

**STATE BOARD OF ACCOUNTS**  
**302 West Washington Street**  
**Room E418**  
**INDIANAPOLIS, INDIANA 46204-2765**

AUDIT REPORT

OF

TOWN OF GREENSFORK

WAYNE COUNTY, INDIANA

January 1, 2004 to December 31, 2005



**FILED**  
7/31/06



## TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials.....	2
Independent Auditor's Report on Financial Statements and Supplementary Schedule of Expenditures of Federal Awards .....	3-4
Independent Auditor's Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards.....	5
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Cash Activities and Net Assets - Cash Basis .....	6,10
Fund Financial Statements:	
Governmental Funds:	
Statement of Cash Basis Assets and Fund Balances and Cash Receipts, Disbursements, and Changes in Cash Basis Fund Balances - Governmental Funds.....	7,11
Proprietary Funds:	
Statement of Cash Basis Assets and Fund Balances and Cash Receipts, Disbursements, and Changes in Cash Basis Fund Balances - Proprietary Funds.....	8,12
Fiduciary Funds:	
Statement of Additions, Deductions, and Changes in Cash Balances - Fiduciary Funds.....	9,13
Notes to Financial Statements .....	14-21
Required Supplementary Information:	
Schedule of Funding Progress .....	22
Supplementary Information:	
Combining Schedule of Cash Basis Assets and Fund Balances and Cash Receipts, Disbursements, and Changes in Cash Basis Fund Balances - Other Governmental Funds.....	23-24
Schedule of Capital Assets.....	25
Schedule of Long-Term Debt.....	26
Audit Results and Comments:	
Salary of Clerk Treasurer.....	27
Appropriations.....	27
Prescribed Forms .....	27-28
Penalties, Interest and Other Charges .....	28
Optical Images of Warrants .....	28
Supplemental Audit of Federal Awards:	
Independent Auditor's Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133 .....	30-31
Schedule of Expenditures of Federal Awards.....	32
Note to Schedule of Expenditures of Federal Awards .....	33
Schedule of Findings and Questioned Costs.....	34
Auditee Prepared Schedules:	
Summary Schedule of Prior Audit Findings.....	35
Exit Conference.....	36

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Lizann Bane James Cash Brenda Moore	01-01-04 to 06-10-04 06-11-04 to 12-31-05 01-01-06 to 12-31-07
President of the Town Council	Ronald Farmer Bud Strunk	01-01-04 to 06-05-05 06-06-05 to 12-31-06
Superintendent of Wastewater Utility	David Ozbun	01-01-04 to 12-31-06



**STATE OF INDIANA**  
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INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS  
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

TO: THE OFFICIALS OF THE TOWN OF GREENSFORK, WAYNE COUNTY, INDIANA

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Greensfork (Town), as of and for the years ended December 31, 2004 and 2005, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note I, the Town prepares its financial statements on the prescribed basis of accounting that demonstrates compliance with the cash basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash balances of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town as of December 31, 2004 and 2005, and the respective cash receipts and cash disbursements during the years then ended on the basis of accounting described in Note I.

In accordance with Government Auditing Standards, we have also issued a report dated June 20, 2006, on our consideration of the Town's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. Our report on compliance and on internal control over financial reporting should be read along with this report.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of the Town taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial

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

statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The Schedule of Funding Progress as listed in the table of contents, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The Combining Schedule of Cash Basis Assets and Fund Balances and Cash Receipts, Disbursements, and Changes in Cash Basis Fund Balances - Other Governmental Funds; Schedule of Capital Assets; and Schedule of Long-Term Debt are presented for additional analysis and are not a required part of the basic financial statements. The Combining Schedule of Cash Basis Assets and Fund Balances and Cash Receipts, Disbursements, and Changes in Cash Basis Fund Balances - Other Governmental Funds; have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The Schedule of Capital Assets, and Schedule of Long-Term Debt have not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

June 20, 2006



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

TO: THE OFFICIALS OF THE TOWN OF GREENSFORK, WAYNE COUNTY, INDIANA

We have audited the financial statements of the Town of Greensfork (Town), as of and for the years ended December 31, 2004 and 2005, and have issued our report thereon dated June 20, 2006. 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.

Compliance

As part of obtaining reasonable assurance about whether the Town's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the Town's management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

June 20, 2006

TOWN OF GREENSFORK  
STATEMENT OF CASH ACTIVITIES AND NET ASSETS - CASH BASIS  
For The Year Ended December 31, 2004

