

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

ANNUAL FINANCIAL REPORT

2008

CITY OF GREENSBURG

DECATUR COUNTY, INDIANA



FILED
12/31/2009

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SCHEDULE OF OFFICIALS

| <u>Office</u> | <u>Official</u> | <u>Term</u> |
|--|----------------------------------|--|
| Clerk-Treasurer | L. June Ryle | 01-01-08 to 12-31-11 |
| Mayor | Gary L. Herbert | 01-01-08 to 12-31-11 |
| President of the Board of Public Works and Safety | Gary L. Herbert | 01-01-08 to 12-31-11 |
| President of the Common Council | Herbert Hunter Darrell Poling | 01-01-08 to 12-31-08 01-01-09 to 12-31-09 |
| President of the Water Board | Charles Storie | 01-01-08 to 12-31-09 |
| Superintendent of Water Utility | Richard Denney | 01-01-08 to 12-31-09 |
| Superintendent of Wastewater Utility | Jeffrey H. Smith | 01-01-08 to 12-31-09 |
| Utility Office Manager | Donna M. Lecher | 01-01-08 to 12-31-09 |



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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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 GREENSBURG, DECATUR 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 Greensburg (City), as of and for the year ended December 31, 2008, 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, 2008, 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 December 7, 2009, 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, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of

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

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.

The Schedules of Funding Progress, Schedules 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, 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

December 7, 2009



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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 GREENSBURG, DECATUR 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 Greensburg (City), as of and for the year ended December 31, 2008, which collectively comprise the City's basic financial statements and have issued our report thereon dated December 7, 2009. 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.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we considered to be significant deficiencies.

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. We consider the deficiencies described in item Finding 2008-1 of the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies in internal control over financial reporting.

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. However, of the significant deficiencies described above, we consider item Finding 2008-1 to be a material weakness.

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.

We noted certain matters that we reported to management in a separate letter dated December 7, 2009.

The City's response to the findings identified in our audit is described in the accompanying section of the report entitled Corrective Action Plan. We did not audit the City's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the City's management, City Council, Board of Public Works and Safety, Water Board, 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

December 7, 2009

CITY OF GREENSBURG
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For The Year Ended December 31, 2008

| 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 | \$ 1,997,883 | \$ 138,101 | \$ 120,362 | \$ 278,901 | \$ (1,460,519) | \$ - | \$ (1,460,519) |
| Public safety | 3,083,060 | 475,681 | 12,441 | - | (2,594,938) | - | (2,594,938) |
| Highways and streets | 2,431,807 | 1,800 | 84,014 | - | (2,345,993) | - | (2,345,993) |
| Sanitation | 393,926 | 166,958 | - | - | (226,968) | - | (226,968) |
| Economic development | 178,666 | - | 48,432 | - | (130,234) | - | (130,234) |
| Interest on long-term debt | 219,790 | - | - | - | (219,790) | - | (219,790) |
| Total governmental activities | <u>8,305,132</u> | <u>782,540</u> | <u>265,249</u> | <u>278,901</u> | <u>(6,978,442)</u> | <u>-</u> | <u>(6,978,442)</u> |
| Business-type activities: | | | | | | | |
| Water | 7,275,240 | 2,048,299 | - | - | - | (5,226,941) | (5,226,941) |
| Wastewater | 5,527,481 | 2,637,007 | - | - | - | (2,890,474) | (2,890,474) |
| Aviation Rotary | 160,225 | 166,608 | - | - | - | 6,383 | 6,383 |
| Total business-type activities | <u>12,962,946</u> | <u>4,851,914</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(8,111,032)</u> | <u>(8,111,032)</u> |
| Total primary government | <u>\$ 21,268,078</u> | <u>\$ 5,634,454</u> | <u>\$ 265,249</u> | <u>\$ 278,901</u> | <u>(6,978,442)</u> | <u>(8,111,032)</u> | <u>(15,089,474)</u> |
| General receipts: | | | | | | | |
| Property taxes | | | | | 792,741 | - | 792,741 |
| Other local sources | | | | | 461,638 | 118,520 | 580,158 |
| Bonds and loans | | | | | - | 5,296,721 | 5,296,721 |
| Grants and contributions not restricted to specific programs | | | | | 1,700,563 | - | 1,700,563 |
| Unrestricted investment earnings | | | | | 179,490 | 212,054 | 391,544 |
| Total general receipts | | | | | <u>3,134,432</u> | <u>5,627,295</u> | <u>8,761,727</u> |
| Change in net assets | | | | | (3,844,010) | (2,483,737) | (6,327,747) |
| Net assets - beginning | | | | | 8,364,744 | 8,570,695 | 16,935,439 |
| Net assets - ending | | | | | <u>\$ 4,520,734</u> | <u>\$ 6,086,958</u> | <u>\$ 10,607,692</u> |
| <u>Assets</u> | | | | | | | |
| Cash and investments | | | | | \$ 2,210,506 | \$ 3,294,851 | \$ 5,505,357 |
| Restricted assets: | | | | | | | |
| Cash and investments | | | | | 2,310,228 | 2,792,107 | 5,102,335 |
| Total assets | | | | | <u>\$ 4,520,734</u> | <u>\$ 6,086,958</u> | <u>\$ 10,607,692</u> |
| <u>Net Assets</u> | | | | | | | |
| Restricted for: | | | | | | | |
| Highways and streets | | | | | \$ 674,387 | \$ - | \$ 674,387 |
| Public safety | | | | | 363,429 | - | 363,429 |
| Economic development | | | | | 125,519 | - | 125,519 |
| Debt service | | | | | 214,059 | 2,138,245 | 2,352,304 |
| Construction | | | | | - | 7,018 | 7,018 |
| Other purposes | | | | | 932,834 | 646,844 | 1,579,678 |
| Unrestricted | | | | | 2,210,506 | 3,294,851 | 5,505,357 |
| Total net assets | | | | | <u>\$ 4,520,734</u> | <u>\$ 6,086,958</u> | <u>\$ 10,607,692</u> |

