
Other local sources					196,568	-	196,568
Grants and contributions not restricted to specific programs					112,348	-	112,348
Investment earnings					253,790	-	253,790
Total general receipts					6,057,651	-	6,057,651
Change in net assets					(357,561)	(105,327)	(462,888)
Net assets - beginning					6,107,230	4,403,064	10,510,294
Net assets - ending					\$ 5,749,669	\$ 4,297,737	\$ 10,047,406
Assets							
Cash and investments					\$ 3,831,634	\$ 2,643,328	\$ 6,474,962
Restricted assets:							
Cash and investments					1,918,035	1,654,409	3,572,444
Total assets					\$ 5,749,669	\$ 4,297,737	\$ 10,047,406
Net Assets							
Restricted for:							
Highways and streets					\$ 304,743	\$ -	\$ 304,743
Debt service					205,666	1,541,167	1,746,833
Capital outlay					1,407,626	-	1,407,626
Other purposes					-	113,242	113,242
Unrestricted					3,831,634	2,643,328	6,474,962
Total net assets					\$ 5,749,669	\$ 4,297,737	\$ 10,047,406

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

CITY OF GREENCASTLE
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, 2007

	General	Redevelopment Capital	Tax Increment Financing	Economic Development Income Tax	Other Governmental Funds	Totals
Receipts:						
Taxes	\$ 1,641,710	\$ -	\$ 692,009	\$ -	\$ 1,182,874	\$ 3,516,593
Licenses and permits	25,284	-	-	-	3,320	28,604
Intergovernmental	1,306,974	-	-	356,586	1,690,104	3,353,664
Charges for services	70,803	-	-	-	225,503	296,306
Fines and forfeits	1,160	-	-	-	-	1,160
Other	222,500	9,378	50,933	-	308,593	591,404
Total receipts	3,268,431	9,378	742,942	356,586	3,410,394	7,787,731
Disbursements:						
General government	949,663	-	-	-	618,459	1,568,122
Public safety	2,253,409	-	-	-	-	2,253,409
Highways and streets	-	-	-	-	704,523	704,523
Economic development	-	1,024,775	-	52,714	167,380	1,244,869
Culture and recreation	-	-	-	-	524,961	524,961
Debt service:						
Principal	6,065	-	-	-	539,675	545,740
Interest	-	-	-	-	122,903	122,903
Capital outlay:						
General government	464	-	-	-	975,530	975,994
Economic development	-	130,000	-	77,101	45,536	252,637
Culture and recreation	-	-	-	-	3,379	3,379
Total disbursements	3,209,601	1,154,775	-	129,815	3,702,346	8,196,537
Excess (deficiency) of receipts over disbursements	58,830	(1,145,397)	742,942	226,771	(291,952)	(408,806)
Other financing sources (uses):						
Transfers in	385,000	1,154,774	-	385,000	683,557	2,608,331
Transfers out	(385,000)	-	(1,538,331)	(385,000)	(300,000)	(2,608,331)
Other receipts	40,246	-	-	-	10,999	51,245
Total other financing sources (uses)	40,246	1,154,774	(1,538,331)	-	394,556	51,245
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	99,076	9,377	(795,389)	226,771	102,604	(357,561)
Cash and investment fund balance - beginning	759,893	366	1,932,808	822,504	2,591,659	6,107,230
Cash and investment fund balance - ending	\$ 858,969	\$ 9,743	\$ 1,137,419	\$ 1,049,275	\$ 2,694,263	\$ 5,749,669
Cash and Investment Assets - Ending						
Cash and investments	\$ 858,969	\$ -	\$ 1,137,419	\$ -	\$ 1,835,246	\$ 3,831,634
Restricted assets:						
Cash and investments	-	9,743	-	1,049,275	859,017	1,918,035
Total cash and investment assets - ending	\$ 858,969	\$ 9,743	\$ 1,137,419	\$ 1,049,275	\$ 2,694,263	\$ 5,749,669
Cash and Investment Fund Balance - Ending						
Restricted for:						
Highways and streets	\$ -	\$ -	\$ -	\$ -	\$ 304,743	\$ 304,743
Debt service	-	-	-	-	205,666	205,666
Capital outlay	-	9,743	-	1,049,275	348,608	1,407,626
Unrestricted	858,969	-	1,137,419	-	1,835,246	3,831,634
Total cash and investment fund balance - ending	\$ 858,969	\$ 9,743	\$ 1,137,419	\$ 1,049,275	\$ 2,694,263	\$ 5,749,669