Functions/Programs	Program Receipts				Net (Disbursement) Receipt and Changes in Net Assets		
	Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 38,398	\$ -	\$ -	\$ -	\$ (38,398)	\$ -	\$ (38,398)
Public safety	29,401	202	-	-	(29,199)	-	(29,199)
Highways and streets	18,600	-	11,851	3,704	(3,045)	-	(3,045)
Sanitation	15,644	-	-	-	(15,644)	-	(15,644)
Economic development	6,716	-	-	159,474	152,758	-	152,758
Urban redevelopment and housing	160,846	4,400	-	-	(156,446)	-	(156,446)
Total governmental activities	269,605	4,602	11,851	163,178	(89,974)	-	(89,974)
Business-type activities:							
Wastewater	2,236,200	35,396	-	1,308,166	-	(892,638)	(892,638)
Total primary government	\$ 2,505,805	\$ 39,998	\$ 11,851	\$ 1,471,344	(89,974)	(892,638)	(982,612)
General receipts:							
Property taxes					76,842	-	76,842
Other local sources					45,495	-	45,495
Miscellaneous					1,433	1,605	3,038
Special items:							
Bond proceeds					-	684,400	684,400
Water deposits					4,169	-	4,169
Total general receipts and special items					127,939	686,005	813,944
Change in net assets					37,965	(206,633)	(168,668)
Net assets - beginning					52,197	270,069	322,266
Net assets - ending					\$ 90,162	\$ 63,436	\$ 153,598
<u>Assets</u>							
Cash and cash equivalents					\$ 10,968	\$ 2,677	\$ 13,645
Restricted assets:							
Cash and cash equivalents					79,194	60,759	139,953
Total assets					\$ 90,162	\$ 63,436	\$ 153,598
<u>Net Assets</u>							
Restricted for:							
Economic development					\$ 13,706	\$ 43,567	\$ 57,273
Highways and streets					26,476	-	26,476
Public safety					267	-	267
Debt service					-	17,192	17,192
Other purposes					38,745	-	38,745
Unrestricted					10,968	2,677	13,645
Total net assets					\$ 90,162	\$ 63,436	\$ 153,598

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

TOWN OF GREENSFORK  
STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES AND  
CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH BASIS FUND BALANCES  
GOVERNMENTAL FUNDS  
For The Year Ended December 31, 2004

	General	Motor Vehicle Highway	Local Road and Street	Indiana Housing Finance Authority Grant	Water Deposit	County Economic Income Development Tax	Other Governmental Funds	Totals
<b>Receipts:</b>								
Taxes	\$ 76,842	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 76,842
Licenses and permits	-	-	-	-	-	-	4,410	4,410
Intergovernmental	30,920	11,851	3,704	159,474	-	6,515	8,059	220,523
Fines and forfeits	-	-	-	-	-	-	192	192
Other	1,123	-	-	-	4,170	-	310	5,603
<b>Total receipts</b>	<b>108,885</b>	<b>11,851</b>	<b>3,704</b>	<b>159,474</b>	<b>4,170</b>	<b>6,515</b>	<b>12,971</b>	<b>307,570</b>
<b>Disbursements:</b>								
General government	37,084	-	-	-	1,314	-	-	38,398
Public safety	21,234	-	-	-	-	-	8,167	29,401
Highways and streets	7,563	11,037	-	-	-	-	-	18,600
Sanitation	15,644	-	-	-	-	-	-	15,644
Economic development	-	-	-	-	-	6,716	-	6,716
Urban redevelopment and housing	-	-	-	159,474	-	-	1,372	160,846
<b>Total disbursements</b>	<b>81,525</b>	<b>11,037</b>	<b>-</b>	<b>159,474</b>	<b>1,314</b>	<b>6,716</b>	<b>9,539</b>	<b>269,605</b>
Excess (deficiency) of revenue over disbursements	27,360	814	3,704	-	2,856	(201)	3,432	37,965
<b>Other financing sources (uses)</b>								
Transfers in	25,000	25,000	7,000	-	-	-	13,000	70,000
Transfers out	(45,000)	(10,000)	(6,000)	-	-	-	(9,000)	(70,000)
<b>Total other financing sources (uses)</b>	<b>(20,000)</b>	<b>15,000</b>	<b>1,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,000</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	7,360	15,814	4,704	-	2,856	(201)	7,432	37,965
Cash basis fund balance - beginning	3,608	1,791	4,167	-	18,500	11,237	12,894	52,197
Cash basis fund balance - ending	\$ 10,968	\$ 17,605	\$ 8,871	\$ -	\$ 21,356	\$ 11,036	\$ 20,326	\$ 90,162
<b>Cash Basis Assets - December 31</b>								
Cash and cash equivalents	\$ 10,968	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,968
Restricted assets:								
Cash and cash equivalents	-	17,605	8,871	-	21,356	11,036	20,326	79,194
<b>Total cash basis assets - December 31</b>	<b>\$ 10,968</b>	<b>\$ 17,605</b>	<b>\$ 8,871</b>	<b>\$ -</b>	<b>\$ 21,356</b>	<b>\$ 11,036</b>	<b>\$ 20,326</b>	<b>\$ 90,162</b>
<b>Cash Basis Fund Balance - December 31</b>								
Restricted for:								
Highways and streets	\$ -	\$ 17,605	\$ 8,871	\$ -	\$ -	\$ -	\$ -	\$ 26,476
Economic development	-	-	-	-	-	11,036	2,670	13,706
Public safety	-	-	-	-	-	-	267	267
Other purposes	-	-	-	-	21,356	-	17,389	38,745
Unrestricted	10,968	-	-	-	-	-	-	10,968
<b>Total cash basis fund balance - December 31</b>	<b>\$ 10,968</b>	<b>\$ 17,605</b>	<b>\$ 8,871</b>	<b>\$ -</b>	<b>\$ 21,356</b>	<b>\$ 11,036</b>	<b>\$ 20,326</b>	<b>\$ 90,162</b>

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

TOWN OF GREENSFORK  
STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES AND  
CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH BASIS FUND BALANCES  
PROPRIETARY FUNDS  
As of and for the Year Ended December 31, 2004