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

CITY OF GREENSBURG
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, 2008

| | General | EDIT | TIF | Other Governmental Funds | Totals |
|---|--------------------|---------------------|--------------------|--------------------------------|---------------------|
| Receipts: | | | | | |
| Taxes | \$ 455,287 | \$ 225,365 | \$ 21,530 | \$ 90,559 | \$ 792,741 |
| Licenses and permits | 22,853 | - | - | 5,974 | 28,827 |
| Intergovernmental | 1,143,786 | - | - | 1,100,927 | 2,244,713 |
| Charges for services | 302,902 | - | - | 479,638 | 782,540 |
| Fines and forfeits | 18,421 | - | - | - | 18,421 |
| Other | 353,967 | 26,386 | 35,271 | 178,256 | 593,880 |
| Total receipts | 2,297,216 | 251,751 | 56,801 | 1,855,354 | 4,461,122 |
| Disbursements: | | | | | |
| General government | 1,584,242 | - | - | 215,965 | 1,800,207 |
| Public safety | 2,671,213 | - | - | 235,190 | 2,906,403 |
| Highways and streets | - | - | - | 558,845 | 558,845 |
| Sanitation | 251,629 | - | - | 142,297 | 393,926 |
| Economic development | - | 118,174 | - | 60,492 | 178,666 |
| Debt service: | | | | | |
| Principal | 85,615 | - | - | 155,000 | 240,615 |
| Interest | 6,905 | - | - | 212,885 | 219,790 |
| Capital outlay: | | | | | |
| General government | - | - | - | 122,702 | 122,702 |
| Public safety | - | - | - | 5,000 | 5,000 |
| Highways and streets | - | - | 1,623,421 | 230,583 | 1,854,004 |
| Total disbursements | 4,599,604 | 118,174 | 1,623,421 | 1,938,959 | 8,280,158 |
| Excess (deficiency) of receipts over disbursements | (2,302,388) | 133,577 | (1,566,620) | (83,605) | (3,819,036) |
| Other financing sources (uses): | | | | | |
| Transfers in | - | - | - | 25,000 | 25,000 |
| Transfers out | - | - | - | (25,000) | (25,000) |
| Total other financing sources (uses) | - | - | - | - | - |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | (2,302,388) | 133,577 | (1,566,620) | (83,605) | (3,819,036) |
| Cash and investment fund balance - beginning | 2,379,728 | 875,459 | 1,803,119 | 2,713,625 | 7,771,931 |
| Cash and investment fund balance - ending | <u>\$ 77,340</u> | <u>\$ 1,009,036</u> | <u>\$ 236,499</u> | <u>\$ 2,630,020</u> | <u>3,952,895</u> |
| Amounts reported for governmental activities in the Statement of Activities and Net Assets - Cash and Investment Basis are different because: | | | | | |
| Internal services funds are used by management to charge the costs of certain services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Activities and Net Assets - Cash and Investment Basis. | | | | | 567,839 |
| Net assets of governmental activities | | | | | <u>\$ 4,520,734</u> |
| Cash and Investment Assets - December 31 | | | | | |
| Cash and investments | \$ 77,340 | \$ 1,009,036 | \$ - | \$ 1,124,130 | \$ 2,210,506 |
| Restricted assets: | | | | | |
| Cash and investments | - | - | 236,499 | 1,505,890 | 1,742,389 |
| Total cash and investment assets - December 31 | <u>\$ 77,340</u> | <u>\$ 1,009,036</u> | <u>\$ 236,499</u> | <u>\$ 2,630,020</u> | <u>\$ 3,952,895</u> |
| Cash and Investment Fund Balance - December 31 | | | | | |
| Restricted for: | | | | | |
| Highways and streets | \$ - | \$ - | \$ 236,499 | \$ 437,888 | \$ 674,387 |
| Public safety | - | - | - | 363,429 | 363,429 |
| Economic development | - | - | - | 125,519 | 125,519 |
| Debt service | - | - | - | 214,059 | 214,059 |
| Other purposes | - | - | - | 364,995 | 364,995 |
| Unrestricted | 77,340 | 1,009,036 | - | 1,124,130 | 2,210,506 |
| Total cash and investment fund balance - December 31 | <u>\$ 77,340</u> | <u>\$ 1,009,036</u> | <u>\$ 236,499</u> | <u>\$ 2,630,020</u> | <u>\$ 3,952,895</u> |

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

CITY OF GREENSBURG
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, 2008

| | Water Utility | Wastewater Utility | Aviation Rotary | Totals | Internal Service Funds |
|--|---------------------|-----------------------|--------------------|---------------------|------------------------------|
| Operating receipts: | | | | | |
| Unmetered water receipts | \$ 5,568 | \$ - | \$ - | \$ 5,568 | \$ - |
| Metered water receipts: | | | | | |
| Residential | 885,624 | - | - | 885,624 | - |
| Commercial | 455,923 | - | - | 455,923 | - |
| Industrial | 321,789 | - | - | 321,789 | - |
| Fire protection receipts | 234,033 | - | - | 234,033 | - |
| Penalties | 11,132 | 44,059 | - | 55,191 | - |
| Measured revenue: | | | | | |
| Residential | - | 1,381,397 | - | 1,381,397 | - |
| Commercial | - | 498,645 | - | 498,645 | - |
| Industrial | - | 611,463 | - | 611,463 | - |
| Insurance proceeds | - | - | - | - | 975,609 |
| Other | 134,230 | 101,443 | 166,608 | 402,281 | 12,873 |
| Total operating receipts | 2,048,299 | 2,637,007 | 166,608 | 4,851,914 | 988,482 |
| Operating disbursements: | | | | | |
| Equipment and capital improvements | 5,436,794 | 2,883,396 | - | 8,320,190 | - |
| Source of supply and disbursements - operations and maintenance | 101,786 | - | - | 101,786 | - |
| Water treatment disbursements - operations and maintenance | 458,823 | - | - | 458,823 | - |
| Transmission and distribution | 371,411 | - | - | 371,411 | - |
| Collection system - operations and maintenance | - | 26,758 | - | 26,758 | - |
| Pumping - operations and maintenance | - | 129,115 | - | 129,115 | - |
| Treatment and disposal disbursements - operations and maintenance | - | 867,009 | - | 867,009 | - |
| Customer accounts | 118,215 | 82,352 | - | 200,567 | - |
| Administration and general | 441,674 | 435,382 | - | 877,056 | - |
| Cost of sales and services | - | - | 160,225 | 160,225 | - |
| Insurance disbursements | - | - | - | - | 1,013,456 |
| Total operating disbursements | 6,928,703 | 4,424,012 | 160,225 | 11,512,940 | 1,013,456 |
| Excess (deficiency) of operating receipts over operating disbursements | (4,880,404) | (1,787,005) | 6,383 | (6,661,026) | (24,974) |
| Nonoperating receipts (disbursements): | | | | | |
| Bond proceeds | 5,296,721 | - | - | 5,296,721 | - |
| Interest and investment receipts | 55,952 | 156,102 | - | 212,054 | - |
| Miscellaneous receipts | 110,411 | 6 | - | 110,417 | - |
| Debt service of principal | (210,000) | (473,406) | - | (683,406) | - |
| Interest and investment disbursement | (67,313) | (623,775) | - | (691,088) | - |
| Miscellaneous disbursements | (69,224) | (6,288) | - | (75,512) | - |
| Clearing account receipts | 4,857,814 | - | - | 4,857,814 | - |
| Clearing account disbursements | (4,849,711) | - | - | (4,849,711) | - |
| Total nonoperating receipts (disbursements) | 5,124,650 | (947,361) | - | 4,177,289 | - |
| Excess (deficiency) of receipts over disbursements and nonoperating receipts (disbursements) | 244,246 | (2,734,366) | 6,383 | (2,483,737) | (24,974) |
| Cash and investment fund balance - beginning | 1,946,809 | 6,623,774 | 112 | 8,570,695 | 592,813 |
| Cash and investment fund balance - ending | <u>\$ 2,191,055</u> | <u>\$ 3,889,408</u> | <u>\$ 6,495</u> | <u>\$ 6,086,958</u> | <u>\$ 567,839</u> |
| Cash and Investment Assets - December 31 | | | | | |
| Cash and investments | \$ 1,188,682 | \$ 2,099,674 | \$ 6,495 | \$ 3,294,851 | \$ - |
| Restricted assets: | | | | | |
| Cash and investments | 1,002,373 | 1,789,734 | - | 2,792,107 | 567,839 |
| Total cash and investment assets - December 31 | <u>\$ 2,191,055</u> | <u>\$ 3,889,408</u> | <u>\$ 6,495</u> | <u>\$ 6,086,958</u> | <u>\$ 567,839</u> |
| Cash and Investment Fund Balance - December 31 | | | | | |
| Restricted for: | | | | | |
| Debt service | \$ 748,931 | \$ 1,389,314 | \$ - | \$ 2,138,245 | \$ - |
| Construction | - | 7,018 | - | 7,018 | - |
| Other purposes | 253,442 | 393,402 | - | 646,844 | 567,839 |
| Unrestricted | 1,188,682 | 2,099,674 | 6,495 | 3,294,851 | - |
| Total cash and investment fund balance - December 31 | <u>\$ 2,191,055</u> | <u>\$ 3,889,408</u> | <u>\$ 6,495</u> | <u>\$ 6,086,958</u> | <u>\$ 567,839</u> |