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

CITY OF GREENCASTLE
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, 2007

	Water Utility	Wastewater Utility	Trash Utility	Totals
Operating receipts:				
Unmetered water receipts	\$ 7,224	\$ -	\$ -	\$ 7,224
Metered receipts:				
Residential	701,923	1,117,464	-	1,819,387
Commercial	475,864	1,233,518	-	1,709,382
Industrial	79,583	-	-	79,583
Other	197,275	80,287	43	277,605
Fire protection receipts	51,006	-	-	51,006
Penalties	21,522	-	-	21,522
Flat rate receipts	-	47,900	319,569	367,469
Charges for services	36,991	13,505	-	50,496
Miscellaneous	356,775	156,484	16,648	529,907
	<u>1,928,163</u>	<u>2,649,158</u>	<u>336,260</u>	<u>4,913,581</u>
Total operating receipts				
Operating disbursements:				
Equipment and capital improvements	857,552	81,770	-	939,322
Collection system - operations and maintenance	-	13,592	-	13,592
Treatment and disposal disbursements - operations and maintenance	-	184,450	-	184,450
Insurance claims and premiums	62,573	58,084	-	120,657
Other	16,512	15,260	7,125	38,897
Salaries and wages	399,017	444,622	-	843,639
Employee pensions and benefits	92,783	97,059	-	189,842
Sludge removal	-	48,956	-	48,956
Fuel for power production	8,816	-	-	8,816
Chemicals	29,915	-	-	29,915
Material and supplies	161,381	195,274	4,200	360,855
Contractual services	133,252	41,631	288,366	463,249
Rents	3,682	3,801	-	7,483
Transportation disbursements	-	57,285	-	57,285
Regulatory commission disbursements	21,883	-	-	21,883
Miscellaneous disbursements	171,595	142,738	2,908	317,241
	<u>1,958,961</u>	<u>1,384,522</u>	<u>302,599</u>	<u>3,646,082</u>
Total operating disbursements				
Excess (deficiency) of operating receipts over operating disbursements	<u>(30,798)</u>	<u>1,264,636</u>	<u>33,661</u>	<u>1,267,499</u>
Nonoperating disbursements:				
Debt service of principal	(235,000)	(600,000)	-	(835,000)
Interest disbursements	(194,655)	(343,171)	-	(537,826)
	<u>(429,655)</u>	<u>(943,171)</u>	<u>-</u>	<u>(1,372,826)</u>
Total nonoperating disbursements				
Excess (deficiency) of receipts over disbursements	(460,453)	321,465	33,661	(105,327)
Cash and investment fund balance - beginning	<u>1,629,192</u>	<u>2,589,452</u>	<u>184,420</u>	<u>4,403,064</u>
Cash and investment fund balance - ending	<u>\$ 1,168,739</u>	<u>\$ 2,910,917</u>	<u>\$ 218,081</u>	<u>\$ 4,297,737</u>
<u>Cash and Investment Assets - December 31</u>				
Cash and investments	\$ 665,318	\$ 1,780,068	\$ 197,942	\$ 2,643,328
Restricted assets:				
Cash and investments	<u>503,421</u>	<u>1,130,849</u>	<u>20,139</u>	<u>1,654,409</u>
Total cash and investment assets - December 31	<u>\$ 1,168,739</u>	<u>\$ 2,910,917</u>	<u>\$ 218,081</u>	<u>\$ 4,297,737</u>
<u>Cash and Investment Fund Balance - December 31</u>				
Restricted for:				
Debt service	\$ 452,945	\$ 1,088,222	\$ -	\$ 1,541,167
Other purposes	50,476	42,627	20,139	113,242
Unrestricted	<u>665,318</u>	<u>1,780,068</u>	<u>197,942</u>	<u>2,643,328</u>
Total cash and investment fund balance - December 31	<u>\$ 1,168,739</u>	<u>\$ 2,910,917</u>	<u>\$ 218,081</u>	<u>\$ 4,297,737</u>

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

CITY OF GREENCASTLE
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
FIDUCIARY FUNDS
For The Year Ended December 31, 2007

	<u>Pension Trust Funds</u>	<u>Private-Purpose Trust Funds</u>	<u>Agency Funds</u>
Additions:			
Contributions:			
Employer	\$ 138,301	\$ -	\$ -
Investment earnings:			
Interest	6,601	4,345	-
Dividends	<u>-</u>	<u>2,898</u>	<u>-</u>
Total investment earnings	6,601	7,243	-
Agency fund additions	<u>-</u>	<u>-</u>	<u>2,253,394</u>
Total additions	<u>144,902</u>	<u>7,243</u>	<u>2,253,394</u>
Deductions:			
Benefits	218,049	-	-
Administrative and general	700	375	-
Agency fund deductions	<u>-</u>	<u>-</u>	<u>2,362,793</u>
Total deductions	<u>218,749</u>	<u>375</u>	<u>2,362,793</u>
Excess (deficiency) of total additions over total deductions	(73,847)	6,868	(109,399)
Cash and investment fund balance - beginning	<u>194,351</u>	<u>33,551</u>	<u>107,130</u>
Cash and investment fund balance - ending	<u>\$ 120,504</u>	<u>\$ 40,419</u>	<u>\$ (2,269)</u>

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

CITY OF GREENCASTLE
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, water, wastewater, trash collection, and urban redevelopment.