	<u>Wastewater Utility</u>
Operating receipts:	
Metered water receipts:	
Residential	\$ 30,701
Commercial	1,914
Multi-family dwelling	41
Other	<u>2,740</u>
Total operating receipts	<u>35,396</u>
Operating disbursements:	
Equipment and capital improvements	2,216,691
Salaries and wages	5,800
Employee pensions and benefits	444
Purchased power	119
Insurance disbursements	1,948
Miscellaneous disbursements	<u>725</u>
Total operating disbursements	<u>2,225,727</u>
Deficiency of receipts under disbursements	<u>(2,190,331)</u>
Nonoperating receipts (disbursements):	
Bond proceeds	684,400
Interest and investment receipts	1,605
Interest	<u>(10,473)</u>
Total nonoperating receipts	<u>675,532</u>
Deficiency of receipts under disbursements and nonoperating receipts	(1,514,799)
Capital contributions	1,308,166
Transfers in	27,665
Transfers out	<u>(27,665)</u>
Deficiency of receipts, contributions and transfers in under disbursements and transfers out	(206,633)
Cash basis fund balance - beginning	<u>270,069</u>
Cash basis fund balance - ending	<u>\$ 63,436</u>
<u>Cash Basis Assets - December 31</u>	
Cash and cash equivalents	\$ 2,677
Restricted assets:	
Cash and cash equivalents	<u>60,759</u>
Total cash basis assets - December 31	<u>\$ 63,436</u>
<u>Cash Basis Fund Balance - December 31</u>	
Restricted for:	
Debt service	\$ 17,192
Economic development	43,567
Unrestricted	<u>2,677</u>
Total cash basis fund balance - December 31	<u>\$ 63,436</u>

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

TOWN OF GREENSFORK  
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH BALANCES  
FIDUCIARY FUNDS  
For The Year Ended December 31, 2004

	Agency Funds
Additions:	
Agency fund additions	\$ 33,249
Deductions:	
Agency fund deductions	32,759
Excess of total additions over total deductions	490
Cash and cash equivalents - beginning	709
Cash and cash equivalents - ending	\$ 1,199

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

TOWN OF GREENSFORK  
STATEMENT OF CASH ACTIVITIES AND NET ASSETS - CASH BASIS  
For The Year Ended December 31, 2005

Functions/Programs	Program Receipts				Net (Disbursement) Receipt and Changes in Net Assets		
	Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-Type Activities	
Primary government:							
Governmental activities:							
General government	\$ 39,161	\$ -	\$ -	\$ -	\$ (39,161)	\$ -	\$ (39,161)
Public safety	16,381	154	-	-	(16,227)	-	(16,227)
Highways and streets	14,048	-	11,582	3,666	1,200	-	1,200
Sanitation	15,784	-	-	-	(15,784)	-	(15,784)
Economic development	20,729	-	-	140,526	119,797	-	119,797
Urban redevelopment and housing	141,397	1,880	-	-	(139,517)	-	(139,517)
Total governmental activities	247,500	2,034	11,582	144,192	(89,692)	-	(89,692)
Business-type activities:							
Wastewater	174,752	108,387	-	58,660	-	(7,705)	(7,705)
Total primary government	\$ 422,252	\$ 110,421	\$ 11,582	\$ 202,852	(89,692)	(7,705)	(97,397)
General receipts:							
Property taxes					53,015	-	53,015
Other local sources					33,235	-	33,235
Grants and contributions not restricted to specific programs					10,000	-	10,000
Unrestricted investment earnings					3,237	439	3,676
Special items:							
Water deposits					3,555	-	3,555
Total general receipts and special items					103,042	439	103,481
Change in net assets					13,350	(7,266)	6,084
Net assets - beginning					90,162	63,436	153,598
Net assets - ending					\$ 103,512	\$ 56,170	\$ 159,682
<u>Assets</u>							
Cash and cash equivalents					\$ 17,798	\$ 24,249	\$ 42,047
Restricted assets:							
Cash and cash equivalents					85,714	31,921	117,635
Total assets					\$ 103,512	\$ 56,170	\$ 159,682
<u>Net Assets</u>							
Restricted for:							
Highways and street					\$ 33,733	\$ -	\$ 33,733
Debt service					-	29,018	29,018
Economic development					10,312	2,903	13,215
Public safety					421	-	421
Other purposes					41,248	-	41,248
Unrestricted					17,798	24,249	42,047
Total net assets					\$ 103,512	\$ 56,170	\$ 159,682

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

TOWN OF GREENSFORK  
STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES AND  
CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH BASIS FUND BALANCES  
GOVERNMENTAL FUNDS  
For The Year Ended December 31, 2005

