

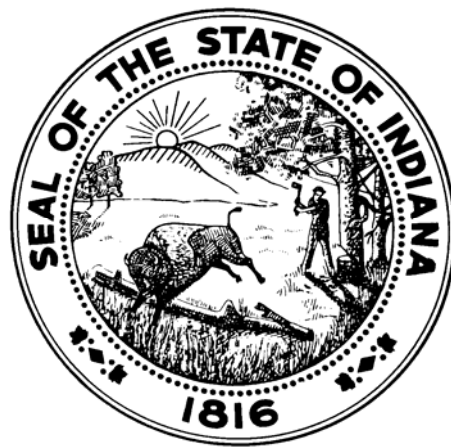
STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2765

ANNUAL FINANCIAL REPORT

2005

CITY OF GREENSBURG

DECATUR COUNTY, INDIANA



FILED
08/25/2006

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	L. June Ryle	01-01-04 to 12-31-07
Mayor	Frank P. Manus	01-01-04 to 12-31-07
President of the Board of Public Works and Safety	Frank P. Manus	01-01-04 to 12-31-07
President of the Common Council	Ken Dornich Glenn Tebbe	01-01-05 to 12-31-05 01-01-06 to 12-31-06
Superintendent of Water Utility	Richard Denney	01-01-05 to 12-31-06
Superintendent of Wastewater Utility	Jeffrey H. Smith	01-01-05 to 12-31-06
Utility Office Manager	Donna Lecher	01-01-05 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 CITY OF GREENSBURG, DECATUR COUNTY, INDIANA

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

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

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

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

In accordance with Government Auditing Standards, we have also issued a report dated June 27, 2006, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. Our report on compliance and on internal control over financial reporting should be read along with this report.

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

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

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

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

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Combining Schedules, as listed in the table of contents, 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 Schedules, as listed in the table of contents, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The Schedule of Capital Assets and Schedule of Long-Term Debt have not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

June 27, 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 CITY OF GREENSBURG, DECATUR COUNTY, INDIANA

We have audited the financial statements of the City of Greensburg (City), as of and for the year ended December 31, 2005, and have issued our report thereon dated June 27, 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 City'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.

We noted certain immaterial instances of noncompliance that we have discussed with the management of the City on June 27, 2006. These immaterial instances of noncompliance were subsequently communicated to management in a separate letter.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City'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.

We noted other matters involving the internal control over financial reporting that we have discussed with the management of the City on June 27, 2006. These immaterial instances of noncompliance were subsequently communicated to management in a separate letter.