The City's financial reporting entity is composed of the City (primary government). There are no significant component units which require inclusion.

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 nonexchange 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 redevelopment capital fund receives transfers from the tax increment financing fund and accounts for capital projects for the tax increment financing district.

The tax increment financing fund accounts for the revenues generated from property taxes of the tax increment financing district.

The economic development income tax fund accounts for revenues generated by economic development income tax and capital projects for the City in general.

CITY OF GREENCASTLE
NOTES TO FINANCIAL STATEMENTS
(Continued)

The City reports the following major proprietary funds:

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

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

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

Additionally, the City reports the following fund types:

The pension trust funds account for the activities of the police pension and the fire pension which accumulate resources for pension benefit payments.

The private-purpose trust funds report trust arrangements under which principal and income benefit the cemetery.

Agency funds account for assets held by the City as an agent for employees.

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 GREENCASTLE
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.

CITY OF GREENCASTLE
NOTES TO FINANCIAL STATEMENTS
(Continued)

Fund Financial Statements

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

E. Receipts and Disbursements

1. Program Receipts

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

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 GREENCASTLE
NOTES TO FINANCIAL STATEMENTS
(Continued)

II. Stewardship, Compliance and Accountability

A. Budgetary Information

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

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

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

B. Disbursements in Excess of Appropriations

For the year ended December 31, 2007, disbursements exceeded budgeted appropriations in the following funds by the amounts below:

Fund	2007
Cemetery Capital Improvement	\$ 19,005
Park Bond Sinking	<u>7,488</u>
Total	<u>\$ 26,493</u>

These disbursements were funded by available fund balance in both the cemetery capital improvement fund and park bond sinking fund.

C. Cash and Investment Balance Deficits

At December 31, 2007, the following funds reported deficits in cash and investments, which are violations of the Uniform Compliance Guidelines and state statute:

CITY OF GREENCASTLE
NOTES TO FINANCIAL STATEMENTS
(Continued)

Fund	2007
Payroll	\$ 2,269
Water Construction	19,597

Cash and investment deficits arose primarily from disbursements exceeding receipts due to the lack of timely interfund transfers. The deficit balance of the Water Construction Fund does not appear on the financial statements because the water utility funds are shown in the aggregate.

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 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.

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 City 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.

CITY OF GREENCASTLE
NOTES TO FINANCIAL STATEMENTS
(Continued)

Additionally, the City may enter into repurchase agreements with depositories designated by the State Board of Finance as depositories for state deposits involving the City'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.

B. Interfund Transfers

Interfund transfers for the year ended December 31, 2007 were as follows:

Transfer From	Transfer To	2007
Tax Increment Financing Fund	Redevelopment Capital Fund	\$ 1,154,775
Tax Increment Financing Fund	Redevelopment Bond Sinking Fund	383,557
Total		\$ 1,538,332

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

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; medical benefits to employees, retirees, and dependents (excluding postemployment benefits); 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

In 2008, the City committed approximately \$200,000 for replacement of street lights and benches in the downtown area. This area comprises a tax increment financing district and funding for this project will come from tax increment financing revenues.

CITY OF GREENCASTLE
NOTES TO FINANCIAL STATEMENTS
(Continued)

C. Rate Structure – Enterprise Funds

Water Utility

On February 4, 1997, the City Council adopted Ordinance No. 1996-20 to withdraw from the jurisdiction of the Indiana Utility Regulatory Commission. The current rate structure was approved by the Council on September 12, 2006.

Wastewater Utility

The current rate structure was approved by the City Council on August 1, 2001.

Trash Utility

The current rate structure was approved by the City Council on July 13, 2004.

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.

CITY OF GREENCASTLE
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

b. 1925 Police Officers' Pension Plan

Plan Description

The City contributes to the 1925 Police Officers' Pension Plan, which is a single-employer defined benefit pension plan. The plan is administered by the local pension board as authorized by state statute (IC 36-8-6). The plan provides retirement, disability, and death benefits to plan members and beneficiaries. The plan was established by the plan administrator, as provided by state statute. The plan administrator does not issue a publicly available financial report that includes financial statements and required supplementary information of the plan.

