

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

FINANCIAL STATEMENT AND  
FEDERAL SINGLE AUDIT REPORT  
OF

CITY OF GREENWOOD  
JOHNSON COUNTY, INDIANA

January 1, 2012 to December 31, 2012



**FILED**  
09/24/2013



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### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Controller	Stuart McKeehan (Interim) Adam Stone	01-01-12 to 03-26-12 03-27-12 to 12-31-13
Mayor	Mark Myers	01-01-12 to 12-31-15
President of the Board of Public Works and Safety	Mark Myers	01-01-12 to 12-31-13
President of the Common Council	Bruce Armstrong J. David Hopper	01-01-12 to 12-31-12 01-01-13 to 12-31-13



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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302 WEST WASHINGTON STREET  
ROOM E418  
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513  
Fax: (317) 232-4711  
Web Site: [www.in.gov/sboa](http://www.in.gov/sboa)

INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE CITY OF GREENWOOD, JOHNSON COUNTY, INDIANA

***Report on the Financial Statement***

We have audited the accompanying financial statement of the City of Greenwood (City), which comprises the financial position and results of operations for the year ended December 31, 2012, and the related notes to the financial statement.

***Management's Responsibility for the Financial Statement***

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the financial reporting provisions of the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6). Management is responsible for and has determined that the regulatory basis of accounting, as established by the Indiana State Board of Accounts, is an acceptable basis of presentation. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of a financial statement that is free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

Our responsibility is to express an opinion on this financial statement 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 statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITOR'S REPORT  
(Continued)

***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As discussed in Note 1 of the financial statement, the City prepares its financial statement on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position and results of operations of the City for the year ended December 31, 2012.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the City for the year ended December 31, 2012, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued a report dated August 27, 2013, 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 integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

***Accompanying Information***

*Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the City's financial statement. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the *U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statement taken as a whole.

INDEPENDENT AUDITOR'S REPORT  
(Continued)

Our audit was conducted for the purpose of forming an opinion on the City's financial statement. The Combining Schedule of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, Schedule of Payables and Receivables, Schedule of Leases and Debt, and Schedule of Capital Assets, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statement. They have not been subjected to the auditing procedures applied by us in the audit of the financial statement and, accordingly, we express no opinion on them.



Bruce Hartman  
State Examiner

August 27, 2013



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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL  
STATEMENT PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

TO: THE OFFICIALS OF THE CITY OF GREENWOOD, JOHNSON COUNTY, INDIANA

We have audited, 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, the financial statement of the City of Greenwood (City), which comprises the financial position and results of operations for the year ended December 31, 2012, and the related notes to the financial statement, and have issued our report thereon dated August 27, 2013, wherein we noted the City followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

***Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statement, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of the internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A deficiency in internal control 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 and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items 2012-01 and 2012-02 to be material weaknesses.

***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the City's financial statement is 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

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL  
STATEMENT PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS  
(Continued)

was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2012-1.

***City of Greenwood's Response to Findings***

The City's response to the findings identified in our audit is described in the accompanying Corrective Action Plan. The City's response was not subjected to the auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on it.

***Purpose of This Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Bruce Hartman  
State Examiner

August 27, 2013

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## FINANCIAL STATEMENT

The financial statement and accompanying notes were approved by management of the City. The financial statement and notes are presented as intended by the City.

CITY OF GREENWOOD  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For The Year Ended December 31, 2012

Fund	Cash and Investments 01-01-12	Receipts	Disbursements	Cash and Investments 12-31-12
General	\$ 4,174,839	\$ 15,031,446	\$ 14,625,341	\$ 4,580,944
Motor Vehicle Highway	1,884,203	2,363,946	2,176,405	2,071,744
Local Road And Street	982,746	542,948	517,265	1,008,429
Aviation	86,136	1,054,697	940,951	199,882
Law Enforcement Continuing Ed	44,188	42,945	34,519	52,614
Clerk's Records Perpetuation	57,228	8,794	16,238	49,784
Parks And Recreation	577,252	1,399,304	1,394,288	582,268
Adult Probation Services	186,158	453,683	468,050	171,791
User Fee	42,022	12,694	14,341	40,375
Firefighting	598,676	7,180,169	5,942,233	1,836,612
Rainy Day	1,683,357	822,161	595,566	1,909,952
Levy Excess	3	-	-	3
Cumulative Capl Imprv Cigarette Tax	366,161	132,386	4,373	494,174
Cumulative Capital Development	225,673	932,872	374,539	784,006
2012 GO Bonds Series A-C	-	5,005,199	2,632,514	2,372,685
2012 Refunding of 2008 GO Bonds	-	2,172,500	2,147,916	24,584
Cumulative Capital Imprv (Tax Levy)	1,466,064	760,255	179,249	2,047,070
Impact Fee	669,173	300,530	345,428	624,275
Police/Fed Forfeiture Interest	14,834	23	-	14,857
Police Vending Machine Proceeds	593	249	250	592
Parks WammFest Ticket Sales	-	1,000	1,000	-
RDC Elona Insurance Proceeds	22,658	19	-	22,677
City Court	206,254	1,004,251	1,011,570	198,935
Self Insurance	(107,259)	2,875,408	2,722,460	45,689
Fairview Restrictive Donation	-	6,700	-	6,700
Valle Vista Light Installation	-	10,397	-	10,397
AIP 25 Grant	-	133,731	123,261	10,470
AIP 26 Grant	-	756,046	756,046	-
Old Pool Park Redevelopment Fund	-	25,000	-	25,000
Fire Prevention	7,217	9,123	10,533	5,807
Nonreverting (Special)	290,418	384,824	414,120	261,122
Dare	4,001	5,002	4,002	5,001
Tif #71 Eastside Surplus Cash	10,177,707	7,238,219	7,575,881	9,840,045
Tif #72 Fry Road Cash Acct	2,873,980	1,022,957	151,251	3,745,686
Tif #73 Eastside Debt Res/Inv	691,219	538	615	691,142
Tif #74 Airport Blvd Cash Acct	2,712	781	-	3,493
Tif #75 Eastside Alloc Cash	597,844	6,178,206	6,177,063	598,987
Grnwd Trails/Greenways	406	4,100	4,506	-
Police Seizure & Forfeiture	6,217	5	5,075	1,147
Police Equipment And Training	933	3,599	2,611	1,921
Police Pension #1	185,794	482,596	465,000	203,390
Administrative Fee	19,082	15	-	19,097

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

CITY OF GREENWOOD  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For The Year Ended December 31, 2012  
(Continued)