	General	Motor Vehicle Highway	Local Road and Street	Indiana Housing Finance Authority Grant	Water Deposit	County Economic Income Development Tax	Other Governmental Funds	Totals
<b>Receipts:</b>								
Taxes	\$ 53,015	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 53,015
Licenses and permits	-	-	-	-	-	-	1,920	1,920
Intergovernmental	23,561	11,582	3,666	140,526	-	6,188	3,487	189,010
Fines and forfeits	-	-	-	-	-	-	114	114
Other	3,237	-	-	-	3,555	10,000	-	16,792
<b>Total receipts</b>	<b>79,813</b>	<b>11,582</b>	<b>3,666</b>	<b>140,526</b>	<b>3,555</b>	<b>16,188</b>	<b>5,521</b>	<b>260,851</b>
<b>Disbursements:</b>								
General government	34,761	-	-	-	4,400	-	-	39,161
Public safety	16,381	-	-	-	-	-	-	16,381
Highways and streets	6,057	7,194	797	-	-	-	-	14,048
Sanitation	15,784	-	-	-	-	-	-	15,784
Economic development	-	-	-	-	-	20,729	-	20,729
Urban redevelopment and housing	-	-	-	140,526	-	-	872	141,398
<b>Total disbursements</b>	<b>72,983</b>	<b>7,194</b>	<b>797</b>	<b>140,526</b>	<b>4,400</b>	<b>20,729</b>	<b>872</b>	<b>247,501</b>
Excess (deficiency) of revenue over disbursements	6,830	4,388	2,869	-	(845)	(4,541)	4,649	13,350
<b>Other financing sources (uses)</b>								
Transfers in	17,000	-	5,000	-	-	-	12,000	34,000
Transfers out	(17,000)	-	(5,000)	-	-	-	(12,000)	(34,000)
<b>Total other financing sources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	6,830	4,388	2,869	-	(845)	(4,541)	4,649	13,350
Cash basis fund balance - beginning	10,968	17,605	8,871	-	21,356	11,036	20,326	90,162
Cash basis fund balance - ending	\$ 17,798	\$ 21,993	\$ 11,740	\$ -	\$ 20,511	\$ 6,495	\$ 24,975	\$ 103,512
<b>Cash Basis Assets - December 31</b>								
Cash and cash equivalents	\$ 17,798	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 17,798
Restricted assets:								
Cash and cash equivalents	-	21,993	11,740	-	20,511	6,495	24,975	85,714
<b>Total cash basis assets - December 31</b>	<b>\$ 17,798</b>	<b>\$ 21,993</b>	<b>\$ 11,740</b>	<b>\$ -</b>	<b>\$ 20,511</b>	<b>\$ 6,495</b>	<b>\$ 24,975</b>	<b>\$ 103,512</b>
<b>Cash Basis Fund Balance - December 31</b>								
Restricted for:								
Economic development	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,495	\$ 3,817	\$ 10,312
Highways and streets	-	21,993	11,740	-	-	-	-	33,733
Public safety	-	-	-	-	-	-	421	421
Other purposes	-	-	-	-	20,511	-	20,737	41,248
Unrestricted	17,798	-	-	-	-	-	-	17,798
<b>Total cash basis fund balance - December 31</b>	<b>\$ 17,798</b>	<b>\$ 21,993</b>	<b>\$ 11,740</b>	<b>\$ -</b>	<b>\$ 20,511</b>	<b>\$ 6,495</b>	<b>\$ 24,975</b>	<b>\$ 103,512</b>

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

TOWN OF GREENSFORK  
STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES AND  
CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH BASIS FUND BALANCES  
PROPRIETARY FUNDS  
As of and for the Year Ended December 31, 2005

	Wastewater Utility
Operating receipts:	
Metered water receipts:	
Residential	\$ 83,331
Commercial	8,182
Multi-family dwelling	771
Other water revenue	4,721
Other	11,382
Total operating receipts	108,387
Operating disbursements:	
Equipment and capital improvements	99,324
Salaries and wages	15,055
Employee pensions and benefits	1,144
Purchased power	2,872
Sludge removal	1,650
Chemicals	1,697
Material and supplies	1,856
Contractual services	5,090
Insurance disbursements	2,983
Miscellaneous disbursements	5,842
Total operating disbursements	137,513
Deficiency of receipts under disbursements	(29,126)
Nonoperating receipts (disbursements):	
Interest and investment receipts	439
Interest and investment disbursement	(37,240)
Total nonoperating disbursements	(36,801)
Deficiency of receipts under disbursements and nonoperating disbursements	(65,927)
Capital contributions	58,661
Transfers in	49,066
Transfers out	(49,066)
Deficiency of receipts, contributions and transfers in under disbursements and transfers out	(7,266)
Cash basis fund balance - beginning	63,436
Cash basis fund balance - ending	\$ 56,170
<u>Cash Basis Assets - December 31</u>	
Cash and cash equivalents	\$ 24,249
Restricted assets:	
Cash and cash equivalents	31,921
Total cash basis assets - December 31	\$ 56,170
<u>Cash Basis Fund Balance - December 31</u>	
Restricted for:	
Debt service	\$ 29,018
Economic development	2,903
Unrestricted	24,249
Total cash basis fund balance - December 31	\$ 56,170

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

TOWN OF GREENSFORK  
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH BALANCES  
FIDUCIARY FUNDS  
For The Year Ended December 31, 2005

	Agency Funds
Additions:	
Agency fund additions	\$ 36,466
Deductions:	
Agency fund deductions	36,642
Deficiency of total additions under total deductions	(176)
Cash and cash equivalents - beginning	1,199
Cash and cash equivalents - ending	\$ 1,023

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

TOWN OF GREENSFORK  
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

The Town was established under the laws of the State of Indiana. The Town operates under a Town Council form of government and provides the following services: public safety (police and fire), highways and streets, public improvements, planning and zoning, general administrative services, wastewater, and urban redevelopment and housing.

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

Primary Government: Town of Greensfork

In determining the financial reporting entity, the Town complies with the provisions of GASB Statement 14, *The Financial Reporting Entity*.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The Statement of Activities and Net Assets - Cash Basis display information about the reporting government as a whole. It includes all funds of the reporting entity except for fiduciary funds. The statement distinguishes between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, liabilities, fund equity, revenues, and expenditures /expenses. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The Town reports the following major governmental funds:

The general fund is the primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The motor vehicle highway fund accounts for all financial resources for the operation of the street department within the Town.