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

CITY OF GREENSBURG
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
FIDUCIARY FUNDS
For The Year Ended December 31, 2008

| | Pension Trust Funds | Payroll |
|--|---------------------------|---------|
| Additions: | | |
| Contributions: | | |
| Employer | \$ 15,604 | |
| Plan members | 133,208 | |
| State | 73,728 | |
| Total contributions | 222,540 | |
| Investment earnings: | | |
| Interest | 4,125 | |
| Total additions | 226,665 | |
| Deductions: | | |
| Benefits | 352,406 | |
| Administrative and general | 150 | |
| Total deductions | 352,556 | |
| Deficiency of total additions over total deductions over total deductions | (125,891) | |
| Cash and investment fund balance - beginning | 212,740 | |
| Cash and investment fund balance - ending | \$ 86,849 | \$ 107 |

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

CITY OF GREENSBURG
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, public improvements, planning and zoning, general administrative services, economic development, water utility, wastewater utility, and urban redevelopment and housing.

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

Primary Government: City of Greensburg

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, 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 EDIT (Economic Development Income Tax) fund accounts for the financial resources used for public improvements and economic development.

The TIF (Tax Increment Financing) fund accounts for the financial resources for public improvements and economic development within the TIF district.

CITY OF GREENSBURG
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 aviation rotary fund accounts for purchases and sales of aviation fuel at the municipal airport.

Additionally, the City reports the following fund types:

The internal service fund accounts for medical benefits provided to employees and their dependents.

The pension trust funds account for the activities of the Police Pension and Firefighter's Pension, which accumulate resources for pension benefit payments.

The agency fund accounts for assets held by the City as an agent for various taxing entities and benefit providers for payroll withholdings.

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.

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

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.

CITY OF GREENSBURG
NOTES TO FINANCIAL STATEMENTS
(Continued)

D. Assets and Cash and Investment Balances

1. Cash and Investments

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

2. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the City in June and in 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.

3. 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.

4. 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.

5. 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 GREENSBURG
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 government-wide Statement of Activities and Net Assets – Cash and Investment Basis.

CITY OF GREENSBURG
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

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 does not have a deposit policy for custodial credit risk. At December 31, 2008, the City had deposit balances in the amount of \$12,265,393.

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.

B. Interfund Transfers

Interfund transfers for the year ended December 31, 2008, were as follows:

| Transfer From | Transfer To | 2008 |
|--------------------------|--------------------------|-----------|
| Other governmental funds | Other governmental funds | \$ 25,000 |
| | | \$ 25,000 |

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

CITY OF GREENSBURG
NOTES TO FINANCIAL STATEMENTS
(Continued)

C. Restatements and Reclassifications

For the year ended December 31, 2008, 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. The prior period adjustment represents including the internal service fund in the governmental activities.

| Opinion Unit | Balance as Reported December 31, 2007 | Prior Period Adjustments | Balance as Restated January 1, 2008 |
|-------------------------|--|--------------------------------|--|
| Governmental activities | \$ 7,772,043 | \$ 592,701 | \$ 8,364,744 |

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; medical benefits to employees, retirees, and dependents; 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.

Medical Benefits to Employees, Retirees, and Dependents

The City has chosen to establish a risk financing fund for risks associated with medical benefits to employees, retirees, and dependents. The risk financing fund is accounted for in the Insurance Claims Reserve Fund, an internal service fund, where assets are set aside for claim settlements. An excess policy through commercial insurance covers individual claims in excess of \$25,000 per year. Settled claims resulting from this risk did not exceed commercial insurance coverage in the past three years. Interfund premiums are paid into the fund by all affected funds and are available to pay claims, claim reserves, and administrative costs of the program.

B. Holding Corporation

The City has entered into a capital lease with the City of Greensburg Public Safety Facilities Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the City. The lessor has been determined to be a related party of the City. Lease payments during the year totaled \$218,500.

CITY OF GREENSBURG
NOTES TO FINANCIAL STATEMENTS
(Continued)

C. Subsequent Events

Beginning in 2009, the State Pension Relief Fund shall pay to each unit of local government with Pre-1977 Local Police and Fire Fighter Pension obligations, the total amount of pension, disability, and survivor benefit payments. The Pre-1977 funds include the 1925 Police Pension Fund, the 1937 Firefighters' Fund, and the 1953 Police Pension Fund. For property taxes due and payable after December 31, 2008, the Department of Local Government Finance shall reduce the maximum permissible property tax levy of any civil taxing unit and special service district by the amount of the payment to be made in 2009 by the State for the obligations.

On March 1, 2009, the City of Greensburg Redevelopment Commission (Lessee) a department of the City- signed a lease agreement with the City of Greensburg Redevelopment Authority (Lessor) a separate entity created by the Greensburg City Council for the purpose of financing, constructing, acquiring and leasing to the Lessee certain local public improvements. Under terms of the agreement, bonds are to be issued by the Lessor to a maximum of \$4,575,000 for a public improvement project. The Lessor will use the Lessee's rental payments to repay the bonds. Annual lease payments will be determined by the amount and terms of the bond issue but will not exceed \$390,000 per year. The Lessee's payments will be funded solely by the tax revenues received by the City under IC 36-7-14-27.

D. Rate Structure – Enterprise Funds

Water Utility

On June 30, 1997, City Council adopted Ordinance No. 1997-7 which removed the Water Utility from the jurisdiction of the Indiana Utility Regulatory Commission. The current rate structure was approved by the Council on June 19, 2007.

Wastewater Utility

The current rate structure was approved by the City Council on June 19, 2007.

E. Pension Plans

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

a. Public Employees' Retirement Fund

Plan Description

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

CITY OF GREENSBURG
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

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

Funding Policy and Annual Pension Cost

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

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

b. 1925 Police Officers' Pension Plan

Plan Description

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

Funding Policy and Annual Pension Cost

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

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

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.