Fund	Cash and Investments 01-01-12	Receipts	Disbursements	Cash and Investments 12-31-12
Aip 20 Grant	5,032	-	-	5,032
Aip 22	120	22,452	4,400	18,172
Alpine	51,245	42	-	51,287
Brownfield Grant	6,125	5	-	6,130
Byrne Grant 2002-Db509	3,838	2	-	3,840
Cds Independent Engineering	2,288	31,313	29,810	3,791
City Limits Signs	924	1	-	925
Edc Donation	5,826	4	-	5,830
Employee Christmas	218	-	-	218
Fire Dept Application Fees	331	1	56	276
Fire Safety	21,065	8,602	10,865	18,802
Gpd Property Room	119,538	1,277	864	119,951
Greenwood Flags	377	-	-	377
History Book	13,139	130	-	13,269
Independent Engineering	232,774	4,418	765	236,427
Paid Insurance	40,752	17,815	42,167	16,400
Police Jag (2007-F3819-Ind)	205	-	-	205
Police Lab Fees	7,238	232	360	7,110
Restitution	68,429	1,260	-	69,689
Restricted Donation	3,668	610	-	4,278
Sidewalk	55,868	45	-	55,913
Eastside Alloc Cabela's	8,134	2,336	-	10,470
Tracy Ditch	92,529	12,434	-	104,963
Tracy Trails	48	8	-	56
Child Car Seat	1,696	1,150	1,431	1,415
Aip 24	207	36,339	34,869	1,677
Debt Service - Fire Building Lease	277,165	457,835	735,000	-
Debt Service - Fire Equipment	82,235	177,696	174,925	85,006
Debt Service - 2005 Park Bonds	73,257	146,059	151,008	68,308
Park Bond Proceeds	25,788	-	4,806	20,982
Snr Worthsville Rd Cap Imp	1,117	1	-	1,118
2008 Go Bonds	188,770	160	-	188,930
Payroll	158,477	14,950,767	14,997,757	111,487
Trash Utility - Operating	544,139	1,939,403	1,798,875	684,667
Sewage Works Operating - Huntington	-	255	255	-
Wastewater Utility - Operating	1,781,574	9,998,068	9,757,646	2,021,996
Wastewater Util - Bond And Interest	373,844	1,488,001	1,486,414	375,431
Availability Fees	1,592,886	745,625	424,585	1,913,926
Wastewater Utility - Debt Reserve	990,244	129,625	-	1,119,869
Stormwater Utility	-	733,756	362,493	371,263
Totals	<u>\$ 34,869,599</u>	<u>\$ 89,267,045</u>	<u>\$ 81,853,811</u>	<u>\$ 42,282,833</u>

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

CITY OF GREENWOOD  
NOTES TO FINANCIAL STATEMENT

**Note 1. 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 some or all of the following services: public safety (police and fire), highways and streets, health and social services, culture and recreation, public improvements, planning and zoning, general administrative services, water, wastewater, electric, gas, storm water, trash, aviation, and urban redevelopment and housing.

The accompanying financial statement presents the financial information for the City.

*B. Basis of Accounting*

The financial statement is reported on a regulatory basis of accounting prescribed by the State Board of Accounts in accordance with state statute (IC 5-11-1-6), 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 regulatory 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.

*C. Cash and Investments*

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

*D. Receipts*

Receipts are presented in the aggregate on the face of the financial statement. The aggregate receipts include the following sources:

Taxes which can include one or more of the following: property taxes, certified shares (local option tax), property tax replacement credit (local option tax), county option income tax, wheel tax, innkeepers tax, food and beverage tax, county economic development income tax, boat and trailer excise tax, county adjusted gross income tax, and other taxes that are set by the City.

Licenses and permits which include amounts received from businesses, occupations, or nonbusinesses that must be licensed before doing business within the government's jurisdiction or permits levied according to the benefits presumably conferred by the permit. Examples of licenses and permits include: peddler licenses, dog tax licenses, auctioneer license, building and planning permits, demolition permits, electrical permits, sign permits, and gun permits.

Intergovernmental receipts which include receipts from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of this type of receipts include, but are not limited to: federal grants, state grants, cigarette tax distributions received from the state, motor vehicle highway distribution received from the state,

CITY OF GREENWOOD  
NOTES TO FINANCIAL STATEMENT  
(Continued)

local road and street distribution received from the state, financial institution tax received from the state, auto excise surtax received from the state, commercial vehicle excise tax received from the state, major moves distributions received from the state, and riverboat receipts received from the county.

Charges for services which can include, but are not limited to the following: planning commission charges, building department charges, copies of public records, copy machine charges, accident report copies, gun permit applications, 911 telephone services, recycling fees, dog pound fees, emergency medical service fees, park rental fees, swimming pool receipts, cable tv receipts, ordinance violations, fines and fees, bond forfeitures, court costs, and court receipts.

Fines and forfeits which include receipts derived from fines and penalties imposed for the commission of statutory offenses, violation of lawful administrative rules and regulations (fines), and for the neglect of official duty and monies derived from confiscating deposits held as performance guarantees (forfeitures).

Utility fees which are comprised mostly of charges for current services.

Other receipts which include amounts received from various sources which can include, but are not limited to the following: net proceeds from borrowings; interfund loan activity; transfers authorized by statute, ordinance, resolution or court order; internal service receipts; and fiduciary receipts.

*E. Disbursements*

Disbursements are presented in the aggregate on the face of the financial statement. The aggregate disbursements include the following uses:

Personal services include outflows for salaries, wages, and related employee benefits provided for all persons employed. In those units where sick leave, vacation leave, overtime compensation, and other such benefits are appropriated separately, such payments would also be included.

Supplies which include articles and commodities that are entirely consumed and materially altered when used and/or show rapid depreciation after use for a short period of time. Examples of supplies include office supplies, operating supplies, and repair and maintenance supplies.

Other services and charges which include, but are not limited to: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

Debt service principal and interest which include fixed obligations resulting from financial transactions previously entered into by the City. It includes all expenditures for the reduction of the principal and interest of the City's general obligation indebtedness.

Capital outlay which include all outflows for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

Utility operating expenses which include all outflows for operating the utilities.

CITY OF GREENWOOD  
NOTES TO FINANCIAL STATEMENT  
(Continued)

Other disbursements which include, but are not limited to the following: interfund loan payments, loans made to other funds, internal service disbursements, and transfers out that are authorized by statute, ordinance, resolution, or court order.

*F. Interfund Transfers*

The City may, from time to time, transfer money from one fund to another. These transfers, if any, are included as a part of the receipts and disbursements of the affected funds and as a part of total receipts and disbursements. The transfers are used for cash flow purposes as provided by various statutory provisions.

*G. Fund Accounting*

Separate funds are established, maintained, and reported by the City. Each fund is used to account for money received from and used for specific sources and uses as determined by various regulations. Restrictions on some funds are set by statute while other funds are internally restricted by the City. The money accounted for in a specific fund may only be available for use for certain, legally restricted purposes. Additionally, some funds are used to account for assets held by the City in a trustee capacity as an agent of individuals, private organizations, other funds, or other governmental units and therefore the funds cannot be used for any expenditures of the unit itself.

**Note 2. Budgets**

The operating budget is initially prepared and approved at the local level. The fiscal officer of the City submits a proposed operating budget to the governing board for the following calendar year. The budget is advertised as required by law. Prior to adopting the budget, the governing board conducts public hearings and obtains taxpayer comments. Prior to November 1, the governing board approves the budget for the next year. The budget for funds for which property taxes are levied or highway use taxes are received is subject to final approval by the Indiana Department of Local Government Finance.

**Note 3. Property Taxes**

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the City in June and December; however, situations can arise which would delay the distributions. 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 percent 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 normally become delinquent if not paid by May 10 and November 10, respectively.

CITY OF GREENWOOD  
NOTES TO FINANCIAL STATEMENT  
(Continued)

**Note 4. Deposits and Investments**

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

State statutes authorize 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 5. Risk Management**

The City may be exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents; and natural disasters.

These risks can be mitigated through the purchase of insurance, establishment of a self-insurance fund, and/or participation in a risk pool. The purchase of insurance transfers the risk to an independent third party. The establishment of a self-insurance fund allows the City to set aside money for claim settlements. The self-insurance fund would be included in the financial statement. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks.