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

June 27, 2006

STATE BOARD OF ACCOUNTS

CITY OF GREENSBURG
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		
					Governmental Activities	Business-Type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 2,608,901	\$ 536,356	\$ -	\$ 466,709	\$ (1,605,836)	\$ -	\$ (1,605,836)
Public safety	2,448,517	233,793	25,303	162,284	(2,027,137)	-	(2,027,137)
Highways and streets	600,178	-	-	-	(600,178)	-	(600,178)
Sanitation	374,898	162,570	-	-	(212,328)	-	(212,328)
Health and welfare	81,398	-	-	-	(81,398)	-	(81,398)
Economic development	347,647	-	-	-	(347,647)	-	(347,647)
Interest on long-term debt	125,000	-	-	-	(125,000)	-	(125,000)
Total governmental activities	<u>6,586,539</u>	<u>932,719</u>	<u>25,303</u>	<u>628,993</u>	<u>(4,999,524)</u>	<u>-</u>	<u>(4,999,524)</u>
Business-type activities:							
Water	1,785,165	1,813,490	-	-	-	28,325	28,325
Wastewater	2,767,861	2,791,711	-	-	-	23,850	23,850
Total business-type activities	<u>4,553,026</u>	<u>4,605,201</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>52,175</u>	<u>52,175</u>
Total primary government	<u>\$ 11,139,565</u>	<u>\$ 5,537,920</u>	<u>\$ 25,303</u>	<u>\$ 628,993</u>	<u>(4,999,524)</u>	<u>52,175</u>	<u>(4,947,349)</u>
General receipts:							
Property taxes					6,209,220	-	6,209,220
Other local sources					1,942,180	30,236	1,972,416
Bonds and loans					12,000	-	12,000
Unrestricted investment earnings					181,880	119,966	301,846
Total general receipts					<u>8,345,280</u>	<u>150,202</u>	<u>8,495,482</u>
Change in net assets					3,345,756	202,377	3,548,133
Net assets - beginning					<u>4,722,835</u>	<u>4,991,238</u>	<u>9,714,073</u>
Net assets - ending					<u>\$ 8,068,591</u>	<u>\$ 5,193,615</u>	<u>\$ 13,262,206</u>
<u>Assets</u>							
Cash and cash equivalents					\$ 2,208,533	\$ 3,159,804	\$ 5,368,337
Restricted assets:							
Cash and cash equivalents					<u>5,860,058</u>	<u>2,033,811</u>	<u>7,893,869</u>
Total assets					<u>\$ 8,068,591</u>	<u>\$ 5,193,615</u>	<u>\$ 13,262,206</u>
<u>Net Assets</u>							
Restricted for:							
Public safety					\$ 510,078	\$ -	\$ 510,078
Highways and streets					237,170	-	237,170
Health and welfare					3,988	-	3,988
Urban redevelopment and housing					3,696,802	-	3,696,802
Debt service					96,890	1,644,806	1,741,696
Construction					-	335,800	335,800
Other purposes					1,315,130	53,205	1,368,335
Unrestricted					<u>2,208,533</u>	<u>3,159,804</u>	<u>5,368,337</u>
Total net assets					<u>\$ 8,068,591</u>	<u>\$ 5,193,615</u>	<u>\$ 13,262,206</u>

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

CITY OF GREENSBURG
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	EDIT	TIF	Other Governmental Funds	Totals
Receipts:					
Taxes	\$ 3,200,866	\$ 135,966	\$ 2,286,560	\$ 585,828	\$ 6,209,220
Licenses and permits	26,587	-	-	7,120	33,707
Intergovernmental	1,255,774	-	-	1,082,369	2,338,143
Charges for services	326,396	-	-	166,545	492,941
Fines and forfeits	10,012	-	-	1,065	11,077
Other	111,979	16,535	70,697	170,650	369,861
Total receipts	4,931,614	152,501	2,357,257	2,013,577	9,454,949
Disbursements:					
General government	1,466,965	-	-	529,992	1,996,957
Public safety	2,138,713	-	-	204,148	2,342,861
Highways and streets	78,976	-	-	421,202	500,178
Sanitation	236,607	-	-	138,291	374,898
Urban redevelopment and housing	35,139	92,654	-	2,450	130,243
Debt service:					
Principal	-	-	-	95,000	95,000
Interest	-	-	-	125,000	125,000
Capital outlay:					
General government	-	-	-	37,499	37,499
Highways and streets	-	-	217,404	100,000	317,404
Public safety	-	-	-	10,656	10,656
Health and welfare	-	-	-	81,398	81,398
Total disbursements	3,956,400	92,654	217,404	1,745,636	6,012,094
Excess of revenue over disbursements	975,214	59,847	2,139,853	267,941	3,442,855
Other financing sources (uses)					
Bond proceeds	-	-	-	12,000	12,000
Transfers in	19,766	-	-	100,000	119,766
Transfers out	-	-	-	(18,158)	(18,158)
Total other financing sources (uses)	19,766	-	-	93,842	113,608
Excess of receipts and other financing sources over disbursements and other financing uses	994,980	59,847	2,139,853	361,783	3,556,463
Cash basis fund balance - beginning	26,040	601,083	1,464,351	1,688,979	3,780,453
Cash basis fund balance - ending	\$ 1,021,020	\$ 660,930	\$ 3,604,204	\$ 2,050,762	7,336,916
Amounts reported for governmental activities in the Statement of Net Assets are different because:					
Internal services funds are used by management to charge the costs of certain services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Assets.					
					731,675
Net assets of governmental activities					\$ 8,068,591
Cash Basis Assets - December 31					
Cash and cash equivalents	\$ 1,021,020	\$ 660,930	\$ -	\$ 526,583	\$ 2,208,533
Restricted assets:					
Cash and cash equivalents	-	-	3,604,204	1,524,179	5,128,383
Total cash basis assets - December 31	\$ 1,021,020	\$ 660,930	\$ 3,604,204	\$ 2,050,762	\$ 7,336,916
Cash Basis Fund Balance - December 31					
Restricted for:					
Public safety	\$ -	\$ -	\$ -	\$ 510,078	\$ 510,078
Highways and streets	-	-	-	237,170	237,170
Health and welfare	-	-	-	3,988	3,988
Urban redevelopment and housing	-	-	3,604,204	92,598	3,696,802
Debt service	-	-	-	84,890	84,890
Other purposes	-	-	-	595,455	595,455
Unrestricted	1,021,020	660,930	-	526,583	2,208,533
Total cash basis fund balance - December 31	\$ 1,021,020	\$ 660,930	\$ 3,604,204	\$ 2,050,762	\$ 7,336,916