Funding Policy and Annual Pension Cost

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

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

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 GREENCASTLE
NOTES TO FINANCIAL STATEMENTS
(Continued)

Actuarial Information for the Above Plans

	PERF	1925 Police Officers' Pension	1937 Firefighters' Pension
Annual required contribution	\$ 87,211	\$ 126,500	\$ 135,800
Interest on net pension obligation	(3,925)	39,700	42,000
Adjustment to annual required contribution	4,473	(49,300)	(52,200)
Annual pension cost	87,759	116,900	125,600
Contributions made	69,974	51,374	65,132
Increase in net pension obligation	17,785	65,526	60,468
Net pension obligation, beginning of year	(54,134)	661,660	700,558
Net pension obligation, end of year	\$ (36,349)	\$ 727,186	\$ 761,026

	PERF	1925 Police Officers' Pension	1937 Firefighters' Pension
Contribution rates:			
City	7%	0%	0%
Plan members	3%	6%	6%
Actuarial valuation date	07-01-07	01-01-07	01-01-07
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

Actuarial Assumptions

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

CITY OF GREENCASTLE
NOTES TO FINANCIAL STATEMENTS
(Continued)

Three Year Trend Information

	Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
PERF	06-30-05	\$ 35,820	155%	\$ (55,994)
	06-30-06	62,547	97%	(54,134)
	06-30-07	87,759	80%	(36,349)
1925 Police Officers' Pension Plan	12-31-05	86,600	92%	648,745
	12-31-06	118,100	89%	661,660
	12-31-07	116,900	44%	727,186
1937 Firefighters' Pension Plan	12-31-05	128,000	95%	637,660
	12-31-06	126,700	50%	700,558
	12-31-07	125,600	52%	761,026

Membership in the 1925 Police Officers' Pension Plan and the 1937 Firefighters' Pension Plan at January 1, 2007, was comprised of the following:

	1925 Police Officers' Pension	1937 Firefighters' Pension
Retirees and beneficiaries currently receiving benefits	5	7

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

1977 Police Officers' and Firefighters' Pension and Disability Fund

Plan Description

The primary government 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.

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:

CITY OF GREENCASTLE
NOTES TO FINANCIAL STATEMENTS
(Continued)

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 primary government 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 primary government are established by the Board of Trustees of PERF. The primary government's contributions to the plan for the years ending December 31, 2007, 2006, and 2005, were \$254,232, \$234,873, and \$231,070, respectively, equal to the required contributions for each year.

CITY OF GREENCASTLE
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)
07-01-05	\$ 940,087	\$ 1,062,852	\$ (122,765)	88%	\$ 1,057,272	(12%)
07-01-06	965,687	1,122,334	(156,647)	86%	1,307,724	(12%)
07-01-07	982,021	1,073,415	(91,394)	91%	1,281,055	(7%)

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)
01-01-02	\$ 147,126	\$ 1,877,900	\$ (1,730,774)	8%	\$ 33,000	(5,245%)
01-01-03	125,651	979,500	(853,849)	13%	33,800	(2,526%)
01-01-04	101,557	1,759,400	(1,657,843)	6%	34,700	(4,778%)
01-01-05	96,504	1,340,900	(1,244,396)	7%	*	N/A
01-01-06	76,776	1,774,400	(1,697,624)	4%	*	N/A
01-01-07	81,887	1,744,700	(1,662,813)	5%	*	N/A

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)
01-01-02	\$ 172,576	\$ 2,252,000	\$ (2,079,424)	8%	*	N/A
01-01-03	134,926	1,555,200	(1,420,274)	9%	*	N/A
01-01-04	150,777	2,127,200	(1,976,423)	7%	*	N/A
01-01-05	146,555	1,925,900	(1,779,345)	8%	*	N/A
01-01-06	161,857	1,892,600	(1,730,743)	9%	*	N/A
01-01-07	112,464	1,872,300	(1,759,836)	6%	*	N/A

*No covered payroll

N/A - Not applicable

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

	Year Ending	Annual Required Contribution (ARC)	Percentage of ARC Contributed	
			City	State
1925 Police Officers' Pension Plan	12-31-02	\$ 203,900	44%	0%
	12-31-03	201,000	49%	0%
	12-31-04	208,800	36%	0%
	12-31-05	94,700	84%	0%
	12-31-06	126,900	83%	0%
	12-31-07	126,500	41%	0%
1937 Firefighters' Pension Plan	12-31-02	\$ 235,700	60%	0%
	12-31-03	239,900	66%	0%
	12-31-04	243,000	42%	0%
	12-31-05	136,000	90%	0%
	12-31-06	135,300	47%	0%
	12-31-07	135,800	48%	0%