**Note 6. Pension Plans**

*A. Public Employees' Retirement Fund*

*Plan Description*

The Indiana Public Employees' Retirement Fund (PERF) is 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 Indiana Public Retirement System (INPRS) 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 members' contributions, set by state statute at 3 percent of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

INPRS 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:

Indiana Public Retirement System  
1 North Capital Street, Suite 001  
Indianapolis, IN 46204  
Ph. (888) 526-1687

CITY OF GREENWOOD  
NOTES TO FINANCIAL STATEMENT  
(Continued)

*Funding Policy and Annual Pension Cost*

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

*B. 1925 Police Officers' Pension Plan*

*Plan Description*

The 1925 Police Officers' Pension Plan 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*

The contribution requirements of plan members for the 1925 Police Officers' Pension Plan are established by state statute.

*On Behalf Payments*

The 1925 Police Officers' Pension Plan is funded by the State of Indiana through the Indiana Public Retirement System as provided under Indiana Code 5-10.3-11.

*C. 1977 Police Officers' and Firefighters' Pension and Disability Fund*

*Plan Description*

The 1977 Police Officers' and Firefighters' Pension and Disability Fund is a cost-sharing multiple-employer defined benefit pension plan administered by the Indiana Public Retirement System (INPRS) for all police officers and firefighters hired after April 30, 1977.

State statute (IC 36-8-8) regulates the operations of the system, including benefits, vesting, and requirements for contributions by employers and by employees. Covered employees may retire at age 52 with 20 years of service. An employee with 20 years of service may leave service, but will not receive benefits until reaching age 52. The plan also provides for death and disability benefits.

INPRS 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:

Indiana Public Retirement System  
1 North Capital Street, Suite 001  
Indianapolis, IN 46204  
Ph. (888) 526-1687

CITY OF GREENWOOD  
NOTES TO FINANCIAL STATEMENT  
(Continued)

*Funding Policy*

The contribution requirements of plan members and the City are established by the Board of Trustees of INPRS.

**Note 7. Subsequent Events**

On March 27, 2013, the Greenwood Redevelopment Commission issued \$21.5 million in Tax Increment Revenue Bonds Series A with an interest rate of 2.71 percent. The bonds were issued to fund the construction, land acquisition, engineering services and issuance costs for the new Worthsville Road Interchange. The proceeds of the bonds will be managed by Regions Corporate Trust. Debt service and debt service reserve payments will be made from the Tax Increment Eastside Allocation Fund.

On July 31, 2013, the Greenwood Redevelopment Commission issued 3 series of Tax Increment Revenue Bonds at an interest rate of 2.68 percent for each series. The proceeds of \$5 million for Series B will be used to fund the construction of the new pool at Freedom Park. Debt service and debt service reserve payments for this series will be made from the Tax Increment Fry Road Allocation Fund. The proceeds of \$5 million for Series C1 will also be used to fund the construction of the new pool at Freedom Park but debt service and debt service payments will be made from the Tax Increment Eastside Allocation Fund. The proceeds of \$9.49 million for Series C2 are to be used for the Worthsville Road Interchange. The monies will pay the costs to the Indiana Department of Transportation, environmental fees, and issuance costs. Series C2 debt service payments will be made from the Tax Increment Eastside Allocation Fund. The proceeds of all series will be managed by Regions Corporate Trust.

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## SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the City's Annual Report information can be found on the Gateway website: <https://gateway.ifionline.org/>.

Differences may be noted between the financial information presented in the financial statement contained in this report and the financial information presented in the Annual Report of the City which is referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the audit. This is a common occurrence in any financial statement audit. The financial information presented in this report is audited information, and the accuracy of such information can be determined by reading the opinion given in the Independent Auditor's Report.

The supplementary information presented was approved by management of the City. It is presented as intended by the City.

CITY OF GREENWOOD  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2012

	General	Motor Vehicle Highway	Local Road And Street	Aviation	Law Enforcement Continuing Ed	Clerk's Records Perpetuation	Parks And Recreation
Cash and investments - beginning	\$ 4,174,839	\$ 1,884,203	\$ 982,746	\$ 86,136	\$ 44,188	\$ 57,228	\$ 577,252
Receipts:							
Taxes	4,445,002	(1)	-	-	-	-	1,011,670
Licenses and permits	163,598	-	-	-	-	-	-
Intergovernmental	7,161,423	1,269,053	542,084	-	-	-	108,839
Charges for services	490	-	-	339,715	-	-	183,056
Fines and forfeits	399,261	-	-	6,141	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	<u>2,861,672</u>	<u>1,094,894</u>	<u>864</u>	<u>708,841</u>	<u>42,945</u>	<u>8,794</u>	<u>95,739</u>
Total receipts	<u>15,031,446</u>	<u>2,363,946</u>	<u>542,948</u>	<u>1,054,697</u>	<u>42,945</u>	<u>8,794</u>	<u>1,399,304</u>
Disbursements:							
Personal services	11,971,510	1,002,523	-	2,255	-	16,238	885,758
Supplies	373,727	317,483	169,183	483,270	-	-	76,660
Other services and charges	1,674,928	21,452	177,672	256,716	-	-	215,039
Debt service - principal and interest	790	-	123,442	164,139	-	-	-
Capital outlay	271,158	834,767	46,968	-	-	-	212,564
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	<u>333,228</u>	<u>180</u>	<u>-</u>	<u>34,571</u>	<u>34,519</u>	<u>-</u>	<u>4,267</u>
Total disbursements	<u>14,625,341</u>	<u>2,176,405</u>	<u>517,265</u>	<u>940,951</u>	<u>34,519</u>	<u>16,238</u>	<u>1,394,288</u>
Excess (deficiency) of receipts over disbursements	<u>406,105</u>	<u>187,541</u>	<u>25,683</u>	<u>113,746</u>	<u>8,426</u>	<u>(7,444)</u>	<u>5,016</u>
Cash and investments - ending	<u>\$ 4,580,944</u>	<u>\$ 2,071,744</u>	<u>\$ 1,008,429</u>	<u>\$ 199,882</u>	<u>\$ 52,614</u>	<u>\$ 49,784</u>	<u>\$ 582,268</u>

CITY OF GREENWOOD  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2012  
 (Continued)

	Adult Probation Services	User Fee	Firefighting	Rainy Day	Levy Excess	Cumulative Capl Imprv Cigarette Tax	Cumulative Capital Development
Cash and investments - beginning	\$ 186,158	\$ 42,022	\$ 598,676	\$ 1,683,357	\$ 3	\$ 366,161	\$ 225,673
Receipts:							
Taxes	-	-	4,423,079	-	-	-	835,722
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	553,613	500,943	-	132,059	96,981
Charges for services	(1)	-	12,000	-	-	-	-
Fines and forfeits	363,842	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	89,842	12,694	2,191,477	321,218	-	327	169
Total receipts	453,683	12,694	7,180,169	822,161	-	132,386	932,872
Disbursements:							
Personal services	358,158	-	3,656,605	-	-	-	-
Supplies	24,176	-	166,223	-	-	-	-
Other services and charges	83,998	-	310,138	172,884	-	-	4,736
Debt service - principal and interest	-	-	1,572,283	-	-	-	369,228
Capital outlay	766	-	231,187	345,388	-	4,373	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	952	14,341	5,797	77,294	-	-	575
Total disbursements	468,050	14,341	5,942,233	595,566	-	4,373	374,539
Excess (deficiency) of receipts over disbursements	(14,367)	(1,647)	1,237,936	226,595	-	128,013	558,333
Cash and investments - ending	\$ 171,791	\$ 40,375	\$ 1,836,612	\$ 1,909,952	\$ 3	\$ 494,174	\$ 784,006

CITY OF GREENWOOD  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2012  
 (Continued)

