

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

EXAMINATION REPORT
OF
CITY OF GREENCASTLE
PUTNAM COUNTY, INDIANA
January 1, 2009 to December 31, 2009



FILED
12/14/2010

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Teresa P. Glenn	01-01-08 to 12-31-11
Mayor	Susan V. Murray	01-01-08 to 12-31-11
President of the Board of Public Works	Susan V. Murray	01-01-08 to 12-31-11
President of the Common Council	Adam Cohen	01-01-09 to 12-31-10
Superintendent of the Water And Wastewater Utilities	George W. Russell Richard Hedge	01-01-09 to 05-26-10 05-27-10 to 12-31-10
Water Utility Office Manager	Barbara J. Hathaway	01-01-09 to 12-31-10
Wastewater Utility Office Manager	Madonna A. Gose	01-01-09 to 12-31-10



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the financial information presented herein of the City of Greencastle (City), for the period of January 1, 2009 to December 31, 2009. The City's management is responsible for the financial information presented herein. Our responsibility is to express an opinion based on our examination.

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

In our opinion, the financial information referred to above presents fairly, in all material respects, the financial information of the City for the year ended December 31, 2009, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

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

STATE BOARD OF ACCOUNTS

October 12, 2010

CITY OF GREENCASTLE
SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL, PROPRIETARY, AND FIDUCIARY FUND TYPES
As Of And For The Year Ended December 31, 2009

	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
Governmental Funds:				
General	\$ 931,378	\$ 4,058,160	\$ 4,606,315	\$ 383,223
Motor Vehicle Highway	177,492	727,343	685,303	219,532
Local Road and Street	-	39,451	39,122	329
Park and Recreation	84,542	780,086	597,187	267,441
Cemetery Operating	21,296	276,279	205,299	92,276
Law Enforcement Continuing Education	15,909	4,098	-	20,007
Park Nonreverting Basketball	10,802	11,448	12,408	9,842
Park Nonreverting Softball	33,992	31,890	38,151	27,731
Economic Development Operating	19,878	-	-	19,878
RICO Law Enforcement	4,675	2,548	2,500	4,723
Riverboat	307,539	269,472	309,829	267,182
Rainy Day	78,220	152,170	24,934	205,456
Hazmat Nonreverting	336	3	-	339
PEG Access Account	1,407	14	-	1,421
Cemetery Ground Improvement	32,800	33,247	26,014	40,033
Donations	56,167	41,008	30,956	66,219
Firefighters Assistance Grant	344	4	-	348
Fire Department Service Charge Account	13,925	1,861	1,845	13,941
Local Governmental Grants	6	-	-	6
Tax Increment Financing	328,423	2,013,428	36,801	2,305,050
Tree Grant	612	6	-	618
General Obligation Bond	2,450	98,917	61,798	39,569
Redevelopment Bond Sinking	205,069	61,071	254,626	11,514
Park Bond Sinking	-	57,427	38,255	19,172
Redevelopment Debt Service Reserve	215,948	314	214,800	1,462
Cumulative Capital Improvement	252,266	31,790	-	284,056
Cumulative Capital Development	117,400	274,539	206,994	184,945
Cumulative Capital Improvement Special Fire	102,016	103,096	107,672	97,440
Park Nonreverting Capital	10,083	18,825	17,661	11,247
City Hall Nonreverting	114,824	1,162	-	115,986
Economic Development Income Tax	445,923	1,042,071	160,648	1,327,346
Big Walnut Park Project	1,093	11	-	1,104
Industrial Development	191,179	17,927	72,880	136,226
Redevelopment Capital	15,604	305,074	297,445	23,233
Community Building Center	5,296	54	-	5,350
Escrow	69,068	281	69,308	41
Cemetery Trust	32,336	4,227	286	36,277
Cemetery Old Mausoleum	13,586	1,227	4,951	9,862
Proprietary Funds:				
Water Utility - Operating	388,179	1,992,247	1,464,995	915,431
Water Utility - Revenue Bond Accounts	702,889	436,687	656,345	483,231
Water Utility - Customer Deposit	48,598	14,334	15,140	47,792
Wastewater Utility - Operating	635,092	2,682,726	2,265,987	1,051,831
Wastewater Utility - Revenue Bond Accounts	2,482,696	941,896	2,225,126	1,199,466
Wastewater Utility - Customer Deposit	40,486	189	1,155	39,520
Trash Utility - Operating	230,585	314,444	297,377	247,652
Trash Utility - Customer Deposit	19,169	20	366	18,823
Fiduciary Funds:				
Police Officers' Pension	16,342	173,480	107,965	81,857
Firefighters' Pension	41,937	164,432	118,941	87,428
Payroll	2,912	2,198,217	2,198,038	3,091
Totals	\$ 8,522,768	\$ 19,379,201	\$ 17,475,423	\$ 10,426,546

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

CITY OF GREENCASTLE
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

The City was established under the laws of the State of Indiana. The City provides the following services: public safety, health and social services, culture and recreation, general administrative services, water, wastewater, and sanitation.