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

CITY OF GREENSBURG
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

	Water Utility	Wastewater Utility	Total	Internal Service Funds
Operating receipts:				
Customer collections	\$ 1,813,490	\$ 2,791,711	\$ 4,605,201	\$ -
Other water receipts	30,236	-	30,236	-
Insurance proceeds	-	-	-	439,778
Total operating receipts	1,843,726	2,791,711	4,635,437	439,778
Operating disbursements:				
Cost of sales and services	703,758	1,211,535	1,915,293	-
Equipment and capital improvements	152,676	208,855	361,531	-
Other	27,524	-	27,524	-
Salaries and wages	626,757	547,287	1,174,044	-
Insurance disbursements	-	-	-	574,445
Total operating disbursements	1,510,715	1,967,677	3,478,392	574,445
Excess (deficiency) of receipts over (under) disbursements	333,011	824,034	1,157,045	(134,667)
Nonoperating receipts (disbursements):				
Interest and investment receipts	36,875	83,091	119,966	23,960
Debt service of principal	(185,000)	(497,000)	(682,000)	-
Interest and investment disbursement	(89,450)	(302,684)	(392,134)	-
Miscellaneous disbursements	-	(500)	(500)	-
Total nonoperating receipts (disbursements)	(237,575)	(717,093)	(954,668)	23,960
Excess (deficiency) of receipts over (under) disbursements and nonoperating receipts (disbursements)	95,436	106,941	202,377	(110,707)
Transfers out	-	-	-	(100,000)
Excess (deficiency) of receipts over (under) disbursements and transfers out	95,436	106,941	202,377	(210,707)
Cash basis fund balance - beginning	1,465,468	3,525,770	4,991,238	942,382
Cash basis fund balance - ending	<u>\$ 1,560,904</u>	<u>\$ 3,632,711</u>	<u>\$ 5,193,615</u>	<u>\$ 731,675</u>
Cash Basis Assets - December 31				
Cash and cash equivalents	\$ 760,279	\$ 2,399,525	\$ 3,159,804	\$ -
Restricted assets:				
Cash and cash equivalents	800,625	1,233,186	2,033,811	731,675
Total cash basis assets - December 31	<u>\$ 1,560,904</u>	<u>\$ 3,632,711</u>	<u>\$ 5,193,615</u>	<u>\$ 731,675</u>
Cash Basis Fund Balance - December 31				
Restricted for:				
Debt service	\$ 411,620	\$ 1,233,186	\$ 1,644,806	\$ -
Construction	335,800	-	335,800	-
Other purposes	53,205	-	53,205	731,675
Unrestricted	760,279	2,399,525	3,159,804	-
Total cash basis fund balance - December 31	<u>\$ 1,560,904</u>	<u>\$ 3,632,711</u>	<u>\$ 5,193,615</u>	<u>\$ 731,675</u>