CITY OF GREENSBURG
NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

Actuarial Information for the Above Plans

| | PERF | 1925 Police Officers' Pension | 1937 Firefighters' Pension |
|--|------------------|-------------------------------------|----------------------------------|
| Annual required contribution | \$ 123,321 | \$ 208,500 | \$ 162,100 |
| Interest on net pension obligation | 2,121 | 32,200 | 28,700 |
| Adjustment to annual required contribution | <u>(2,418)</u> | <u>(40,600)</u> | <u>(36,300)</u> |
| Annual pension cost | 123,024 | 200,100 | 154,500 |
| Contributions made | <u>101,248</u> | <u>71,884</u> | <u>17,448</u> |
| Increase in net pension obligation | 21,776 | 128,216 | 137,052 |
| Net pension obligation, beginning of year | <u>29,262</u> | <u>535,876</u> | <u>478,930</u> |
| Net pension obligation, end of year | <u>\$ 51,038</u> | <u>\$ 664,092</u> | <u>\$ 615,982</u> |

| | PERF | 1925 Police Officers' Pension | 1937 Firefighters' Pension |
|------------------------------------|---|---|---|
| Contribution rates: | | | |
| City | 5.13% | 21% | 21% |
| Plan members | 3% | 6% | 6% |
| Actuarial valuation date | 07-01-08 | 01-01-08 | 01-01-08 |
| Actuarial cost method | Entry age | Entry age | Entry age |
| Amortization method | Level percentage of projected payroll, closed 30 years | Level percentage of projected payroll, closed 30 years | Level percentage of projected payroll, closed 30 years |
| Amortization period | 30 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 |

CITY OF GREENSBURG
NOTES TO FINANCIAL STATEMENTS
(Continued)

| Actuarial Assumptions | 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 | 06-30-06 | \$ 100,415 | 76% | \$ (5,909) |
| | 06-30-07 | 119,576 | 71% | 29,262 |
| | 06-30-08 | 123,024 | 82% | 51,038 |
| 1925 Police Officers' Pension Plan | 12-31-06 | 199,300 | 57% | 497,273 |
| | 12-31-07 | 204,800 | 81% | 535,876 |
| | 12-31-08 | 200,100 | 36% | 664,092 |
| 1937 Firefighters' Pension Plan | 12-31-06 | 152,500 | 61% | 406,139 |
| | 12-31-07 | 155,000 | 53% | 478,930 |
| | 12-31-08 | 154,500 | 11% | 615,982 |

Membership in the 1925 Police Officers' Pension Plan and the 1937 Firefighters' Pension Plan at January 1, 2008, was comprised of the following:

| | 1925 Police Officers' Pension | 1937 Firefighters' Pension |
|---|-------------------------------------|----------------------------------|
| Retirees and beneficiaries currently receiving benefits | 10 | 8 |
| Current active employees | 1 | - |

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 GREENSBURG
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, 2008, 2007, and 2006, were \$357,353, \$328,286, and \$306,328, respectively, equal to the required contributions for each year.

CITY OF GREENSBURG
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) |
|--------------------------|-------------------------------|---------------------------------------|--------------------|--------------------|---------------------|---|
| 07-01-06 | \$ 1,780,132 | \$ 1,879,326 | \$ (99,194) | 95% | \$ 2,029,376 | (5%) |
| 07-01-07 | 2,030,811 | 2,148,839 | (118,028) | 95% | 2,017,955 | (6%) |
| 07-01-08 | 2,098,795 | 2,700,689 | (601,894) | 78% | 2,226,599 | (27%) |

1937 Firefighter's 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) |
|--------------------------|-------------------------------|---------------------------------------|--------------------|--------------------|---------------------|---|
| 01-01-03 | \$ 204,244 | \$ 1,857,300 | \$ (1,653,056) | 11% | \$ - | No covered payroll |
| 01-01-04 | 201,292 | 2,294,100 | (2,092,808) | 9% | - | No covered payroll |
| 01-01-05 | 193,967 | 2,239,900 | (2,045,933) | 9% | - | No covered payroll |
| 01-01-06 | 158,610 | 2,198,400 | (2,039,790) | 7% | - | No covered payroll |
| 01-01-07 | 109,700 | 2,219,700 | (2,110,000) | 5% | - | No covered payroll |
| 01-01-08 | 104,558 | 2,203,600 | (2,099,042) | 5% | - | No covered payroll |

1925 Police Pension Plan

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) (b) | Excess of Assets Over (Unfunded) AAL (a-b) | Funded Ratio (a/b) | Covered Payroll (c) | Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c) |
|--------------------------|-------------------------------|---------------------------------------|--|--------------------|---------------------|---|
| 01-01-03 | \$ 222,455 | \$ 2,713,100 | \$ (2,490,645) | 8% | \$ 65,400 | (3,808%) |
| 01-01-04 | 168,489 | 2,797,100 | (2,628,611) | 6% | 33,600 | (7,823%) |
| 01-01-05 | 146,267 | 2,276,200 | (2,129,933) | 6% | 34,500 | (6,174%) |
| 01-01-06 | 99,910 | 2,731,300 | (2,631,390) | 4% | 35,200 | (7,476%) |
| 01-01-07 | 130,641 | 2,771,300 | (2,640,659) | 5% | 37,200 | (7,099%) |
| 01-01-08 | 108,182 | 2,669,200 | (2,561,018) | 4% | 38,300 | (6,687%) |

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

| | <u>Year Ending</u> | <u>Annual Required Contribution (ARC)</u> | <u>Percentage of ARC Contributed</u> |
|------------------------------------|------------------------|---|--|
| 1925 Police Officers' Pension Plan | 12-31-03 | \$ 315,600 | 31% |
| | 12-31-04 | 327,700 | 47% |
| | 12-31-05 | 170,000 | 79% |
| | 12-31-06 | 204,800 | 55% |
| | 12-31-07 | 212,100 | 78% |
| | 12-31-08 | 208,500 | 34% |
| 1937 Firefighters' Pension Plan | 12-31-03 | 252,300 | 30% |
| | 12-31-04 | 262,100 | 50% |
| | 12-31-05 | 158,100 | 67% |
| | 12-31-06 | 157,200 | 59% |
| | 12-31-07 | 160,900 | 51% |
| | 12-31-08 | 162,100 | 11% |