CITY OF GREENCASTLE
 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, 2007

	Motor Vehicle Highway	Local Road and Street	Cemetery Operating	Park Nonreverting Operating Basketball	Donations	Economic Development Operating	Firefighters Assistance Grant
Receipts:							
Taxes	\$ 240,948	\$ -	\$ 195,621	\$ -	\$ -	\$ -	\$ -
Licenses and permits	1,700	-	-	-	-	-	-
Intergovernmental	515,055	41,539	11,037	-	-	-	964,151
Charges for services	-	-	66,475	12,290	-	-	-
Other	17,550	6,855	1,940	600	111,109	818	91
Total receipts	775,253	48,394	275,073	12,890	111,109	818	964,242
Disbursements:							
General government	-	-	217,418	-	14,802	-	-
Highways and streets	700,117	4,406	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Culture and recreation	-	-	-	14,381	-	-	-
Debt service:							
Principal	119,625	22,348	-	-	-	-	-
Interest	-	93,000	-	-	-	-	-
Capital outlay:							
General government	-	-	-	-	9,875	-	963,905
Economic development	-	-	-	-	-	-	-
Culture and recreation	-	-	-	1,849	-	-	-
Total disbursements	819,742	119,754	217,418	16,230	24,677	-	963,905
Excess (deficiency) of receipts over disbursements	(44,489)	(71,360)	57,655	(3,340)	86,432	818	337
Other financing sources (uses):							
Transfers in	-	-	30,000	-	-	-	-
Transfers out	-	-	(30,000)	-	-	-	-
Other receipts	10,499	-	-	-	-	-	-
Total other financing sources (uses)	10,499	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(33,990)	(71,360)	57,655	(3,340)	86,432	818	337
Cash and investment fund balance - beginning	286,180	123,913	55,823	18,421	107,762	19,060	-
Cash and investment fund balance - ending	\$ 252,190	\$ 52,553	\$ 113,478	\$ 15,081	\$ 194,194	\$ 19,878	\$ 337
Cash and Investment Assets - Ending							
Cash and investments	\$ -	\$ -	\$ 113,478	\$ 15,081	\$ 194,194	\$ 19,878	\$ 337
Restricted assets:							
Cash and investments	252,190	52,553	-	-	-	-	-
Total cash and investment assets - ending	\$ 252,190	\$ 52,553	\$ 113,478	\$ 15,081	\$ 194,194	\$ 19,878	\$ 337
Cash and Investment Fund Balance - Ending							
Restricted for:							
Highways and streets	\$ 252,190	\$ 52,553	\$ -	\$ -	\$ -	\$ -	\$ -
Debt service	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Unrestricted	-	-	113,478	15,081	194,194	19,878	337
Total cash and investment fund balance - ending	\$ 252,190	\$ 52,553	\$ 113,478	\$ 15,081	\$ 194,194	\$ 19,878	\$ 337

CITY OF GREENCASTLE
 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, 2007
 (Continued)

	Law Enforcement Continuing Education	Riverboat	Parks and Recreation	Community Building Center	State Grant 5	Cable Board	Rainy Day
Receipts:							
Taxes	\$ -	\$ -	\$ 317,686	\$ -	\$ -	\$ -	\$ -
Licenses and permits	1,620	-	-	-	-	-	-
Intergovernmental	-	62,301	17,672	-	12,800	-	-
Charges for services	1,355	-	93,255	-	-	-	-
Other	-	-	23,691	213	-	-	19,562
Total receipts	2,975	62,301	452,304	213	12,800	-	19,562
Disbursements:							
General government	-	-	-	-	12,800	-	-
Highways and streets	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Culture and recreation	-	-	474,330	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Capital outlay:							
General government	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Culture and recreation	-	-	1,530	-	-	-	-
Total disbursements	-	-	475,860	-	12,800	-	-
Excess (deficiency) of receipts over disbursements	2,975	62,301	(23,556)	213	-	-	19,562
Other financing sources (uses):							
Transfers in	-	-	120,000	-	-	-	120,000
Transfers out	-	-	(120,000)	-	-	-	(120,000)
Other receipts	-	-	500	-	-	-	-
Total other financing sources (uses)	-	-	500	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	2,975	62,301	(23,056)	213	-	-	19,562
Cash and investment fund balance - beginning	15,780	248,799	103,335	4,982	-	1,380	194,684
Cash and investment fund balance - ending	<u>\$ 18,755</u>	<u>\$ 311,100</u>	<u>\$ 80,279</u>	<u>\$ 5,195</u>	<u>\$ -</u>	<u>\$ 1,380</u>	<u>\$ 214,246</u>
Cash and Investment Assets - Ending							
Cash and investments	\$ 18,755	\$ 311,100	\$ 80,279	\$ 5,195	\$ -	\$ 1,380	\$ 214,246
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 18,755</u>	<u>\$ 311,100</u>	<u>\$ 80,279</u>	<u>\$ 5,195</u>	<u>\$ -</u>	<u>\$ 1,380</u>	<u>\$ 214,246</u>
Cash and Investment Fund Balance - Ending							
Restricted for:							
Highways and streets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Debt service	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Unrestricted	18,755	311,100	80,279	5,195	-	1,380	214,246
Total cash and investment fund balance - ending	<u>\$ 18,755</u>	<u>\$ 311,100</u>	<u>\$ 80,279</u>	<u>\$ 5,195</u>	<u>\$ -</u>	<u>\$ 1,380</u>	<u>\$ 214,246</u>

CITY OF GREENCASTLE
 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, 2007
 (Continued)