	2012 GO Bonds Series A-C	2012 Refunding of 2008 GO Bonds	Cumulative Capital Imprv (Tax Levy)	Impact Fee	Police/Fed Forfeiture Interest	Police Vending Machine Proceeds	Parks WammFest Ticket Sales
Cash and investments - beginning	\$ -	\$ -	\$ 1,466,064	\$ 669,173	\$ 14,834	\$ 593	\$ -
Receipts:							
Taxes	-	-	691,624	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	67,336	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	5,005,199	2,172,500	1,295	300,530	23	249	1,000
Total receipts	<u>5,005,199</u>	<u>2,172,500</u>	<u>760,255</u>	<u>300,530</u>	<u>23</u>	<u>249</u>	<u>1,000</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	210,695	26,500	166,849	184,103	-	-	-
Debt service - principal and interest	706,851	2,121,416	12,400	-	-	-	-
Capital outlay	1,714,968	-	-	157,225	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	4,100	-	250	1,000
Total disbursements	<u>2,632,514</u>	<u>2,147,916</u>	<u>179,249</u>	<u>345,428</u>	<u>-</u>	<u>250</u>	<u>1,000</u>
Excess (deficiency) of receipts over disbursements	<u>2,372,685</u>	<u>24,584</u>	<u>581,006</u>	<u>(44,898)</u>	<u>23</u>	<u>(1)</u>	<u>-</u>
Cash and investments - ending	<u>\$ 2,372,685</u>	<u>\$ 24,584</u>	<u>\$ 2,047,070</u>	<u>\$ 624,275</u>	<u>\$ 14,857</u>	<u>\$ 592</u>	<u>\$ -</u>

CITY OF GREENWOOD  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2012  
 (Continued)

	RDC Elona Insurance Proceeds	City Court	Self Insurance	Fairview Restrictive Donation	Valle Vista Light Installation	AIP 25 Grant	AIP 26 Grant
Cash and investments - beginning	\$ 22,658	\$ 206,254	\$ (107,259)	\$ -	\$ -	\$ -	\$ -
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	19	1,004,251	2,875,408	6,700	10,397	133,731	756,046
Total receipts	19	1,004,251	2,875,408	6,700	10,397	133,731	756,046
Disbursements:							
Personal services	-	-	2,722,460	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	1,011,570	-	-	-	123,261	756,046
Total disbursements	-	1,011,570	2,722,460	-	-	123,261	756,046
Excess (deficiency) of receipts over disbursements	19	(7,319)	152,948	6,700	10,397	10,470	-
Cash and investments - ending	\$ 22,677	\$ 198,935	\$ 45,689	\$ 6,700	\$ 10,397	\$ 10,470	\$ -

CITY OF GREENWOOD  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2012  
 (Continued)

	Old Pool Park Redevelopment Fund	Fire Prevention	Nonreverting (Special)	Dare	Tif #71 Eastside Surplus Cash	Tif #72 Fry Road Cash Acct	Tif #73 Eastside Debt Res/Inv
Cash and investments - beginning	\$ -	\$ 7,217	\$ 290,418	\$ 4,001	\$ 10,177,707	\$ 2,873,980	\$ 691,219
Receipts:							
Taxes	-	-	2,101	-	-	1,007,043	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	382,469	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	25,000	9,123	254	5,002	7,238,219	15,914	538
Total receipts	25,000	9,123	384,824	5,002	7,238,219	1,022,957	538
Disbursements:							
Personal services	-	-	88,659	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	2,608,520	1,600	-
Debt service - principal and interest	-	-	-	-	195,000	-	-
Capital outlay	-	-	-	-	4,525,105	149,651	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	10,533	325,461	4,002	247,256	-	615
Total disbursements	-	10,533	414,120	4,002	7,575,881	151,251	615
Excess (deficiency) of receipts over disbursements	25,000	(1,410)	(29,296)	1,000	(337,662)	871,706	(77)
Cash and investments - ending	\$ 25,000	\$ 5,807	\$ 261,122	\$ 5,001	\$ 9,840,045	\$ 3,745,686	\$ 691,142

CITY OF GREENWOOD  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2012  
 (Continued)

	Tif #74 Airport Blvd Cash Acct	Tif #75 Eastside Alloc Cash	Grnwd Trails/Greenways	Police Seizure & Forfeiture	Police Equipment And Training	Police Pension #1	Administrative Fee
Cash and investments - beginning	\$ 2,712	\$ 597,844	\$ 406	\$ 6,217	\$ 933	\$ 185,794	\$ 19,082
Receipts:							
Taxes	779	6,177,621	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	2	585	4,100	5	3,599	482,596	15
Total receipts	781	6,178,206	4,100	5	3,599	482,596	15
Disbursements:							
Personal services	-	-	-	-	-	465,000	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	1,193,722	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	4,983,341	4,506	5,075	2,611	-	-
Total disbursements	-	6,177,063	4,506	5,075	2,611	465,000	-
Excess (deficiency) of receipts over disbursements	781	1,143	(406)	(5,070)	988	17,596	15
Cash and investments - ending	\$ 3,493	\$ 598,987	\$ -	\$ 1,147	\$ 1,921	\$ 203,390	\$ 19,097

CITY OF GREENWOOD  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2012  
 (Continued)

	Aip 20 Grant	Aip 22	Alpine	Brownfield Grant	Byrne Grant 2002-Db509	Cds Independent Engineering	City Limits Signs
Cash and investments - beginning	\$ 5,032	\$ 120	\$ 51,245	\$ 6,125	\$ 3,838	\$ 2,288	\$ 924
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	22,452	42	5	2	31,313	1
Total receipts	-	22,452	42	5	2	31,313	1
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	4,400	-	-	-	29,810	-
Total disbursements	-	4,400	-	-	-	29,810	-
Excess (deficiency) of receipts over disbursements	-	18,052	42	5	2	1,503	1
Cash and investments - ending	\$ 5,032	\$ 18,172	\$ 51,287	\$ 6,130	\$ 3,840	\$ 3,791	\$ 925

CITY OF GREENWOOD  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2012  
 (Continued)

	Edc Donation	Employee Christmas	Fire Dept Application Fees	Fire Safety	Gpd Property Room	Greenwood Flags	History Book
Cash and investments - beginning	\$ 5,826	\$ 218	\$ 331	\$ 21,065	\$ 119,538	\$ 377	\$ 13,139
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	4	-	1	8,602	1,277	-	130
Total receipts	4	-	1	8,602	1,277	-	130
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	56	10,865	864	-	-
Total disbursements	-	-	56	10,865	864	-	-
Excess (deficiency) of receipts over disbursements	4	-	(55)	(2,263)	413	-	130
Cash and investments - ending	\$ 5,830	\$ 218	\$ 276	\$ 18,802	\$ 119,951	\$ 377	\$ 13,269

CITY OF GREENWOOD  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2012  
 (Continued)

	Independent Engineering	Paid Insurance	Police Jag (2007-F3819-Ind)	Police Lab Fees	Restitution	Restricted Donation	Sidewalk
Cash and investments - beginning	\$ 232,774	\$ 40,752	\$ 205	\$ 7,238	\$ 68,429	\$ 3,668	\$ 55,868
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	1	-
Utility fees	-	-	-	-	-	-	-
Other receipts	4,418	17,815	-	232	1,260	609	45
Total receipts	4,418	17,815	-	232	1,260	610	45
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	765	42,167	-	360	-	-	-
Total disbursements	765	42,167	-	360	-	-	-
Excess (deficiency) of receipts over disbursements	3,653	(24,352)	-	(128)	1,260	610	45
Cash and investments - ending	\$ 236,427	\$ 16,400	\$ 205	\$ 7,110	\$ 69,689	\$ 4,278	\$ 55,913