CITY OF GREENSBURG
 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, 2008

| | Motor Vehicle Highway | Local Road and Street | Police Donation | Animal Shelter | Law Enforcement Continuing Education | Unsafe Building Fee | Riverboat |
|---|-----------------------------|--------------------------|--------------------|-------------------|---|---------------------------|-------------------|
| Receipts: | | | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Licenses and permits | - | - | - | - | - | 5,018 | - |
| Intergovernmental | 372,712 | 41,246 | - | - | - | - | 64,362 |
| Charges for services | - | - | - | - | - | - | - |
| Other | 4,475 | - | 150 | 4 | 7,469 | - | - |
| Total receipts | 377,187 | 41,246 | 150 | 4 | 7,469 | 5,018 | 64,362 |
| Disbursements: | | | | | | | |
| General government | - | - | - | - | - | 98,256 | 32,946 |
| Public safety | - | - | 2,398 | - | 16,613 | - | - |
| Highways and streets | 425,213 | 50,000 | - | - | - | - | - |
| Sanitation | - | - | - | - | - | - | - |
| Economic development | - | - | - | - | - | - | - |
| Debt service: | | | | | | | |
| Principal | - | - | - | - | - | - | - |
| Interest | - | - | - | - | - | - | - |
| Capital outlay: | | | | | | | |
| General government | - | - | - | 195 | - | - | - |
| Public safety | - | - | - | - | - | - | - |
| Highways and streets | - | - | - | - | - | - | - |
| Total disbursements | 425,213 | 50,000 | 2,398 | 195 | 16,613 | 98,256 | 32,946 |
| Excess (deficiency) of receipts over disbursements | (48,026) | (8,754) | (2,248) | (191) | (9,144) | (93,238) | 31,416 |
| Other financing sources (uses): | | | | | | | |
| Transfers in | - | - | - | - | - | - | - |
| Transfers out | - | - | - | - | - | - | - |
| Total other financing sources (uses) | - | - | - | - | - | - | - |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | (48,026) | (8,754) | (2,248) | (191) | (9,144) | (93,238) | 31,416 |
| Cash and investment fund balance - beginning | \$ 393,766 | \$ 100,410 | \$ 10,489 | \$ 277 | \$ 30,787 | \$ 136,020 | \$ 280,170 |
| Cash and investment fund balance - ending | \$ 345,740 | \$ 91,656 | \$ 8,241 | \$ 86 | \$ 21,643 | \$ 42,782 | \$ 311,586 |
| Cash and Investment Assets - December 31 | | | | | | | |
| Cash and investments | \$ - | \$ - | \$ - | \$ 86 | \$ - | \$ 42,782 | \$ 311,586 |
| Restricted assets: | | | | | | | |
| Cash and investments | 345,740 | 91,656 | 8,241 | - | 21,643 | - | - |
| Total cash and investment assets - December 31 | \$ 345,740 | \$ 91,656 | \$ 8,241 | \$ 86 | \$ 21,643 | \$ 42,782 | \$ 311,586 |
| Cash and Investment Fund Balance - December 31 | | | | | | | |
| Restricted for: | | | | | | | |
| Highways and streets | \$ 345,740 | \$ 91,656 | \$ - | \$ - | \$ - | \$ - | \$ - |
| Public safety | - | - | 8,241 | - | 21,643 | - | - |
| Economic development | - | - | - | - | - | - | - |
| Debt service | - | - | - | - | - | - | - |
| Other purposes | - | - | - | - | - | - | - |
| Unrestricted | - | - | - | 86 | - | 42,782 | 311,586 |
| Total cash and investment fund balance - December 31 | \$ 345,740 | \$ 91,656 | \$ 8,241 | \$ 86 | \$ 21,643 | \$ 42,782 | \$ 311,586 |

CITY OF GREENSBURG
 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, 2008
 (Continued)

| | 911 Dispatch County | Fire Contribution | Rainy Day | Hazmat Emergency | Housing Rehabilitation Loan | EDLP | Senior Center Project |
|---|---------------------------|----------------------|-------------------|---------------------|-----------------------------------|------------------|-----------------------------|
| Receipts: | | | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Licenses and permits | - | - | - | - | - | - | - |
| Intergovernmental | - | - | 108,752 | - | 30,532 | - | - |
| Charges for services | - | - | - | - | - | - | - |
| Other | 42,760 | 9,641 | - | - | - | 10,275 | - |
| Total receipts | 42,760 | 9,641 | 108,752 | - | 30,532 | 10,275 | - |
| Disbursements: | | | | | | | |
| General government | - | - | 2,655 | - | - | - | - |
| Public safety | 46,904 | 5,299 | - | - | - | - | - |
| Highways and streets | - | - | - | - | - | - | - |
| Sanitation | - | - | - | - | - | - | - |
| Economic development | - | - | - | - | 43,587 | - | - |
| Debt service: | | | | | | | |
| Principal | - | - | - | - | - | - | - |
| Interest | - | - | - | - | - | - | - |
| Capital outlay: | | | | | | | |
| General government | - | - | - | - | - | - | - |
| Public safety | - | - | - | - | - | - | - |
| Highways and streets | - | - | - | - | - | - | - |
| Total disbursements | 46,904 | 5,299 | 2,655 | - | 43,587 | - | - |
| Excess (deficiency) of receipts over disbursements | (4,144) | 4,342 | 106,097 | - | (13,055) | 10,275 | - |
| Other financing sources (uses): | | | | | | | |
| Transfers in | - | - | - | - | - | - | - |
| Transfers out | - | - | - | - | - | - | - |
| Total other financing sources (uses) | - | - | - | - | - | - | - |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | (4,144) | 4,342 | 106,097 | - | (13,055) | 10,275 | - |
| Cash and investment fund balance - beginning | \$ 24,717 | \$ 14,773 | \$ 187,072 | \$ 13,386 | \$ 13,055 | \$ 64,838 | \$ 2,907 |
| Cash and investment fund balance - ending | \$ 20,573 | \$ 19,115 | \$ 293,169 | \$ 13,386 | \$ - | \$ 75,113 | \$ 2,907 |
| Cash and Investment Assets - December 31 | | | | | | | |
| Cash and investments | \$ 20,573 | \$ - | \$ 293,169 | \$ 13,386 | \$ - | \$ - | \$ 2,907 |
| Restricted assets: | | | | | | | |
| Cash and investments | - | 19,115 | - | - | - | 75,113 | - |
| Total cash and investment assets - December 31 | \$ 20,573 | \$ 19,115 | \$ 293,169 | \$ 13,386 | \$ - | \$ 75,113 | \$ 2,907 |
| Cash and Investment Fund Balance - December 31 | | | | | | | |
| Restricted for: | | | | | | | |
| Highways and streets | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Public safety | - | 19,115 | - | - | - | - | - |
| Economic development | - | - | - | - | - | 75,113 | - |
| Debt service | - | - | - | - | - | - | - |
| Other purposes | - | - | - | - | - | - | - |
| Unrestricted | 20,573 | - | 293,169 | 13,386 | - | - | 2,907 |
| Total cash and investment fund balance - December 31 | \$ 20,573 | \$ 19,115 | \$ 293,169 | \$ 13,386 | \$ - | \$ 75,113 | \$ 2,907 |