Note 2. Fund Accounting

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

Note 3. Budgets

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

Note 4. Property Taxes

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

Note 5. Deposits and Investments

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

CITY OF GREENCASTLE
NOTES TO FINANCIAL INFORMATION
(Continued)

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

Note 6. Pension Plan

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 this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF Board, most requirements of the system, and give the ~Unit~ authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

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

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

Funding Policy and Annual Pension Cost

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

CITY OF GREENCASTLE
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 For The Year Ended December 31, 2009

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:	
Infrastructure	\$ 2,437,842
Buildings	3,524,893
Machinery and equipment	<u>4,428,543</u>
 Total governmental activities, capital assets not being depreciated	 <u>\$ 10,391,278</u>
<u>Primary Government</u>	<u>Ending Balance</u>
Business-type activities:	
Water Utility:	
Capital assets, not being depreciated:	
Buildings	\$ 4,156,984
Improvements other than buildings	3,761,277
Machinery and equipment	<u>347,766</u>
 Total Water Utility capital assets	 <u>8,266,027</u>
Wastewater Utility:	
Capital assets, not being depreciated:	
Buildings	14,600,000
Improvements other than buildings	3,225,000
Machinery and equipment	<u>734,755</u>
 Total Wastewater Utility capital assets	 <u>18,559,755</u>
 Total business-type activities, capital assets not being depreciated	 <u>\$ 26,825,782</u>

CITY OF GREENCASTLE
SUPPLEMENTARY INFORMATION
SCHEDULE OF LONG-TERM DEBT
December 31, 2009

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	\$ 30,446	\$ 17,842
Cemetery vehicles	11,567	8,213
Fire truck	-	7,913
Bonds payable:		
General obligation bonds:		
Swimming pool and facility	-	76,669
Purchase building/equipment for city hall	390,000	48,897
Purchase building/equipment for police dept	705,000	85,963
Revenue bond:		
Airport/road improvements	<u>246,360</u>	<u>246,360</u>
Total governmental activities debt	<u>\$ 1,383,373</u>	<u>\$ 491,857</u>
Business-type activities:		
Water Utility:		
Revenue bond:		
Refinancing Bond of 2001	<u>\$ 3,925,000</u>	<u>\$ 430,924</u>
Wastewater Utility:		
Notes and loans payable:		
Vactor	95,695	35,157
Generator	-	7,129
Revenue bond:		
Refinancing Bond of 2001	1,280,000	142,943
State revolving fund loan - Wastewater Utility plant	<u>8,025,000</u>	<u>797,290</u>
Total Wastewater Utility	<u>9,400,695</u>	<u>982,518</u>
Total business-type activities debt	<u>\$ 13,325,695</u>	<u>\$ 1,413,442</u>

CITY OF GREENCASTLE
EXAMINATION RESULT AND COMMENT

CUSTOMER DEPOSIT REGISTER (Applies to Utilities)

As noted in the prior Report B34923, for the Water, Wastewater, and Trash Utilities, the detailed customer deposit register does not reconcile with the amount recorded for customer deposits cash on hand in the general ledger.

As of December 31, 2009, cash for the customer deposits on hand for the Water, Wastewater, and Trash Utilities per the General Ledger were \$7,442, \$3,141, and \$2,017, respectively, in excess of the detailed customer deposit register for each Utility.

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

CITY OF GREENCASTLE
EXIT CONFERENCE

The contents of this report were discussed on October 12, 2010, with Teresa P. Glenn, Clerk-Treasurer; Susan V. Murray, Mayor; Adam Cohen, President of the Common Council; Phyllis Rokicki, Common Council member; Pamela S. Pierce, Deputy Clerk-Treasurer; and Rod M. Weinschenk, Park and Recreation Director. The officials concurred with our finding.