The local road and street fund accounts for all financial resources for the capital improvements to the Town's roads and streets.

The Indiana Housing Finance Authority grant fund accounts for all financial resources for the construction of a wastewater utility.

TOWN OF GREENSFORK  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

The water deposit fund accounts for all financial resources for fees charged to residents for a water utility to be constructed.

The county economic development income tax fund accounts for all financial resources for urban redevelopment and housing.

The Town reports the following major proprietary funds:

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

Additionally, the Town reports the following fund types:

Agency funds account for assets held by the Town as an agent for other governmental units and private insurance companies.

C. Measurement Focus and Basis of Accounting

The government-wide, governmental fund, proprietary fund and fiduciary fund financial statements are reported using the basis of accounting that demonstrates compliance with the cash basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when received and disbursements are recorded when paid.

The cash basis of accounting differs from accounting principles generally accepted in the United States of America in that receipts are recognized when received in cash rather than when earned and disbursements are recognized when paid rather than when a liability is incurred. Investment transactions are not presented on the financial statements.

If the Town utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the fund financial statements for proprietary fund types would use the accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the enterprise fund statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their enterprise funds, subject to this same limitation. The Town has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the Town and wastewater utility. Elimination of these charges would distort the direct costs and program receipts reported for the various functions concerned.

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

TOWN OF GREENSFORK  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Enterprise funds distinguish operating receipts and disbursements from nonoperating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal ongoing operations. The principal operating receipts of the enterprise funds are charges to customers for sales and services. Operating disbursements for enterprise funds include the cost of sales and services and administrative costs. All receipts and disbursements not meeting this definition are reported as nonoperating receipts and disbursements. Internal service funds are used to account for activities provided to other departments or agencies primarily with the government. The Town does not have any internal service funds.

D. Assets and Cash Fund Balances

1. Cash and Cash Equivalents

For the purpose of financial reporting, "cash and cash equivalents" includes all demand and savings accounts and certificates of deposit or short-term investments with an original maturity of three months or less.

2. Capital Assets

Capital assets arising from cash transactions acquired for use in governmental or proprietary fund operations are accounted for as capital outlay disbursements of the fund upon acquisition.

3. Long-Term Debt

Long-term debt arising from cash basis transactions of governmental and proprietary funds is not reported as liabilities in the basic financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as disbursements.

4. Equity Classification

Government-Wide Statements

Equity is classified as net assets and displayed in two components:

- a. Restricted net assets - Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments (2) law through constitutional provisions or enabling legislations.
- b. Unrestricted net assets - All other net assets that do not meet the definition of "restricted."

It is the Town's policy to first use restricted net assets prior to the use of unrestricted net assets when a disbursement is incurred for purposes for which both restricted and unrestricted net assets are available.

Fund Financial Statements

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

TOWN OF GREENSFORK  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

E. Receipts and Disbursements

1. Program Receipts

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

2. Operating Receipts and Disbursements

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities are provided to people outside the government (enterprise funds) or other departments or agencies primarily within the government (internal service funds).

F. Internal and Interfund Balances and Activities

In the process of aggregating the financial information for the government-wide Statement of Activities and Net Assets – Cash Basis, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified.

Fund Financial Statements

1. Interfund services - Sales or purchases of goods and services between funds are reported as receipts and disbursements.
2. Interfund reimbursements - Repayments from funds responsible for certain disbursements to the funds that initially paid for them are not reported as reimbursements but as adjustments to disbursements in the respective funds.
3. Interfund transfers - Flow of assets from one fund to another where repayment is not expected is reported as transfers in and out.

Government-Wide Financial Statements

Interfund activity and balances, if any, are eliminated or reclassified in the government-wide financial statements as follows:

Internal activities - Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities and Net Assets - Cash Basis except for the net amount of transfers between governmental and business-type activities, which are reported as Transfers - Internal Activities. The effects of interfund services between funds, if any, are not eliminated in the Statement of Activities.

TOWN OF GREENSFORK  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

II. Stewardship, Compliance and Accountability

A. Budgetary Information

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

On or before August 31, the fiscal officer of the Town submits to the governing board a proposed operating budget for the year commencing the following January 1. Prior to adoption, the budget is advertised and public hearings are conducted by the governing board to obtain taxpayer comments. In September of each year, the governing board, through the passage of a resolution/ordinance, approves the budget for the next year. Copies of the budget resolution/ordinance and the advertisement for funds for which property taxes are levied or highway use taxes are received are sent to the Indiana Department of Local Government Finance. The budget becomes legally enacted after the fiscal officer of the Town receives approval of the Indiana Department of Local Government Finance.

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

B. Disbursements in Excess of Appropriations

For the years ended December 31, 2004 and 2005, disbursements exceeded budgeted appropriations in the following funds by the amounts below:

Fund	2005
County Economic Development Income Tax	\$ <u>7,699</u>

These disbursements were funded by available fund balance.