CITY OF GREENSBURG
 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, 2008
 (Continued)

| | Brownfield Grant | ILR | Trash Tipping Fee | Police Equitable Sharing | FEMA Grant | OWI Overtime |
|---|---------------------|------------------|-------------------------|--------------------------------|---------------|-----------------|
| Receipts: | | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Licenses and permits | - | - | - | - | - | - |
| Intergovernmental | 2,500 | - | - | - | 84,014 | 12,441 |
| Charges for services | - | - | 166,958 | - | - | - |
| Other | - | - | - | - | - | - |
| Total receipts | 2,500 | - | 166,958 | - | 84,014 | 12,441 |
| Disbursements: | | | | | | |
| General government | - | - | - | - | - | - |
| Public safety | - | - | - | - | - | 10,818 |
| Highways and streets | - | - | - | - | 83,632 | - |
| Sanitation | - | - | 142,297 | - | - | - |
| Economic development | 1,505 | - | - | - | - | - |
| Debt service: | | | | | | |
| Principal | - | - | - | - | - | - |
| Interest | - | - | - | - | - | - |
| Capital outlay: | | | | | | |
| General government | - | - | - | - | - | - |
| Public safety | - | - | - | - | - | - |
| Highways and streets | - | - | - | - | - | - |
| Total disbursements | 1,505 | - | 142,297 | - | 83,632 | 10,818 |
| Excess (deficiency) of receipts over disbursements | 995 | - | 24,661 | - | 382 | 1,623 |
| Other financing sources (uses): | | | | | | |
| Transfers in | - | - | - | - | - | - |
| Transfers out | - | - | - | - | - | - |
| Total other financing sources (uses) | - | - | - | - | - | - |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | 995 | - | 24,661 | - | 382 | 1,623 |
| Cash and investment fund balance - beginning | \$ 4,057 | \$ 45,354 | \$ 79,427 | \$ 11,726 | \$ 110 | \$ 2,478 |
| Cash and investment fund balance - ending | \$ 5,052 | \$ 45,354 | \$ 104,088 | \$ 11,726 | \$ 492 | \$ 4,101 |
| Cash and Investment Assets - December 31 | | | | | | |
| Cash and investments | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Restricted assets: | | | | | | |
| Cash and investments | 5,052 | 45,354 | 104,088 | 11,726 | 492 | 4,101 |
| Total cash and investment assets - December 31 | \$ 5,052 | \$ 45,354 | \$ 104,088 | \$ 11,726 | \$ 492 | \$ 4,101 |
| Cash and Investment Fund Balance - December 31 | | | | | | |
| Restricted for: | | | | | | |
| Highways and streets | \$ - | \$ - | \$ - | \$ - | \$ 492 | \$ - |
| Public safety | - | - | - | 11,726 | - | 4,101 |
| Economic development | 5,052 | 45,354 | - | - | - | - |
| Debt service | - | - | - | - | - | - |
| Other purposes | - | - | 104,088 | - | - | - |
| Unrestricted | - | - | - | - | - | - |
| Total cash and investment fund balance - December 31 | \$ 5,052 | \$ 45,354 | \$ 104,088 | \$ 11,726 | \$ 492 | \$ 4,101 |

CITY OF GREENSBURG
 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, 2008
 (Continued)

| | HOTT City/ Downtown | Airport Operations | Microenterprise Loan Fund | City of Greensburg 150th | Honda/Fire | Bond General Sinking |
|---|------------------------|-----------------------|------------------------------|--------------------------------|------------------|----------------------------|
| Receipts: | | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 52,166 |
| Licenses and permits | - | - | - | - | - | 956 |
| Intergovernmental | 56,000 | - | 15,400 | - | - | - |
| Charges for services | - | 72,004 | - | - | 240,676 | - |
| Other | - | 50,546 | - | 44,372 | - | 3,847 |
| Total receipts | 56,000 | 122,550 | 15,400 | 44,372 | 240,676 | 56,969 |
| Disbursements: | | | | | | |
| General government | 56,000 | 23,497 | - | 2,611 | - | - |
| Public safety | - | - | - | - | 153,158 | - |
| Highways and streets | - | - | - | - | - | - |
| Sanitation | - | - | - | - | - | - |
| Economic development | - | - | 15,400 | - | - | - |
| Debt service: | | | | | | |
| Principal | - | - | - | - | - | 155,000 |
| Interest | - | - | - | - | - | 165,972 |
| Capital outlay: | | | | | | |
| General government | - | - | - | - | - | - |
| Public safety | - | - | - | - | - | - |
| Highways and streets | - | - | - | - | - | - |
| Total disbursements | 56,000 | 23,497 | 15,400 | 2,611 | 153,158 | 320,972 |
| Excess (deficiency) of receipts over disbursements | - | 99,053 | - | 41,761 | 87,518 | (264,003) |
| Other financing sources (uses): | | | | | | |
| Transfers in | - | - | - | - | - | 25,000 |
| Transfers out | - | - | - | - | - | - |
| Total other financing sources (uses) | - | - | - | - | - | 25,000 |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | - | 99,053 | - | 41,761 | 87,518 | (239,003) |
| Cash and investment fund balance - beginning | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 240,754 |
| Cash and investment fund balance - ending | \$ - | \$ 99,053 | \$ - | \$ 41,761 | \$ 87,518 | \$ 1,751 |
| Cash and Investment Assets - December 31 | | | | | | |
| Cash and investments | \$ - | \$ 99,053 | \$ - | \$ 41,761 | \$ 87,518 | \$ - |
| Restricted assets: | | | | | | |
| Cash and investments | - | - | - | - | - | 1,751 |
| Total cash and investment assets - December 31 | \$ - | \$ 99,053 | \$ - | \$ 41,761 | \$ 87,518 | \$ 1,751 |
| Cash and Investment Fund Balance - December 31 | | | | | | |
| Restricted for: | | | | | | |
| Highways and streets | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Public safety | - | - | - | - | - | - |
| Economic development | - | - | - | - | - | - |
| Debt service | - | - | - | - | - | 1,751 |
| Other purposes | - | - | - | - | - | - |
| Unrestricted | - | 99,053 | - | 41,761 | 87,518 | - |
| Total cash and investment fund balance - December 31 | \$ - | \$ 99,053 | \$ - | \$ 41,761 | \$ 87,518 | \$ 1,751 |

CITY OF GREENSBURG
 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, 2008
 (Continued)