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

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

	Pension Trust Funds	Agency Funds
Additions:		
Contributions:		
Employer	\$ 59,228	\$ -
Plan members	2,069	-
State	179,440	-
Total contributions	240,737	-
Investment earnings:		
Interest	5,596	-
Agency fund additions	-	1,546,849
Total additions	246,333	1,546,849
Deductions:		
Benefits	325,732	-
Administrative and general	707	-
Transfers out	1,608	-
Agency fund deductions	-	1,528,519
Total deductions	328,047	1,528,519
Excess (deficiency) of total additions over (under) total deductions	(81,714)	18,330
Cash and cash equivalents - beginning	340,234	2,546
Cash and cash equivalents - ending	\$ 258,520	\$ 20,876

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

CITY OF GREENSBURG
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

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

The City's financial reporting entity is composed of the primary government.

In determining the financial reporting entity, the City complies with the provisions of GASB Statement No. 14, *The Financial Reporting Entity*.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The Statement of Activities and Net Assets – Cash and Investment Basis 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, receipts, and disbursements. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

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

The EDIT fund accounts for the financial resources used for public improvements and economic development.

The TIF fund accounts for the financial resources used for public improvements and economic development within the TIF district.

The City reports the following major proprietary funds:

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

CITY OF GREENSBURG
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

Additionally, the City reports the following fund types:

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

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

Agency funds account for assets held by the City as an agent for various taxing entities and benefit providers for payroll withholdings.

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

CITY OF GREENSBURG
NOTES TO FINANCIAL STATEMENTS
(Continued)

D. Assets and Cash and Investment Balances

1. Cash and Investments

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

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

Fund Financial Statements

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

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.

CITY OF GREENSBURG
NOTES TO FINANCIAL STATEMENTS
(Continued)

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 and Investment Basis, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified.

Fund Financial Statements

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

Government-Wide Financial Statements

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

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

II. Stewardship, Compliance and Accountability

Budgetary Information

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

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

CITY OF GREENSBURG
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

III. Detailed Notes on All Funds

A. Deposits and Investments

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

B. Interfund Transfers

Interfund transfers for the year ended December 31, 2005, were as follows:

<u>Transfer From</u>	<u>Transfer To</u>	<u>2005</u>
Cumulative Capital Development	General Fund	\$ 5,948
Bond General Sinking	General Fund	9,320
Cumulative Building and Firefighting Equipment	General Fund	2,890
Insurance Claims Reserve	Rainy Day	100,000
Police Pension	General Fund	804
Firefighters' Pension	General Fund	<u>804</u>
Total		<u>\$ 119,766</u>

The City typically uses transfers to fund ongoing operating subsidies and to transfer the portion of state-shared revenues from the General Fund to the debt service fund for current-year debt service requirements.

IV. Other Information

A. Risk Management

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

CITY OF GREENSBURG
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

Medical Benefits to Employees, Retirees, and Dependents

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

B. Holding Corporation

The City has entered into a capital lease with the City of Greensburg Public Safety Facilities Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the City. The lessor has been determined to be a related party of the City. Lease payments during the year totaled \$220,000.

C. Subsequent Events

In January 2006, the City issued \$1,200,000 in general obligation bonds to finance the purchase and renovation of a vacant school building to be used as a new city hall. The renovation will be completed in the summer of 2006.

D. Rate Structure – Enterprise Funds

Water Utility

On June 30, 1997, the City Council adopted Ordinance No. 1997-7 to withdraw from the jurisdiction of the Indiana Utility Regulatory Commission. The current rate structure was approved by the Council on July 1, 2002.