CITY OF GREENWOOD  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2012  
 (Continued)

	Eastside Alloc Cabela's	Tracy Ditch	Tracy Trails	Child Car Seat	Aip 24	Debt Service - Fire Building Lease	Debt Service - Fire Equipment
Cash and investments - beginning	\$ 8,134	\$ 92,529	\$ 48	\$ 1,696	\$ 207	\$ 277,165	\$ 82,235
Receipts:							
Taxes	2,328	-	-	-	-	354,281	147,232
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	38,115	18,428
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	8	12,434	8	1,150	36,339	65,439	12,036
Total receipts	<u>2,336</u>	<u>12,434</u>	<u>8</u>	<u>1,150</u>	<u>36,339</u>	<u>457,835</u>	<u>177,696</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	575
Debt service - principal and interest	-	-	-	-	-	735,000	174,350
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	1,431	34,869	-	-
Total disbursements	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,431</u>	<u>34,869</u>	<u>735,000</u>	<u>174,925</u>
Excess (deficiency) of receipts over disbursements	<u>2,336</u>	<u>12,434</u>	<u>8</u>	<u>(281)</u>	<u>1,470</u>	<u>(277,165)</u>	<u>2,771</u>
Cash and investments - ending	<u>\$ 10,470</u>	<u>\$ 104,963</u>	<u>\$ 56</u>	<u>\$ 1,415</u>	<u>\$ 1,677</u>	<u>\$ -</u>	<u>\$ 85,006</u>

CITY OF GREENWOOD  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2012  
 (Continued)

	Debt Service - 2005 Park Bonds	Park Bond Proceeds	Snr Worthsville Rd Cap Imp	2008 Go Bonds	Payroll	Trash Utility - Operating	Sewage Works Operating - Huntington
Cash and investments - beginning	\$ 73,257	\$ 25,788	\$ 1,117	\$ 188,770	\$ 158,477	\$ 544,139	\$ -
Receipts:							
Taxes	131,872	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	14,187	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	255
Other receipts	-	-	1	160	14,950,767	1,939,403	-
Total receipts	<u>146,059</u>	<u>-</u>	<u>1</u>	<u>160</u>	<u>14,950,767</u>	<u>1,939,403</u>	<u>255</u>
Disbursements:							
Personal services	-	-	-	-	-	190,359	-
Supplies	-	-	-	-	-	35,735	-
Other services and charges	350	2,000	-	-	-	1,570,030	-
Debt service - principal and interest	150,658	2,806	-	-	-	-	-
Capital outlay	-	-	-	-	-	2,751	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	14,997,757	-	255
Total disbursements	<u>151,008</u>	<u>4,806</u>	<u>-</u>	<u>-</u>	<u>14,997,757</u>	<u>1,798,875</u>	<u>255</u>
Excess (deficiency) of receipts over disbursements	<u>(4,949)</u>	<u>(4,806)</u>	<u>1</u>	<u>160</u>	<u>(46,990)</u>	<u>140,528</u>	<u>-</u>
Cash and investments - ending	<u>\$ 68,308</u>	<u>\$ 20,982</u>	<u>\$ 1,118</u>	<u>\$ 188,930</u>	<u>\$ 111,487</u>	<u>\$ 684,667</u>	<u>\$ -</u>

CITY OF GREENWOOD  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2012  
 (Continued)

	Wastewater Utility - Operating	Wastewater Util-Bond And Interest	Availability Fees	Wastewater Utility - Debt Reserve	Stormwater Utility	Totals
Cash and investments - beginning	\$ 1,781,574	\$ 373,844	\$ 1,592,886	\$ 990,244	\$ -	\$ 34,869,599
Receipts:						
Taxes	-	-	-	-	-	19,230,353
Licenses and permits	-	-	-	-	-	163,598
Intergovernmental	-	-	-	-	-	10,503,061
Charges for services	-	-	-	-	-	917,729
Fines and forfeits	-	-	-	-	-	769,245
Utility fees	8,658,387	-	745,625	-	733,756	10,138,023
Other receipts	<u>1,339,681</u>	<u>1,488,001</u>	<u>-</u>	<u>129,625</u>	<u>-</u>	<u>47,545,036</u>
Total receipts	<u>9,998,068</u>	<u>1,488,001</u>	<u>745,625</u>	<u>129,625</u>	<u>733,756</u>	<u>89,267,045</u>
Disbursements:						
Personal services	-	-	-	-	-	21,359,525
Supplies	-	-	-	-	-	1,646,457
Other services and charges	-	-	-	-	-	7,688,785
Debt service - principal and interest	-	-	-	-	-	7,522,085
Capital outlay	2,701,414	-	424,539	-	8,644	11,631,468
Utility operating expenses	7,049,069	-	46	-	353,849	7,402,964
Other disbursements	<u>7,163</u>	<u>1,486,414</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,602,527</u>
Total disbursements	<u>9,757,646</u>	<u>1,486,414</u>	<u>424,585</u>	<u>-</u>	<u>362,493</u>	<u>81,853,811</u>
Excess (deficiency) of receipts over disbursements	<u>240,422</u>	<u>1,587</u>	<u>321,040</u>	<u>129,625</u>	<u>371,263</u>	<u>7,413,234</u>
Cash and investments - ending	<u>\$ 2,021,996</u>	<u>\$ 375,431</u>	<u>\$ 1,913,926</u>	<u>\$ 1,119,869</u>	<u>\$ 371,263</u>	<u>\$ 42,282,833</u>

CITY OF GREENWOOD  
 SCHEDULE OF PAYABLES AND RECEIVABLES  
 December 31, 2012

Government or Enterprise	Accounts Payable	Accounts Receivable
Governmental activities	\$ 147,057	\$ -
Stormwater	-	90,555
Trash	130,371	162,064
Wastewater	-	422,975
	\$ 277,428	\$ 675,594
Totals	\$ 277,428	\$ 675,594

CITY OF GREENWOOD  
SCHEDULE OF LEASES AND DEBT  
December 31, 2012

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
First Source	3 2010 Sgl Axle Dump Trucks	\$ 73,776	01-11-09	09-15-14
OshKosh	Pierce 2010 Triple Combo Pumper Fire Truck	70,271	08-24-09	08-26-19
Stark	2009 Ford F150 Crew Cab XLT - VIN 237	6,751	03-17-09	04-01-14
Stark	(1) 2009 Chevy Tahoe	6,649	03-24-09	04-01-14
Stark	F350 Cab and Chassis	5,699	10-08-08	11-01-13
Stark	(2) 2009 Chevy Traverse AWD	12,679	02-25-09	03-01-14
Stark	2009 Ford F150 Crew Cab XLT - VIN 238	9,751	03-17-09	04-01-14
Suntrust/Public-Finance.com	11 Crown Vics and 2 Harley Davidsons	43,575	01-15-11	07-15-14
Suntrust/Public-Finance.com	10 police cruisers 1 emergency response vehicle	12,400	09-01-08	09-01-14
TCF Equipment Finance	2012 Silverado LineLazer Rotary Cutter Snow Plow	<u>19,412</u>	05-04-12	06-09-13
Total governmental activities		<u>260,963</u>		
Total of annual lease payments		<u>\$ 260,963</u>		