| | 2005 Renovation Bond | Cumulative Capital Improvement | Cumulative Capital Development | Cumulative Building and Firefighting Equipment | Airport Improvement | Totals |
|--|----------------------------|--------------------------------------|--------------------------------------|---|------------------------|---------------------|
| Receipts: | | | | | | |
| Taxes | \$ - | \$ - | \$ 23,070 | \$ 15,323 | \$ - | \$ 90,559 |
| Licenses and permits | - | - | - | - | - | 5,974 |
| Intergovernmental | - | 33,365 | 422 | 280 | 278,901 | 1,100,927 |
| Charges for services | - | - | - | - | - | 479,638 |
| Other | 4,717 | - | - | - | - | 178,256 |
| Total receipts | 4,717 | 33,365 | 23,492 | 15,603 | 278,901 | 1,855,354 |
| Disbursements: | | | | | | |
| General government | - | - | - | - | - | 215,965 |
| Public safety | - | - | - | - | - | 235,190 |
| Highways and streets | - | - | - | - | - | 558,845 |
| Sanitation | - | - | - | - | - | 142,297 |
| Economic development | - | - | - | - | - | 60,492 |
| Debt service: | | | | | | |
| Principal | - | - | - | - | - | 155,000 |
| Interest | - | - | - | - | 46,913 | 212,885 |
| Capital outlay: | | | | | | |
| General government | - | 21,023 | - | - | 101,484 | 122,702 |
| Public safety | - | - | - | 5,000 | - | 5,000 |
| Highways and streets | - | - | 230,583 | - | - | 230,583 |
| Total disbursements | - | 21,023 | 230,583 | 5,000 | 148,397 | 1,938,959 |
| Excess (deficiency) of receipts over disbursements | 4,717 | 12,342 | (207,091) | 10,603 | 130,504 | (83,605) |
| Other financing sources (uses): | | | | | | |
| Transfers in | - | - | - | - | - | 25,000 |
| Transfers out | - | (25,000) | - | - | - | (25,000) |
| Total other financing sources (uses) | - | (25,000) | - | - | - | - |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | 4,717 | (12,658) | (207,091) | 10,603 | 130,504 | (83,605) |
| Cash and investment fund balance - beginning | \$ 207,591 | \$ 45,240 | \$ 385,818 | \$ 288,000 | 130,403 | 2,713,625 |
| Cash and investment fund balance - ending | \$ 212,308 | \$ 32,582 | \$ 178,727 | \$ 298,603 | \$ 260,907 | \$ 2,630,020 |
| Cash and Investment Assets - December 31 | | | | | | |
| Cash and investments | \$ - | \$ 32,582 | \$ 178,727 | \$ - | \$ - | \$ 1,124,130 |
| Restricted assets: | | | | | | |
| Cash and investments | 212,308 | - | - | 298,603 | 260,907 | 1,505,890 |
| Total cash and investment assets - December 31 | \$ 212,308 | \$ 32,582 | \$ 178,727 | \$ 298,603 | \$ 260,907 | \$ 2,630,020 |
| Cash and Investment Fund Balance - December 31 | | | | | | |
| Restricted for: | | | | | | |
| Highways and streets | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 437,888 |
| Public safety | - | - | - | 298,603 | - | 363,429 |
| Economic development | - | - | - | - | - | 125,519 |
| Debt service | 212,308 | - | - | - | - | 214,059 |
| Other purposes | - | - | - | - | 260,907 | 364,995 |
| Unrestricted | - | 32,582 | 178,727 | - | - | 1,124,130 |
| Total cash and investment fund balance - December 31 | \$ 212,308 | \$ 32,582 | \$ 178,727 | \$ 298,603 | \$ 260,907 | \$ 2,630,020 |

CITY OF GREENSBURG
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PENSION TRUST FUNDS
 For The Year Ended December 31, 2008

| | Police Pension | Fire Pension | Totals |
|--|-------------------|-----------------|-----------|
| Additions: | | | |
| Contributions: | | | |
| Employer | \$ 7,276 | \$ 8,328 | \$ 15,604 |
| Plan members | 53,146 | 80,062 | 133,208 |
| State | 64,608 | 9,120 | 73,728 |
| Total contributions | 125,030 | 97,510 | 222,540 |
| Investment receipts: | | | |
| Interest | 2,145 | 1,980 | 4,125 |
| Total additions | 127,175 | 99,490 | 226,665 |
| Deductions: | | | |
| Benefits | 192,794 | 159,612 | 352,406 |
| Administrative and general | 75 | 75 | 150 |
| Total deductions | 192,869 | 159,687 | 352,556 |
| Deficiency of total additions over total deductions | (65,694) | (60,197) | (125,891) |
| Cash and investment fund balance - beginning | 108,182 | 104,558 | 212,740 |
| Cash and investment fund balance - ending | \$ 42,488 | \$ 44,361 | \$ 86,849 |

CITY OF GREENSBURG
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS,
 AND CHANGES IN CASH AND INVESTMENT BALANCES
 AGENCY FUND
 For The Year Ended December 31, 2008

| | Payroll |
|---|--------------|
| Additions: | |
| Agency fund additions | \$ 2,021,898 |
| Deductions: | |
| Agency fund deductions | 2,021,831 |
| Excess of total additions over total deductions | 67 |
| Cash and investment fund balance - beginning | 40 |
| Cash and investment fund balance - ending | \$ 107 |

CITY OF GREENSBURG
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 For The Year Ended December 31, 2008

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 (those reported by governmental activities) are included regardless of their acquisition date or amount. The government was able to estimate the historical cost for the initial reporting of these assets through backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). As the government constructs or acquires additional capital assets each period, including infrastructure assets, they are reported at historical cost.

| <u>Primary Government</u> | <u>Ending Balance</u> |
|--|---------------------------|
| Governmental activities: | |
| Capital assets, not being depreciated: | |
| Land | \$ 63,572 |
| Infrastructure | 33,500,000 |
| Buildings | 3,740,180 |
| Improvements other than buildings | 748,377 |
| Machinery and equipment | 3,180,964 |
| Construction in progress | <u>7,500,000</u> |
| Total governmental activities, capital assets not being depreciated | <u>\$ 48,733,093</u> |

| <u>Primary Government</u> | <u>Ending Balance</u> |
|--|---------------------------|
| Business-type activities: | |
| Water Utility: | |
| Capital assets, not being depreciated: | |
| Land | \$ 1,404,867 |
| Construction in progress | 8,135,840 |
| Buildings | 5,129,146 |
| Improvements other than buildings | 9,021,073 |
| Machinery and equipment | <u>773,708</u> |
| Total Water Utility capital assets | <u>24,464,634</u> |
| Wastewater Utility: | |
| Capital assets, not being depreciated: | |
| Land | 264,058 |
| Construction in progress | 20,665,692 |
| Buildings | 10,647,695 |
| Improvements other than buildings | 14,584,201 |
| Machinery and equipment | <u>1,336,032</u> |
| Total Wastewater Utility capital assets | <u>47,497,678</u> |
| Total business-type activities capital assets | <u>\$ 71,962,312</u> |

CITY OF GREENSBURG
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 December 31, 2008

The City has entered into the following debt:

| Description of Debt | Ending Principal Balance | Principal and Interest Due Within One Year |
|--------------------------------------|--------------------------------|---|
| Governmental activities: | | |
| Capital leases: | | |
| Police Station | \$ 2,130,000 | \$ 223,000 |
| Notes and loans payable | 271,708 | 102,969 |
| Bonds payable: | | |
| General obligation bonds: | | |
| Airport Bond Anticipation Note | 1,294,000 | 22,055 |
| City Hall Renovation | <u>1,080,000</u> | <u>100,173</u> |
| Total governmental activities debt | <u>\$ 4,775,708</u> | <u>\$ 448,197</u> |
| Business-type activities: | | |
| Water Utility: | | |
| Revenue bonds: | | |
| 1998 Water refunding revenue bonds | \$ 1,505,000 | \$ 279,227 |
| SRF Bonds, Series 2007 A+ | 7,120,000 | 160,000 |
| SRF Bonds, Series 2007 B * + | <u>5,013,999</u> | <u>-</u> |
| Total Water Utility | <u>13,638,999</u> | <u>439,227</u> |
| Wastewater Utility: | | |
| Revenue bonds: | | |
| 2000 Wastewater expansion bonds | 6,803,000 | 723,817 |
| SRF Bonds, Series 2007 A | 8,500,000 | 407,821 |
| SRF Bonds, Series 2007 B + | <u>10,000,000</u> | <u>55,950</u> |
| Total Wastewater Utility | <u>25,303,000</u> | <u>1,187,588</u> |
| Total business-type activities debt: | <u>\$ 38,941,999</u> | <u>\$ 1,626,815</u> |