III. Detailed Notes on All Funds

A. Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. Indiana Code 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds; and has a principal office or branch that qualifies to receive public funds of the political subdivision. At December 31, 2005, the bank balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

TOWN OF GREENSFORK  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

B. Interfund Transfers

Interfund transfers for the years ended December 31, 2004 and 2005, were as follows:

<u>Transfer From</u>	<u>Transfer To</u>	<u>2004</u>	<u>2005</u>
General fund	Motor Vehicle Highway	\$ 25,000	\$ -
	Local Road and Street	7,000	5,000
	Other governmental	13,000	12,000
Motor Vehcile Highway	General fund	10,000	-
Local Road and Street	General fund	6,000	5,000
Other governmental	General fund	<u>9,000</u>	<u>12,000</u>
Totals		<u>\$ 70,000</u>	<u>\$ 34,000</u>

The Town typically uses transfers to fund ongoing operating subsidies and to transfer the portion of state-shared revenues.

IV. Other Information

A. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; and natural disasters.

The risks of torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; and natural disasters are covered by commercial insurance from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance by major category of risk. Risk financing is not utilized for the other risks of loss.

B. Rate Structure - Enterprise Funds

Wastewater Utility

The current rate structure was approved by the Town Council on August 12, 2004.

TOWN OF GREENSFORK  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

C. Pension Plan

Agent Multiple-Employer Defined Benefit Pension Plan

Public Employees' Retirement Fund

Plan Description

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

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

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

Funding Policy and Annual Pension Cost

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

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

TOWN OF GREENSFORK  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Actuarial Information for the Above Plan

	PERF
Annual required contribution	\$ 530
Interest on net pension obligation	(3)
Adjustment to annual required contribution	4
Annual pension cost	531
Contributions made	-
Increase in net pension obligation	531
Net pension obligation, beginning of year	(45)
Net pension obligation, end of year	\$ 486
Contribution rates:	
Town	6%
Plan members	3%
Actuarial valuation date	07-01-05
Actuarial cost method	Entry age
Amortization method	Level percentage of projected payroll, closed
Amortization period	40 years
Amortization period (from date)	07-01-97
Asset valuation method	4 year smoothed market

Actuarial Assumptions

Investment rate of return	7.25%
Projected future salary increases:	
Total	5%
Attributed to inflation	4%
Attributed to merit/seniority	1%
Cost-of-living adjustments	2%

Three Year Trend Information

	Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
PERF	06-30-03	\$ 83	0%	\$ (512)
	06-30-04	467	0%	(45)
	06-30-05	531	0%	486

TOWN OF GREENSFORK  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF FUNDING PROGRESS

Public Employees' Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Excess AAL as a Percentage of Covered Payroll (a-b)/c)
07-01-03	\$ 1,989	\$ 7,483	\$ (5,494)	27%	\$ -	0%
07-01-04	1,937	8,054	(6,117)	24%	-	0%
07-01-05	1,935	8,680	(6,745)	22%	-	0%

TOWN OF GREENSFORK  
 COMBINING SCHEDULE OF CASH BASIS ASSETS AND FUND BALANCES AND  
 CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH BASIS FUND BALANCES  
 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2004

	Law Enforcement Continuing Education	Riverboat	Rainy Day	Cumulative Capital Improvement	Police Grant	Building Permit	Totals
<b>Receipts:</b>							
Licenses and permits	\$ 10	\$ -	\$ -	\$ -	\$ -	\$ 4,400	\$ 4,410
Intergovernmental	-	2,339	4,336	1,384	-	-	8,059
Fines and forfeits	192	-	-	-	-	-	192
Other	310	-	-	-	-	-	310
<b>Total receipts</b>	<b>512</b>	<b>2,339</b>	<b>4,336</b>	<b>1,384</b>	<b>-</b>	<b>4,400</b>	<b>12,971</b>
<b>Disbursements:</b>							
Public safety	567	-	-	-	7,600	-	8,167
Urban redevelopment and housing	-	-	-	-	-	1,372	1,372
<b>Total disbursements</b>	<b>567</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,600</b>	<b>1,372</b>	<b>9,539</b>
Excess (deficiency) of revenue over disbursements	(55)	2,339	4,336	1,384	(7,600)	3,028	3,432
<b>Other financing sources (uses)</b>							
Transfers in	-	-	13,000	-	-	-	13,000
Transfers out	-	-	(9,000)	-	-	-	(9,000)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>4,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,000</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(55)	2,339	8,336	1,384	(7,600)	3,028	7,432
Cash basis fund balance - beginning	322	2,346	678	1,286	7,600	662	12,894
Cash basis fund balance - ending	\$ 267	\$ 4,685	\$ 9,014	\$ 2,670	\$ -	\$ 3,690	\$ 20,326
<b>Cash Basis Assets - December 31</b>							
Cash and cash equivalents	\$ 267	\$ 4,685	\$ 9,014	\$ 2,670	\$ -	\$ 3,690	\$ 20,326
<b>Cash Basis Fund Balance - December 31</b>							
<b>Restricted for:</b>							
Economic development	\$ -	\$ -	\$ -	\$ 2,670	\$ -	\$ -	\$ 2,670
Public safety	267	-	-	-	-	-	267
Other purposes	-	4,685	9,014	-	-	3,690	17,389
<b>Total cash basis fund balance - December 31</b>	<b>\$ 267</b>	<b>\$ 4,685</b>	<b>\$ 9,014</b>	<b>\$ 2,670</b>	<b>\$ -</b>	<b>\$ 3,690</b>	<b>\$ 20,326</b>

TOWN OF GREENSFORK  
 COMBINING SCHEDULE OF CASH BASIS ASSETS AND FUND BALANCES AND  
 CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH BASIS FUND BALANCES  
 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2005