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
General obligation bonds	General Obligation Bonds of 2006	\$ 690,000	\$ 168,540
General obligation bonds	General Obligation Refunding Bonds of 2012	2,175,000	289,390
General obligation bonds	General Obligation Bonds of 2012 Series A	1,650,000	79,142
General obligation bonds	General Obligation Bonds of 2012 Series B	1,595,000	93,504
General obligation bonds	General Obligation Bonds of 2012 Series C	1,780,000	188,329
General obligation bonds	Park District Bonds of 2005	1,440,000	154,636
Revenue bonds	Tax Increment Bonds of 2005	1,695,000	516,876
Revenue bonds	Qualified Midwestern Disaster Area Bonds Series 2010	<u>5,840,000</u>	<u>682,731</u>
Total governmental activities		<u>16,865,000</u>	<u>2,173,148</u>
Wastewater:			
Revenue bonds	Sewage Works Refunding Revenue Bonds of 2010 Series A	11,060,000	1,367,020
Revenue bonds	Sewage Works Revenue Bonds of 2010 Series B	2,655,000	122,794
Claims and judgments	1998 Capacity Contract (Treatment Plant)	1,594,000	1,594,000
Claims and judgments	Past Plant Upgrades at Treatment Plant (MOU)	<u>927,626</u>	<u>463,813</u>
Total Wastewater		<u>16,236,626</u>	<u>3,547,627</u>
Totals		<u>\$ 33,101,626</u>	<u>\$ 5,720,775</u>

CITY OF GREENWOOD  
SCHEDULE OF CAPITAL ASSETS  
December 31, 2012

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.

	Ending Balance
Governmental activities:	
Land	\$ 2,904,083
Infrastructure	108,651,894
Buildings	21,096,161
Improvements other than buildings	1,831,869
Machinery, equipment, and vehicles	6,806,881
Total governmental activities	141,290,888
Trash:	
Machinery, equipment, and vehicles	623,045
Wastewater:	
Land	294,579
Buildings	140,280
Improvements other than buildings	77,358,578
Machinery, equipment, and vehicles	1,663,461
Total Wastewater	79,456,898
Stormwater:	
Infrastructure	50,034,218
Total capital assets	\$ 271,405,049

CITY OF GREENWOOD  
AUDIT RESULTS AND COMMENTS

***INTERNAL CONTROLS OVER SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REPORTING***

The City did not have a proper system of internal control in place to prevent or detect and correct errors on the Schedule of Expenditures of Federal Awards (SEFA). The City should have proper controls in place over the preparation of the SEFA to ensure accurate reporting of federal awards. Without a proper system of internal control in place that operates effectively, material misstatements of the SEFA could remain undetected.

During the audit of the SEFA, we noted the following material error: Highway Planning and Construction Cluster was understated by \$246,677. Audit adjustments were proposed, accepted by the City, and made to the SEFA presented in this report. These adjustments resulted in a presentation of the SEFA that is materially correct in relation to the financial statement.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets, and all forms of information processing are necessary for proper internal control.

Controls over the receipting, disbursing, recording and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

***INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING***

We noted several deficiencies in the internal control system of the City of Greenwood related to financial transactions and reporting. We believe the following deficiencies constitute material weaknesses:

1. Bank reconcilements presented for audit indicate that there is not proper management oversight or approval of all monthly bank reconcilements being performed.
2. Segregation of Duties: For receipts, the Cash Receipts Edit report was not always reviewed for accuracy in preparation of the daily receipts by a separate employee. The control is in place but has not been effectively implemented.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control.

Controls over the receipting, disbursing, recording and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

CITY OF GREENWOOD  
AUDIT RESULTS AND COMMENTS  
(Continued)

**BANK ACCOUNT RECONCILIATIONS**

Depository reconciliations of the fund balances to the bank account balances were conducted; however, the reconciliation did not balance. The general city reconciled bank account was \$5,369.22 higher than the fund balances at December 31, 2012.

Depository reconciliations of the utility funds balances to the bank account balances were conducted; however, the reconciliation contained errors. The Wastewater Utility had deposits totaling \$34,468.29 that had not been posted to the ledger at December 31, 2012. The Stormwater Utility had a bank service charge of \$11,670.61 that had not been posted to the ledger at December 31, 2012.

Indiana Code 5-13-6-1(e) states in part: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

**REPAYMENTS AND TRANSFERS**

As previously reported in audit reports of the City, the City collects a late payment fee authorized by Indiana Code 33-37-5-22 (IC 33-19-6-20 prior to its repeal in 2004). The total fees for the year ended December 31, 2003, amounting to \$26,997, were deposited to the General Fund as authorized by Indiana Code 33-37-7-8 (IC 33-19-7-4 prior to its repeal in 2004). On December 5, 2003, \$20,000 of that amount was transferred to the Adult Probation Fund. On November 17, 2003, an ordinance was established to authorize a transfer of monies from one major budget classification in a department to another major classification. The ordinance specified that \$20,000 be transferred from the General Fund to the Post Conviction Services Department (Adult Probation Services Fund). The transfer was made between two different funds and not within a department or major budget classification as stated in the ordinance. No authorization exists to transfer monies between funds. We recommended a reimbursement be made from the Adult Probation Services Fund to the General Fund in the amount of \$20,000. As of the date of this report, no reimbursement has been made.

Indiana Code 36-1-8-4 concerning temporary transfer, states in part:

"(a) . . . (3) Except as provided in subsection (b), the prescribed period must end during the budget year of the year in which the transfer occurs. (4) The amount transferred must be returned to the other fund at the end of the prescribed period. . . .

(b) If the fiscal body of a political subdivision determines that an emergency exists that requires an extension of the prescribed period of a transfer under this section, the prescribed period may be extended for not more than six (6) months beyond the budget year of the year in which the transfer occurs if the fiscal body does the following:

- (1) Passes an ordinance or a resolution that contains the following:
  - (A) A statement that the fiscal body has determined that an emergency exists.
  - (B) A brief description of the grounds for the emergency.
  - (C) The date the loan will be repaid that is not more than six (6) months beyond the budget year in which the transfer occurs.

CITY OF GREENWOOD  
AUDIT RESULTS AND COMMENTS  
(Continued)

- (2) Immediately forwards the ordinance or resolution to the State Board of Accounts and the Department of Local Government Finance."

Payments or transfers which are not authorized by statute, ordinance, resolution, or court order must be reimbursed or transferred to the appropriate fund. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

**TEMPORARY TRANSFER OF FUNDS**

As reported in previous audit reports of the City, a temporary loan of \$250,000 was made in 1998 from the Cumulative Capital Improvement Tax Levy Fund to the Fire Fund. As of the date of this report, that loan has not been repaid. A second loan was made on June 13, 2003, from the Cumulative Capital Improvement Tax Levy Fund to the Fire Fund in the amount of \$500,000 per Resolution 03-16. Although the Resolution states that the loan is to be repaid by December 31, 2003, as of the date of this report, this loan is still outstanding.

Indiana Code 36-1-8-4 concerning temporary transfer states in part:

"(a) . . . (3) Except as provided in subsection (b), the prescribed period must end during the budget year of the year in which the transfer occurs. (4) The amount transferred must be returned to the other fund at the end of the prescribed period. . . .

(b) If the fiscal body of a political subdivision determines that an emergency exists that requires an extension of the prescribed period of a transfer under this section, the prescribed period may be extended for not more than six (6) months beyond the budget year of the year in which the transfer occurs if the fiscal body does the following:

- (1) Passes an ordinance or a resolution that contains the following:
  - (A) A statement that the fiscal body has determined that an emergency exists.
  - (B) A brief description of the grounds for the emergency.
  - (C) The date the loan will be repaid that is not more than six (6) months beyond the budget year in which the transfer occurs.
- (2) Immediately forwards the ordinance or resolution to the State Board of Accounts and the Department of Local Government Finance."