*Under the terms of the State Revolving Loan Fund, revenue bonds have been purchased by the Indiana Bond Bank, the proceeds of which are set aside to finance the extension of water and wastewater services to annexed areas of the City Funds are loaned to the City as construction costs are accrued to the maximum allowed. The Water Revenue Bonds Series 2007 B established a maximum draw of \$7,880,000. Debt service requirements will not be determined until planned construction projects are completed.

+Water SRF Bonds- Series 2007 A and B, and Wastewater SRF Bonds- Series B are zero interest bonds.

CITY OF GREENSBURG
AUDIT RESULT AND COMMENT

CONDITION OF RECORDS (Applies to City and Utilities)

City records, for the year ended December 31, 2008, did not include all financial activity from various state revolving fund loans to the utilities. The Utilities Office Manager was charged with recording the state revolving fund loans' financial activities in subsidiary records and reporting them to the Clerk-Treasurer. Financial activities from the respective loans for the period of August through December 2008 were not recorded in the subsidiary records until March 2009. The financial summaries of loans for that period of time were not provided to the Clerk-Treasurer until March 2009 which was after the City's 2008 Annual Report had been completed.

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)

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)

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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 GREENSBURG, DECATUR COUNTY, INDIANA

Compliance

We have audited the compliance of the City of Greensburg (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, 2008. 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, 2008.

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.

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

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)

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.

The City's response to the findings identified in our audit is described in the accompanying Corrective Action Plan. We did not audit the City's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the City's management, City Council, Board of Public Works and Safety, and Water Board, 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

December 7, 2009

CITY OF GREENSBURG
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended December 31, 2008

| 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 HOUSING AND URBAN DEVELOPMENT</u> | | | |
| Pass-Through Indiana Office of Community and Rural Affairs Community Development Block Grants/State's Program | 14.228 | PL-04-053 MP-07-001 | \$ 50,000 15,400 |
| Pass-Through Indiana Housing and Community Development Authority Community Development Block Grants/State's Program Homeowner Repair and Improvement | 14.228 | HD-006-002 | <u>30,532</u> |
| Total for program | | | <u>95,932</u> |
| Pass-Through Indiana Finance Authority Community Development Block Grants/Brownfields Economic Development Initiative | 14.246 | FY 2008 | <u>1,505</u> |
| Total for federal grantor agency | | | <u>97,437</u> |
| <u>U.S. DEPARTMENT OF JUSTICE</u> | | | |
| Direct grant Edward Byrne Memorial Justice Assistance Grant Program | 16.738 | 2004-DB-BX-0018 | <u>3,533</u> |
| Total for federal grantor agency | | | <u>3,533</u> |
| <u>U.S. DEPARTMENT OF TRANSPORTATION</u> | | | |
| Direct grant Airport Improvement Program | 20.106 | AIP 3-18-0031-003 AIP 3-18-0031-004 | 62,724 <u>38,760</u> |
| Total for program | | | 101,484 |
| Pass-Through Indiana Criminal Justice Institute State and Community Highway Safety Operation Pullover | 20.600 | FY 2008 | <u>2,062</u> |
| Total for federal grantor agency | | | <u>103,546</u> |
| <u>U.S. ENVIRONMENTAL PROTECTION AGENCY</u> | | | |
| Pass-Through Indiana Finance Authority Capitalization Grants for Clean Water State Revolving Funds | 66.458 | WW07021603 WW07021602 | 4,304,066 <u>697,567</u> |
| Total for program | | | <u>5,001,633</u> |
| Pass-Through Indiana Finance Authority Capitalization Grants for Drinking Water State Revolving Funds | 66.468 | DW07031603 DW07031602 | 2,107,975 <u>482,919</u> |
| Total for program | | | <u>2,590,894</u> |
| Total for federal grantor agency | | | <u>7,592,527</u> |
| <u>U.S. DEPARTMENT OF HOMELAND SECURITY</u> | | | |
| Direct grant Disaster Grants- Public Assistance (Presidentially Declared Disasters) | 97.036 | EMW-2006-FG-05320 EMW-2107-FP-00598 | 77,900 6,114 |
| Pass-Through Indiana Department of Homeland Security Disaster Grants- Public Assistance (Presidentially Declared Disasters) | 97.036 | Disaster #1766 | <u>34,872</u> |
| Total for program | | | <u>118,886</u> |
| Total for federal grantor agency | | | <u>118,886</u> |
| Total federal awards expended | | | <u>\$ 7,915,929</u> |

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

CITY OF GREENSBURG
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 Greensburg (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 GREENSBURG
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? | yes |
| Significant deficiencies 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 |
| Significant deficiencies 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 |
|----------------|--|
| 66.458 | Capitalization Grants for Clean Water State Revolving Funds |
| 66.468 | Capitalization Grants for Drinking Water State Revolving Funds |

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

Auditee qualified as low-risk auditee? no

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

Section II - Financial Statement Findings

FINDING 2008-1, CONDITION OF RECORDS

City records, for the year ended December 31, 2008, did not include all financial activity from various state revolving fund loans to the Utilities. The Utilities Office Manager was charged with recording the state revolving fund loans' financial activities in subsidiary records and reporting them to the Clerk-Treasurer. Financial activities from the respective loans for the period of August through December 2008 were not recorded in the subsidiary records until March 2009. The financial summaries of loans for that period of time were not provided to the Clerk-Treasurer until March 2009 which was after the City's 2008 Annual Report had been completed.

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)

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)

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

CITY OF GREENSBURG
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

Clerk-Treasurer's Office

314 West Washington Street
Greensburg, Indiana 47240

Phone: 812.663.8582

Fax: 812.663.6314



CORRECTIVE ACTION PLAN

FINDING 2008-1 CONDITION OF RECORDS

Contact Person: L. June Ryle

Title: Clerk-Treasurer

Phone Number: (812) 663-8582

Expected Completion Date: December 31, 2009

The Utilities' Office Manager is currently posting and providing financial information on the state revolving funds timely. We believe all information will be included in our records and annual reports for 2009.

L. June Ryle
(Name)

Clerk-Treasurer
(Title)

October 6, 2009
(Date)

CITY OF GREENSBURG
EXIT CONFERENCE

The contents of this report were discussed on December 7, 2009, with L. June Ryle, Clerk-Treasurer; Gary L. Herbert, Mayor; and Donna M. Lecher, Utility Office Manager.