	Escrow	Hazardous Materials	Local Government Grants	Tree Grant	Park Nonreverting Operating Softball	RICO Law Enforcement	Fire Department Service Charge Account
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	500	-	-	-	-
Charges for services	-	-	-	-	34,603	-	-
Other	32,878	-	-	-	2,745	-	5,954
Total receipts	32,878	-	500	-	37,348	-	5,954
Disbursements:							
General government	-	-	494	-	-	-	3,395
Highways and streets	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	36,250	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Capital outlay:							
General government	1,750	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Total disbursements	1,750	-	494	-	36,250	-	3,395
Excess (deficiency) of receipts over disbursements	31,128	-	6	-	1,098	-	2,559
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	31,128	-	6	-	1,098	-	2,559
Cash and investment fund balance - beginning	1,744	329	-	600	33,638	2,777	9,861
Cash and investment fund balance - ending	<u>\$ 32,872</u>	<u>\$ 329</u>	<u>\$ 6</u>	<u>\$ 600</u>	<u>\$ 34,736</u>	<u>\$ 2,777</u>	<u>\$ 12,420</u>
Cash and Investment Assets - Ending							
Cash and investments	\$ 32,872	\$ 329	\$ 6	\$ 600	\$ 34,736	\$ 2,777	\$ 12,420
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 32,872</u>	<u>\$ 329</u>	<u>\$ 6</u>	<u>\$ 600</u>	<u>\$ 34,736</u>	<u>\$ 2,777</u>	<u>\$ 12,420</u>
Cash and Investment Fund Balance - Ending							
Restricted for:							
Highways and streets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Debt service	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Unrestricted	32,872	329	6	600	34,736	2,777	12,420
Total cash and investment fund balance - ending	<u>\$ 32,872</u>	<u>\$ 329</u>	<u>\$ 6</u>	<u>\$ 600</u>	<u>\$ 34,736</u>	<u>\$ 2,777</u>	<u>\$ 12,420</u>

CITY OF GREENCASTLE
 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, 2007
 (Continued)

	Big Walnut Park Project	Redevelopment Bond (Sinking)	Park Bond (Sinking)	General Obligation Bond	Redevelopment Debt Service Reserve	Cumulative Capital Improvement	Cumulative Capital Development
Receipts:							
Taxes	\$ -	\$ -	\$ 148,307	\$ 40,556	\$ -	\$ -	\$ 170,175
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	9,014	2,540	-	34,702	9,501
Charges for services	-	-	-	-	-	-	-
Other	44	3,407	512	1,052	9,783	4,252	4,735
Total receipts	44	3,407	157,833	44,148	9,783	38,954	184,411
Disbursements:							
General government	-	-	-	41,315	-	-	284,538
Highways and streets	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	18,860	-
Culture and recreation	-	-	-	-	-	-	-
Debt service:							
Principal	-	215,000	158,287	-	-	-	-
Interest	-	29,903	-	-	-	-	-
Capital outlay:							
General government	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	128	-
Culture and recreation	-	-	-	-	-	-	-
Total disbursements	-	244,903	158,287	41,315	-	18,988	284,538
Excess (deficiency) of receipts over disbursements	44	(241,496)	(454)	2,833	9,783	19,966	(100,127)
Other financing sources (uses):							
Transfers in	-	383,557	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total other financing sources (uses)	-	383,557	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	44	142,061	(454)	2,833	9,783	19,966	(100,127)
Cash and investment fund balance - beginning	1,028	56,986	3,529	3,786	208,829	213,849	215,821
Cash and investment fund balance - ending	<u>\$ 1,072</u>	<u>\$ 199,047</u>	<u>\$ 3,075</u>	<u>\$ 6,619</u>	<u>\$ 218,612</u>	<u>\$ 233,815</u>	<u>\$ 115,694</u>
Cash and Investment Assets - Ending							
Cash and investments	\$ 1,072	\$ -	\$ 3,075	\$ -	\$ 218,612	\$ 233,815	\$ -
Restricted assets:							
Cash and investments	-	199,047	-	6,619	-	-	115,694
Total cash and investment assets - ending	<u>\$ 1,072</u>	<u>\$ 199,047</u>	<u>\$ 3,075</u>	<u>\$ 6,619</u>	<u>\$ 218,612</u>	<u>\$ 233,815</u>	<u>\$ 115,694</u>
Cash and Investment Fund Balance - Ending							
Restricted for:							
Highways and streets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Debt service	-	199,047	-	6,619	-	-	-
Capital outlay	-	-	-	-	-	-	115,694
Unrestricted	1,072	-	3,075	-	218,612	233,815	-
Total cash and investment fund balance - ending	<u>\$ 1,072</u>	<u>\$ 199,047</u>	<u>\$ 3,075</u>	<u>\$ 6,619</u>	<u>\$ 218,612</u>	<u>\$ 233,815</u>	<u>\$ 115,694</u>