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SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE

TO: THE OFFICIALS OF THE CITY OF GREENWOOD, JOHNSON COUNTY, INDIANA

***Report on Compliance for Each Major Federal Program***

We have audited the City of Greenwood's (City) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on its major federal program for the year ended December 31, 2012. The City's major federal program is identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

***Opinion on Each Major Federal Program***

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2012.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
(Continued)

***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2012-03. Our opinion on each major federal program is not modified with respect to these matters.

The City's response to the noncompliance finding identified in our audit is described in the accompanying Corrective Action Plan. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

***Report on Internal Control Over Compliance***

Management of the City is responsible for establishing and maintaining effective internal control over compliance with types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the type of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2012-03 and 2012-04 to be material weaknesses.

The City's response to the internal control over compliance findings identified in our audit is described in the accompanying Corrective Action Plan. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
(Continued)

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Bruce Hartman  
State Examiner

August 27, 2013

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The Schedule of Expenditures of Federal Awards and accompanying notes presented were approved by management of the City. The schedule and notes are presented as intended by the City.

CITY OF GREENWOOD  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Year Ended December 31, 2012

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<u>Department of Justice</u>				
JAG Program Cluster				
Edward Byrne Memorial Justice Assistance Grant Program Ad Prob Edward Byrne Grant	INDIANA CRIMINAL JUSTICE INSTITUTE	16.738	10-DJ-039	\$ 37,880
Edward Byrne Memorial Justice Assistance Grant Program 2012 Edward Byrne JAG Equipment	DIRECT GRANT	16.738	2012-DJ-BX-1125	20,161
Total - JAG Program Cluster				<u>58,041</u>
Bulletproof Vest Partnership Program Bullet Proof Vest Bullet Proof Vest	DIRECT GRANT	16.607	2011-BU-BX-1005 2011-BU-BX-1105	1,938 602
Total - Bulletproof Vest Partnership Program				<u>2,540</u>
Total - Department of Justice				<u>60,581</u>
<u>Department of Transportation</u>				
Highway Planning and Construction Cluster				
Highway Planning and Construction Tracy Trails Phase IV Graham Rd Fry Road Sign Replacement	INDIANA DEPARTMENT OF TRANSPORTATION	20.205	EDS A249-11-320 EDSA249-08-320029WW EDS A249-09-320916 EDS A249-10-320	11,503 233,480 13,197 108,933
Total - Highway Planning and Construction Cluster				<u>367,113</u>
Highway Safety Cluster				
State and Community Highway Safety Police BCC	JOHNSON COUNTY TREASURER	20.600	PT-12-11-04-33	12,561
Alcohol Impaired Driving Countermeasures Incentive Grants I Police DUI/BLITZ	JOHNSON COUNTY TREASURER	20.601	K8-2012-03-03-15	14,583
Total - Highway Safety Cluster				<u>27,144</u>
Airport Improvement Program				
AIP 24	DIRECT	20.106	3-18-0097-024-2010	36,194
AIP25		20.106	3-18-0097-025-2011	131,994
AIP 26		20.106	3-18-0097-026-2012	756,046
AIP 22		20.106	3-18-0097-2208	22,003
Total - AIRPORT IMPROVEMENT PROGRAM				<u>946,237</u>
Total - Department of Transportation				<u>1,340,494</u>
Total federal awards expended				<u>\$ 1,401,075</u>

The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards

CITY OF GREENWOOD  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

**Note 1. Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Greenwood (City) and is presented in accordance with the cash and investment basis of accounting used in the preparation of the financial statement. Accordingly, the amount of federal awards expended is based on when the disbursement related to the award occurs except when the federal award is received on a reimbursement basis. In these instances the federal awards are considered expended when the reimbursement is received.

**Note 2. Subrecipients**

Of the federal expenditures presented in the schedule, the City provided federal awards to subrecipients as follows for the year ended December 31, 2012:

Program Title	Federal CFDA Number	2012
Edward Byrne Memorial Justice Assistance Grant Program	16.738	\$ <u>9,161</u>

CITY OF GREENWOOD  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**Section I – Summary of Auditor's Results**

Financial Statement:

Type of auditor's report issued:	Adverse as to GAAP; Unmodified as to Regulatory Basis
Internal control over financial reporting:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Noncompliance material to financial statement noted?	Yes

Federal Awards:

Internal control over major program:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Type of auditor's report issued on compliance for major program:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?	yes

Identification of Major Program:

CFDA Number	Name of Federal Program or Cluster
20.106	Airport Improvement Program

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

Auditee qualified as low-risk auditee? no

**Section II – Financial Statement Findings**

**FINDING 2012-01 - INTERNAL CONTROLS OVER PREPARATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

The City did not have a proper system of internal control in place to prevent or detect and correct errors on the Schedule of Expenditures of Federal Awards (SEFA). The City should have proper controls in place over the preparation of the SEFA to ensure accurate reporting of federal awards. Without a proper system of internal control in place that operates effectively, material misstatements of the SEFA could remain undetected.

During the audit of the SEFA, we noted the following material error: Highway Planning and Construction Cluster was understated by \$246,677. Audit adjustments were proposed, accepted by the City, and made to the SEFA presented in this report. These adjustments resulted in a presentation of the SEFA that is materially correct in relation to the financial statement.

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

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets, and all forms of information processing are necessary for proper internal control.

Controls over the receipting, disbursing, recording and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

OMB Circular A-133, Subpart C, section .300 states in part: "The auditee shall: . . . (d) Prepare appropriate financial statements, including the schedule of expenditures of Federal Awards in accordance with section .310."

OMB Circular A-133, Subpart C, section .310(b) states:

"Schedule of expenditures of Federal awards. The auditee shall also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements. While not required, the auditee may choose to provide information requested by Federal awarding agencies and pass-through entities to make the schedule easier to use. For example, when a Federal program has multiple award years, the auditee may list the amount of Federal awards expended for each award year separately. At a minimum, the schedule shall:

- (1) List individual Federal programs by Federal agency. For Federal programs included in a cluster of programs, list individual Federal programs within a cluster of programs. For R&D, total Federal awards expended shall be shown either by individual award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.
- (2) For Federal awards received as a sub-recipient, the name of the pass-through entity and identifying number assigned by the pass-through entity shall be included.
- (3) Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available.
- (4) Include notes that describe the significant accounting policies used in preparing the schedule.
- (5) To the extent practical, pass-through entities should identify in the schedule the total amount provided to sub-recipients from each Federal program.
- (6) Include, in either the schedule or a note to the schedule, the value of the Federal awards expended in the form of non-cash assistance, the amount of insurance in effect during the year, and loans or loan guarantees outstanding at year end. While not required, it is preferable to present this information in the schedule."

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

***FINDING 2012-02 - INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING***

We noted several deficiencies in the internal control system of the City of Greenwood related to financial transactions and reporting. We believe the following deficiencies constitute material weaknesses:

1. Bank reconcilements presented for audit indicate that there is not proper management oversight or approval of all monthly bank reconcilements being performed.
2. Segregation of Duties: For receipts, the Cash Receipts Edit report was not always reviewed for accuracy in preparation of the daily receipts by a separate employee. The control is in place but has not been effectively implemented.

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***Section III – Federal Award Findings and Questioned Costs***

***FINDING 2012-03 - INTERNAL CONTROLS OVER CASH MANAGEMENT***

Federal Agency: U.S. Department of Transportation  
Federal Program: Airport Improvement Program  
CFDA Number: 20.106  
Federal Award Number and Year (or Other Identifying Number): 3-18-0097-025-2011 and  
3-18-0097-026-2012

Management of the City has not established an effective internal control system over compliance for cash management. The failure to establish an effective internal control system places the City at risk of material noncompliance.