Wastewater Utility

The current rate structure was approved by the City Council on June 19, 2000.

CITY OF GREENSBURG
NOTES TO FINANCIAL STATEMENTS
(Continued)

E. Pension Plans

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

a. Public Employees' Retirement Fund

Plan Description

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

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

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

Funding Policy and Annual Pension Cost

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

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

b. 1925 Police Officers' Pension Plan

Plan Description

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

CITY OF GREENSBURG
NOTES TO FINANCIAL STATEMENTS
(Continued)

Funding Policy and Annual Pension Cost

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

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

c. 1937 Firefighters' Pension Plan

Plan Description

The City contributes to the 1937 Firefighters' Pension Plan, which is a single-employer defined benefit pension plan. The plan is administered by the local pension board as authorized by state statute (IC 36-8-7). The plan provides retirement, disability, and death benefits to plan members and beneficiaries. The plan was established by the plan administrator, as provided by state statute. The plan administrator does not issue a publicly available financial report that includes financial statements and required supplementary information of the plan.

Funding Policy and Annual Pension Cost

The contribution requirements of plan members for the 1937 Firefighters' Pension Plan are established by state statute. The City's annual pension cost and related information, as provided by the actuary, is presented in this note.

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

Actuarial Information for the Above Plans

	<u>PERF</u>	<u>1925 Police Officers' Pension</u>	<u>1937 Firefighters' Pension</u>
Annual required contribution	\$ 64,205	\$ 315,600	\$ 252,300
Interest on net pension obligation	(1,530)	48,800	69,200
Adjustment to annual required contribution	<u>1,744</u>	<u>(81,500)</u>	<u>(115,500)</u>
Annual pension cost	64,419	282,900	206,000
Contributions made	<u>73,250</u>	<u>97,542</u>	<u>75,810</u>
Increase (decrease) in net pension obligation	(8,831)	185,358	130,190
Net pension obligation, beginning of year	<u>(21,104)</u>	<u>723,438</u>	<u>1,025,311</u>
Net pension obligation, end of year	<u>\$ (29,935)</u>	<u>\$ 908,796</u>	<u>\$ 1,155,501</u>

CITY OF GREENSBURG
NOTES TO FINANCIAL STATEMENTS
(Continued)

	PERF	1925 Police Officers' Pension	1937 Firefighters' Pension
Contribution rates:			
City	3.75%	21%	21%
Plan members	3%	6%	6%
Actuarial valuation date	07-01-05	01-01-04	01-01-04
Actuarial cost method	Entry age	Entry age	Entry age
Amortization method	Level percentage of projected payroll, closed	Level percentage of projected payroll, closed	Level percentage of projected payroll, closed
Amortization period	32 years	13 years	13 years
Amortization period (from date)	07-01-97	12-31-77	12-31-77
Asset valuation method	4 year smoothed market	4 year smoothed market	4 year smoothed market

<u>Actuarial Assumptions</u>	PERF	1925 Police Officers' Pension	1937 Firefighters' Pension
Investment rate of return	7.25%	7%	7%
Projected future salary increases:			
Total	5%	5%	5%
Attributed to inflation	4%	4%	4%
Attributed to merit/seniority	1%	1%	1%
Cost-of-living adjustments	2%	0%	0%

Three Year Trend Information

	Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
PERF	06-30-03	\$ 69,844	84%	\$ (10,898)
	06-30-04	54,402	119%	(21,104)
	06-30-05	64,419	135%	(29,935)
1925 Police Officers' Pension Plan	12-31-01	266,700	79%	661,516
	12-31-02	271,300	77%	723,438
	12-31-03	282,900	34%	908,795
1937 Firefighters' Pension Plan	12-31-01	239,200	83%	1,048,341
	12-31-02	185,300	112%	1,025,311
	12-31-03	206,000	37%	1,155,501