	Law Enforcement Continuing Education	Riverboat	Rainy Day	Cumulative Capital Improvement	Building Permit	Totals
Receipts:						
Licenses and permits	\$ 40	\$ -	\$ -	\$ -	\$ 1,880	\$ 1,920
Intergovernmental	-	2,340	-	1,147	-	3,487
Fines and forfeits	114	-	-	-	-	114
<b>Total receipts</b>	<b>154</b>	<b>2,340</b>	<b>-</b>	<b>1,147</b>	<b>1,880</b>	<b>5,521</b>
Disbursements:						
Urban redevelopment and housing	-	-	-	-	872	872
<b>Excess of revenue over disbursements</b>	<b>154</b>	<b>2,340</b>	<b>-</b>	<b>1,147</b>	<b>1,008</b>	<b>4,649</b>
Other financing sources (uses)						
Transfers in	-	4,000	8,000	-	-	12,000
Transfers out	-	(4,000)	(8,000)	-	-	(12,000)
<b>Total other financing sources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess of receipts and other financing sources over disbursements and other financing uses</b>	<b>154</b>	<b>2,340</b>	<b>-</b>	<b>1,147</b>	<b>1,008</b>	<b>4,649</b>
Cash basis fund balance - beginning	267	4,685	9,014	2,670	3,690	20,326
Cash basis fund balance - ending	<u>\$ 421</u>	<u>\$ 7,025</u>	<u>\$ 9,014</u>	<u>\$ 3,817</u>	<u>\$ 4,698</u>	<u>\$ 24,975</u>
<u>Cash Basis Assets - December 31</u>						
Cash and cash equivalents	<u>\$ 421</u>	<u>\$ 7,025</u>	<u>\$ 9,014</u>	<u>\$ 3,817</u>	<u>\$ 4,698</u>	<u>\$ 24,975</u>
<u>Cash Basis Fund Balance - December 31</u>						
Restricted for:						
Economic development	\$ -	\$ -	\$ -	\$ 3,817	\$ -	\$ 3,817
Public safety	421	-	-	-	-	421
Other purposes	-	7,025	9,014	-	4,698	20,737
<b>Total cash basis fund balance - December 31</b>	<b><u>\$ 421</u></b>	<b><u>\$ 7,025</u></b>	<b><u>\$ 9,014</u></b>	<b><u>\$ 3,817</u></b>	<b><u>\$ 4,698</u></b>	<b><u>\$ 24,975</u></b>

TOWN OF GREENSFORK  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF CAPITAL ASSETS  
 For The Year Ended December 31, 2005

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 completed in the current and prior years have been reported. Retroactive reporting of general infrastructure assets will occur by 2006.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 18,273
Buildings	44,556
Machinery and equipment	<u>88,497</u>
 Total governmental activities, capital assets not being depreciated	 <u>\$ 151,326</u>

<u>Primary Government</u>	<u>Ending Balance</u>
Business-type activities:	
Wastewater Utility:	
Capital assets, not being depreciated:	
Land	\$ 18,500
Improvements other than buildings	2,326,765
Machinery and equipment	<u>10,849</u>
 Total Wastewater Utility capital assets	 <u>\$ 2,356,114</u>

TOWN OF GREENSFORK  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF LONG-TERM DEBT  
 For The Year Ended December 31, 2005

	Ending Balance	Due Within One Year
Business-type activities:		
Wastewater Utility:		
Revenue bonds:		
2003 Issue	\$ 926,316	\$ 440,000
2004 Issue	1,050,971	500,000
Total Wastewater Utility	\$ 1,977,287	\$ 940,000

TOWN OF GREENSFORK  
AUDIT RESULTS AND COMMENTS

SALARY OF CLERK-TREASURER

During 2004, the Town had two Clerk-Treasurers due to the elected official moving outside the Town limits. The elected Clerk-Treasurer was also paid as the Town's billing clerk. An interim Clerk-Treasurer was appointed on June 11, 2004, and was also paid as a street department employee during his term in office. The result was an overpayment to the Clerk-Treasurer over the amount approved by the Town Council for the Clerk-Treasurer salary.

Indiana Code 36-5-3-2 states: " (a) As used in this section "compensation" means the total of money paid to an elected town officer for performing duties as a town officer, regardless of the source of funds from which the money is paid. (b) The town legislative body shall, by ordinance, fix the compensation of its own members, the town clerk-treasurer and the town marshal. The legislative body shall provide reasonable compensation for other town officers and employees. (c) The compensation of an elected town officer may not be changed in the year for which it is fixed, nor may it be reduced below the amount fixed for the previous year. (d) The legislative body may provide that town officers and employees receive additional compensation for services that: (1) are performed for the town; (2) are not governmental in nature; and (3) are connected with the operation of a municipally owned utility or function. Subject to the approval of the legislative body, the administrative agency operating the utility or function shall fix the amount of the additional compensation, which shall be paid from the revenues of the utility or function."

Compensation of all town officers and employees shall be fixed by an ordinance of the town council, and for other than elected town officials, this compensation may be changed by another ordinance of the town council at any time. There is no limitation upon the amount fixed, only to the extent of available appropriations where tax funds are involved. [IC 36-5-3-2] At the time such compensation is fixed, it may be prorated between the general fund or any other applicable funds of the town, as well as any available utility funds. The compensation of an elected town official may not be changed in the year for which it is fixed, nor may it be reduced below the amount fixed for the previous year. The approval of a claim for increased compensation does not authorize the town Clerk-Treasurer to pay such increase unless it is specifically provided for by ordinance of the town council.