CITY OF GREENCASTLE
 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, 2007
 (Continued)

	Park Nonreverting Capital	Industrial Development	Cumulative Capital Improvement Special Fire	City Hall Nonreverting Capital	Cemetery Ground Improvement	Totals
Receipts:						
Taxes	\$ -	\$ -	\$ 69,581	\$ -	\$ -	\$ 1,182,874
Licenses and permits	-	-	-	-	-	3,320
Intergovernmental	-	-	9,292	-	-	1,690,104
Charges for services	-	-	-	-	17,525	225,503
Other	2,477	33,052	7,791	-	17,482	308,593
Total receipts	2,477	33,052	86,664	-	35,007	3,410,394
Disbursements:						
General government	-	-	-	-	43,697	618,459
Highways and streets	-	-	-	-	-	704,523
Economic development	-	36,500	111,985	35	-	167,380
Culture and recreation	-	-	-	-	-	524,961
Debt service:						
Principal	24,415	-	-	-	-	539,675
Interest	-	-	-	-	-	122,903
Capital outlay:						
General government	-	-	-	-	-	975,530
Economic development	-	-	9,000	36,408	-	45,536
Culture and recreation	-	-	-	-	-	3,379
Total disbursements	24,415	36,500	120,985	36,443	43,697	3,702,346
Excess (deficiency) of receipts over disbursements	(21,938)	(3,448)	(34,321)	(36,443)	(8,690)	(291,952)
Other financing sources (uses):						
Transfers in	-	-	-	-	30,000	683,557
Transfers out	-	-	-	-	(30,000)	(300,000)
Other receipts	-	-	-	-	-	10,999
Total other financing sources (uses)	-	-	-	-	-	394,556
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(21,938)	(3,448)	(34,321)	(36,443)	(8,690)	102,604
Cash and investment fund balance - beginning	43,842	214,458	196,373	149,070	55,020	2,591,659
Cash and investment fund balance - ending	\$ 21,904	\$ 211,010	\$ 162,052	\$ 112,627	\$ 46,330	\$ 2,694,263
Cash and Investment Assets - Ending						
Cash and investments	\$ -	\$ -	\$ 162,052	\$ 112,627	\$ 46,330	\$ 1,835,246
Restricted assets:						
Cash and investments	21,904	211,010	-	-	-	859,017
Total cash and investment assets - ending	\$ 21,904	\$ 211,010	\$ 162,052	\$ 112,627	\$ 46,330	\$ 2,694,263
Cash and Investment Fund Balance - Ending						
Restricted for:						
Highways and streets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 304,743
Debt service	-	-	-	-	-	205,666
Capital outlay	21,904	211,010	-	-	-	348,608
Unrestricted	-	-	162,052	112,627	46,330	1,835,246
Total cash and investment fund balance - ending	\$ 21,904	\$ 211,010	\$ 162,052	\$ 112,627	\$ 46,330	\$ 2,694,263

CITY OF GREENCASTLE
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PENSION TRUST FUNDS
 For The Year Ended December 31, 2007

	<u>Police Pension</u>	<u>Fire Pension</u>	<u>Totals</u>
Additions:			
Contributions:			
Employer	\$ 68,902	\$ 69,399	\$ 138,301
Investment receipts:			
Interest	<u>2,833</u>	<u>3,768</u>	<u>6,601</u>
Total additions	<u>71,735</u>	<u>73,167</u>	<u>144,902</u>
Deductions:			
Benefits	105,132	112,917	218,049
Administrative and general	<u>350</u>	<u>350</u>	<u>700</u>
Total deductions	<u>105,482</u>	<u>113,267</u>	<u>218,749</u>
Deficiency of total additions over total deductions	(33,747)	(40,100)	(73,847)
Cash and investment fund balance - beginning	<u>81,887</u>	<u>112,464</u>	<u>194,351</u>
Cash and investment fund balance - ending	<u>\$ 48,140</u>	<u>\$ 72,364</u>	<u>\$ 120,504</u>

CITY OF GREENCASTLE
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PRIVATE-PURPOSE TRUST FUNDS
 For The Year Ended December 31, 2007

	Cemetery Permanent Maintenance	Cemetery Trust	Totals
Additions:			
Investment earnings:			
Interest	\$ 609	\$ 3,736	\$ 4,345
Dividends	2,898	-	2,898
Total additions	3,507	3,736	7,243
Deductions:			
Administrative and general	-	375	375
Excess of total additions over total deductions	3,507	3,361	6,868
Cash and investment fund balance - beginning	8,749	24,802	33,551
Cash and investment fund balance - ending	\$ 12,256	\$ 28,163	\$ 40,419

CITY OF GREENCASTLE
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 December 31, 2007