The City has not sufficiently minimized the time elapsing between transfer of funds and their disbursement. All invoices are verified of allowable costs and activities and then a payment request is prepared. The high dollar invoices are generally not paid until the airport receives the payment request. We noted two instances where invoices were not paid in a timely manner in regards to when the federal monies was received. The federal portion of one invoice was paid 9 days after payment request was received while the other invoice was paid 16 days after payment request was received.

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

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

49 CFR 18.21 states in part:

"(b) *Basic standard.* Methods and procedures for payment shall minimize the time elapsing between the transfer of funds and disbursement by the grantee or subgrantee, in accordance with Treasury regulations at 31 CFR part 205."

The failure to establish internal controls could enable material noncompliance to go undetected. Untimely payout of federal funds indicates noncompliance with the cash management requirement as set forth by the grant agreement. Noncompliance of the grant agreement or the compliance requirements that have a direct and material effect to the program could result in the loss of federal funds to the City.

We recommended that the City's management establish controls over cash management to ensure timely payment of invoices paid with federal funds are made.

***FINDING 2012-04 - INTERNAL CONTROLS OVER DAVIS-BACON COMPLIANCE***

Federal Agency: U.S. Department of Transportation  
Federal Program: Airport Improvement Program  
CFDA Number: 20.106  
Federal Award Number and Year (or Other Identifying Number): 3-18-0097-026-2012

Management of the City has not established an effective internal control system, which would include segregation of duties, related to the grant agreement and the Davis-Bacon compliance requirements of the grant. The failure to establish an effective internal control system places the City at risk of noncompliance with the grant agreement and the Davis-Bacon compliance requirements. A lack of segregation of duties within an internal control system could also allow the risk of noncompliance and allow the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the grant.

Certified Payrolls were received and reviewed by the grant administrator for project AIP 26. However, there was no oversight of duties performed by the grant administered by the City.

An internal control system, including segregation of duties, should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement or a type of compliance requirement of a federal program will be prevented, detected, and corrected, on a timely basis. In order to have an effective internal control system, it is important to have proper segregation of duties. This is accomplished by making sure proper oversight, reviews, and approvals take place and to have a separation of functions over certain activities over compliance requirements. The fundamental premise of segregation of duties is that an individual or small group of individuals should not be in a position to imitate, approve, undertake, and review the same activity.

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

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

The failure to establish internal controls could enable material noncompliance to go undetected. Noncompliance of the grant agreement or the Davis-Bacon compliance requirements could result in the loss of federal funds to the City.

We recommended that the City's management establish controls, including segregation of duties, related to the grant agreement and the Davis-Bacon compliance requirements.



Finance Office  
Adam Stone - Controller

City of Greenwood  
Summary Schedule of Prior Audit Finding

Finding No. 2011-2, Cash Management

Original SBA Audit Report Number: B40775

Fiscal Year: 2011

Federal Agency: U.S. Department of Energy

Federal Program: Energy Efficiency and Conservation Block Grant Program

CFDA Number: 81.128

Federal Award Number and Year: DE-EE0002188

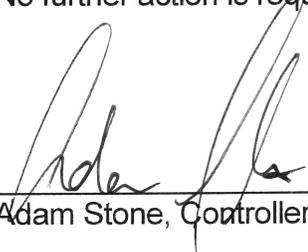
Auditee Contact Person: Adam Stone

Title of Contact Person: Controller

Phone Number: 317-887-5288

Status of Finding:

The audit finding was sustained per a letter from the U.S. Department of Energy dated March 20, 2013.  
No further action is required.

  
\_\_\_\_\_  
Adam Stone, Controller

8-19-13  
\_\_\_\_\_  
Date

Two North Madison Avenue, Greenwood, Indiana 46142  
Telephone (317) 887-5288 – Fax (317) 865-8236  
[www.cityofgreenwood.in.gov](http://www.cityofgreenwood.in.gov)



FINANCE OFFICE

Adam Stone  
Controller

Phone: 317-887-5288  
Fax: 317-865-8236

City of Greenwood Corrective Action Plan

Federal Finding 2012-01, Internal Controls over Preparation of the Schedule of Expenditures of Federal Awards

The City is working on a Grant Policy to ensure expenditures get recorded and tracked according to OMB Circular A-133. At the close of each month, the Controller's Office will update the grant records so that the Schedule of Expenditures of Federal Awards reflect an accurate picture of activity during the period. The Controller's Office has implemented, and will continue to implement, procedures for the identification and analysis of the risks of material misstatements to the City's Schedule of Expenditures of Federal Awards.

Federal Finding 2012-02 Internal Controls over Financial Transactions and Reporting

Reponses #1: Monthly bank reconciliations were reviewed by Controller on a regular basis but we were unaware of the policy to have each reconciliation initialed and dated. Additionally, all bank reconciliations are available in a shared electronic folder available for review at any time.

Response #2: Beginning in April 2012, the Controller's Office initiated an internal control procedure for receipting. The process involves three separate individuals: one employee receipts, one employee prepares and verifies the deposit against cash receipt report, one employee takes deposit to the bank. The employee who prepares and verifies should initial the cash receipt report. We rotate the process based upon workload. The City prepares at least 900 bank deposits a year.

Federal Finding 2012-03 Internal Controls over Cash Management

Federal Agency: U.S. Department of Transportation  
Federal Program: Airport Improvement Program  
CFDA Number: 20.106  
Federal Award Number and Year: 3-18-0097-025-2011 & 3-18-0097-026-2012  
Pass-through Entity: N/A Direct Grant

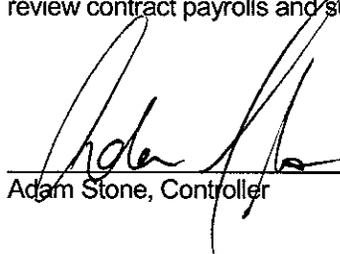
Prior week's bank deposits are reviewed each Monday to identify any deposits in which the Controller's Office has not been notified. Due to time restraints we do not review prior day activity on a daily basis. The FAA does not send deposit notification however the State Board of Accounts mandates a three day turnaround. All grants have three separate funding sources; FAA, State, Local match. Deposits are not received concurrently which leaves the option to only submit partial payments. If the grant is for a significant amount of funds the airport's operating balance may not be sufficient to cover the State portion of the grant and thus pay in full. What does the State Board of Accounts recommend?

Federal Finding 2012-04 Internal Controls over Davis-Bacon Compliance

Federal Agency: U.S. Department of Transportation  
Federal Program: Airport Improvement Program  
CFDA Number: 20.106  
Federal Award Number and Year: 3-18-0097-026-2012  
Pass-through Entity: N/A Direct Grant

As mentioned above, the Controller's Office is working on a Grant Policy to comply with OMB Circular A-133. Per CFR 29 Section 5(a)(3) states in part 2A that contract payrolls are submitted and reviewed weekly.

NGC Corporation, the Grant Administrator for the Greenwood Municipal Airport, has collected and reviewed the payroll reports but did not submit and attach to the pay request sent to the Controller's Office. The Controller's Office will ensure NGC Corp. has accurate controls in place to collect and review contract payrolls and submit with pay requests.

  
\_\_\_\_\_  
Adam Stone, Controller

8-27-2013  
Date

CITY OF GREENWOOD  
EXIT CONFERENCE

The contents of this report were discussed on August 27, 2013, with Adam Stone, Controller; Mark Myers, Mayor; J. David Hopper, President of Common Council; Krista Taggart, Corporation Counsel; Terry McLaughlin, Deputy Mayor; and Kathie Fritz, Deputy Controller.