APPROPRIATIONS

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

<u>Fund</u>	<u>Year</u>	<u>Excess Amount Expended</u>
County Economic Development Income Tax	2005	<u>\$ 7,699</u>

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

PRESCRIBED FORMS

The following prescribed or approved forms were not always in use: ledger of receipts, disbursements and balances, payroll earnings records, and utility cash book.

TOWN OF GREENSFORK  
AUDIT RESULTS AND COMMENTS  
(Continued)

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

PENALTIES, INTEREST AND OTHER CHARGES

Penalties and interest were paid to the U.S. Treasury due to the late or incorrect remittance of payroll taxes for 2005.

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Failure to pay claims or remit taxes in a timely manner could be an indicator of serious financial problems which should be investigated by the governmental unit.

Additionally officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the governmental unit.

Any penalties, interest or other charges paid by the governmental unit may be the personal obligation of the responsible official or employee.

(Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

OPTICAL IMAGES OF WARRANTS

The financial institution did not return the actual cancelled checks with the monthly bank statements, but instead returned only an optical image of the front side of the checks.

Indiana Code 5-15-6-3 concerning optical imaging of checks states, in part:

"(a) . . . 'original records' . . . includes the optical image of a check or deposit document when:

- (1) the check or deposit document is recorded, copied, or reproduced by an optical imaging process . . . ; and
- (2) the drawer of the check receives an optical image of the check after the check is processed for payment . . . "

Further, Indiana Code 26-2-8-111 states, in part:

"(a) If a law requires that certain records be retained, that requirement is met by retaining an electronic record of the information in the record that:

- (1) accurately reflects the information set forth in the record after it was first generated in its final form as an electronic record or otherwise: and
- (2) remains accessible for later reference."

"(e) If a law requires retention of a check, that requirement is satisfied by retention of an electronic record of the information on the front and back of the check in accordance with subsection (a)."

SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



**STATE OF INDIANA**  
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

TO: THE OFFICIALS OF THE TOWN OF GREENSFORK, WAYNE COUNTY, INDIANA

Compliance

We have audited the compliance of the Town of Greensfork (Town) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the years ended December 31, 2004 and 2005. The Town's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Town's management. Our responsibility is to express an opinion on the Town's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States; 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 Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Town's compliance with those requirements.

In our opinion, the Town complied in all material respects with the requirements referred to above that are applicable to each of its major federal programs for the years ended December 31, 2004 and 2005.

Internal Control Over Compliance

The management of the Town is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Town's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133  
(Continued)

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the Town's management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

June 20, 2006

TOWN OF GREENS FORK  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Years Ended December 31, 2004 and 2005

Federal Grantor Agency/Pass-Through Entity Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 12-31-04	Total Federal Awards Expended 12-31-05
<u>Rural Utilities Service, Department of Agriculture</u>				
Direct Grant				
Water and Waste Disposal Systems for Rural Communities	10.760			
Wastewater Utility Construction - \$796,000 Grant			\$ 789,250	\$ -
Wastewater Utility Construction - \$440,000 Loan			269,239	-
Wastewater Utility Construction - \$100,000 Grant			87,244	12,756
Wastewater Utility Construction - \$500,000 Loan			<u>500,000</u>	<u>-</u>
Total for federal grantor agency			<u>1,645,733</u>	<u>12,756</u>
<u>U.S. Housing And Urban Development</u>				
Pass-through Indiana Department of Commerce Community Development Block Grants/State's Program	14.228	B02DC18001CF-02-216	459,964	-
Pass-through Indiana Housing Finance Authority		HD-003-020	<u>159,474</u>	<u>140,526</u>
Total for federal grantor agency			<u>619,438</u>	<u>140,526</u>
<u>Criminal Justice Institute</u>				
Pass-through Indiana Criminal Justice Institute Local Law Enforcement Block Grant Program	16.592		<u>7,600</u>	<u>-</u>
Total federal awards expended			<u>\$ 2,272,771</u>	<u>\$ 153,282</u>

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

TOWN OF GREENSFORK  
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

I. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Town of Greensfork (Town) and is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Accordingly, the amount of federal awards expended is based on when the activity related to the award occurs. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Circular A-133 requires an annual audit of nonfederal entities expending a total amount of federal awards equal to or in excess of \$500,000 in any fiscal year unless by constitution or statute a less frequent audit is required. In accordance with the Indiana Code (IC 5-11-1 et seq.), audits of Towns with populations under 5,000 shall be conducted biennially. Such audits shall include both years within the biennial period.

TOWN OF GREENSFORK  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified?	no
Reportable conditions identified that are not considered to be material weaknesses?	none reported

Noncompliance material to financial statements noted? no

Federal Awards:

Internal control over major programs:

Material weaknesses identified?	no
Reportable conditions identified that are not considered to be material weaknesses?	none reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? no

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
10.760	Water and Waste Disposal Systems for Rural Communities
14.228	Community Development Block Grants/State's 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

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

TOWN OF GREENSFORK  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

TOWN OF GREENSFORK  
EXIT CONFERENCE

The contents of this report were discussed on June 20, 2006, with Brenda Moore, Clerk-Treasurer; and Catherine H. Campbell, Council Member. The officials concurred with our audit findings.