The City has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental Activities:		
Notes and loans payable:		
MVH equipment	\$ 60,839	\$ 23,759
Cemetery vehicles	34,654	18,474
Police vehicles/equipment	15,518	16,036
Fire truck	31,625	15,000
Park pool filtration system	23,632	24,415
Bonds payable:		
General obligation bonds:		
Swimming pool and facilities	150,000	155,006
Purchase building/equipment for city hall	440,000	12,298
Purchase building/equipment for police dept	750,000	40,965
Revenue bond:		
Airport/road improvements	<u>465,000</u>	<u>243,570</u>
Total governmental activities debt	<u><u>\$ 1,971,268</u></u>	<u><u>\$ 549,523</u></u>
Business-type Activities:		
Water Utility		
Revenue bond:		
Refinancing bond of 2001	<u>\$ 4,300,000</u>	<u>\$ 213,774</u>
Wastewater Utility		
Notes and loans payable:		
Vactor	\$ 148,562	\$ 35,157
Generator	20,289	14,257
Revenue bond:		
Refinancing bond of 2001	1,450,000	30,618
State revolving fund loan - wastewater utility plant	<u>9,095,000</u>	<u>798,755</u>
Total Wastewater Utility	<u>10,713,851</u>	<u>878,787</u>
Total business-type activities debt	<u><u>\$ 15,013,851</u></u>	<u><u>\$ 1,092,561</u></u>

CITY OF GREENCASTLE
AUDIT RESULTS AND COMMENTS

APPROPRIATIONS (City)

The records presented for audit indicated the following expenditures in excess of budgeted appropriations for 2007:

<u>Fund</u>	<u>Excess Amount Expended</u>
Cemetery Capital Improvement	\$ 19,005
Park Bond Sinking	7,488

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

OVERDRAWN FUND BALANCES (City and Water Utility)

The following funds were overdrawn at December 31, 2007:

<u>Fund</u>	<u>Balance</u>
Payroll	\$ (2,269)
Water Construction	(19,597)

The fund balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

PARK AND RECREATION DEPARTMENT CONDITION OF RECORDS (City)

Our review of Park and Recreation softball concession stand receipts revealed that bank deposits could not be verified by supporting documentation. Cash register tapes were attached to the reports of collection and bank deposit slips. However, out of 32 deposits tested, there was only one instance in which the total of the cash register tape matched the bank deposit.

Softball concession stand workers should reconcile the bank deposits with the totals on the cash register tapes and provide an explanation for any differences. Deposits which are short may be the personal responsibility of the workers or City management.

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

CITY OF GREENCASTLE
AUDIT RESULTS AND COMMENTS
(Continued)

PRESCRIBED FORMS (City)

As stated in the prior Report B29888, the prescribed form General Receipt (General Form 352) was not always in use by the Park and Recreation Department. Instead, generic prenumbered receipt forms were in use.

In addition, the prescribed form Mileage Claim (General Form 101) was not always in use by the City. Instead, direct payments for gas were received by City employees.

Prescribed form Employee's Service Record (General Payroll Form 99A) was not in use by the Fire Department.

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TRAVEL POLICY (City and Utilities)

A travel policy was not presented for audit.

Each governmental unit should adopt a written travel policy in conformity with applicable statutes. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Reimbursement for lodging and meals should be based upon actual receipts for amounts paid unless otherwise authorized by statute. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

VACATION POLICY (City)

The City's vacation policy states that vacation days shall be awarded on each employee's anniversary date and vacation days shall be used within one year.

Employee service records for the Police department show that the Police employees received vacation days on January 1 and were allowed to carry unused vacation time to the next year.

Each governmental unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

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 GREENCASTLE, PUTNAM COUNTY, INDIANA

Compliance

We have audited the compliance of the City of Greencastle (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, 2007. 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 of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. 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, 2007.

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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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)

A control deficiency in a City's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be significant deficiencies or material weaknesses, as defined above.

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

August 13, 2008

CITY OF GREENCASTLE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended December 31, 2007

Federal Grantor Agency/Pass-Through Entity Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
Pass-Through Indiana Department of Transportation Highway Planning and Construction Local Transportation Enhancement	20.205	ST-9967 0101340	\$ 44,430
Pass-Through Indiana Criminal Justice Institute Highway Safety Cluster Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants Operation Pullover	20.601	OP-07-01-02-23 OP-08-01-02-26	2,725 650
Total for program			<u>3,375</u>
Total for federal grantor agency			<u>47,805</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>			
Direct Grant Assistance to Firefighters Grant EMW-2006-FG-14951	97.044		<u>963,904</u>
Total federal awards expended			<u>\$ 1,011,709</u>

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

CITY OF GREENCASTLE
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

I. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Greencastle (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 GREENCASTLE
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
97.044	Assistance To Firefighters Grant

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 GREENCASTLE
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

CITY OF GREENCASTLE
EXIT CONFERENCE

The contents of this report were discussed on August 13, 2008, with Teresa P. Glenn, Clerk-Treasurer; and John A. Lanie, President of the Common Council.