CITY OF GREENSBURG
NOTES TO FINANCIAL STATEMENTS
(Continued)

Membership in the 1925 Police Officers' Pension Plan and the 1937 Firefighters' Pension Plan at January 1, 2005, was comprised of the following:

	1925 Police Officers' Pension	1937 Firefighters' Pension
Retires and beneficiaries currently receiving benefits	11	8
Current active employees	1	-

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

1977 Police Officers' and Firefighters' Pension and Disability Fund

Plan Description

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

State statute (IC 36-8-8) regulates the operations of the system, including benefits, vesting and requirements for contributions by employers and by employees. Covered employees may retire at age 55 with 20 years of service. An employee with 20 years of service may leave service, but will not receive benefits until reaching age 55. The plan also provides for death and disability benefits.

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

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

Funding Policy and Annual Pension Costs

Plan members are required to contribute 6% of the first-class police officers' and firefighters' salary and the City is to contribute at an actuarially determined rate. The current rate, which has not changed since the inception of the plan, is 21% of the first-class police officers' and firefighters' salary. The contribution requirements of plan members and the City are established by the Board of Trustees of PERF. The City's contributions to the plan for the years ending December 31, 2005, 2004, and 2003, were \$299,100, \$294,248, and \$280,908, respectively, equal to the required contributions for each year.

CITY OF GREENSBURG
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF FUNDING PROGRESS

Public Employees' Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Excess of Assets Over (Unfunded) AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Excess (Unfunded) AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-03	\$ 1,512,765	\$ 1,264,687	\$ 248,078	120%	\$ 1,642,404	15%
07-01-04	1,524,673	1,397,844	126,829	109%	1,669,095	8%
07-01-05	1,582,309	1,695,498	(113,189)	93%	1,938,658	(6%)

1937 Firefighters' Pension Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
01-01-99	\$ 231,936	\$ 3,026,300	\$ (2,794,364)	8%	\$ -	N/A
01-01-00	215,236	2,954,600	(2,739,364)	7%	-	N/A
01-01-01	153,916	2,739,100	(2,585,184)	6%	-	N/A
01-01-02	202,918	2,176,900	(1,973,982)	9%	-	N/A
01-01-03	204,244	1,857,300	(1,653,056)	11%	-	N/A
01-01-04	168,487	2,294,100	(2,125,613)	7%	-	N/A

N/A - Not available.

1925 Police Officers' Pension

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
01-01-99	\$ 172,917	\$ 2,753,100	\$ (2,580,183)	6%	\$ 60,000	(4,300%)
01-01-00	162,281	2,751,800	(2,589,519)	6%	61,400	(4,217%)
01-01-01	133,901	2,787,300	(2,653,399)	5%	30,700	(8,643%)
01-01-02	190,020	2,774,200	(2,584,180)	7%	32,000	(8,076%)
01-01-03	222,455	2,713,100	(2,490,645)	8%	65,400	(3,808%)
01-01-04	201,292	2,797,100	(2,595,808)	7%	33,600	(7,726%)

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

	<u>Year Ending</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage of ARC Contributed</u>
1925 Police Officers' Pension Plan	12-31-98	\$ 301,300	65%
	12-31-99	277,700	47%
	12-31-00	285,400	47%
	12-31-01	288,800	73%
	12-31-02	298,100	70%
	12-31-03	315,600	31%
1937 Firefighters' Pension Plan	12-31/98	\$ 463,900	49%
	12-31/99	286,100	48%
	12-31/00	288,000	29%
	12-31/01	276,100	72%
	12-31/02	227,800	91%
	12-31/03	252,300	30%

CITY OF GREENSBURG
 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

	Motor Vehicle Highway	Local Road and Street	DNR Grant	County Building Inspection	Law Enforcement Continuing Education	Fire Contribution
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	359,546	43,840	-	-	-	-
Charges for services	-	-	-	-	3,975	-
Fines and forfeits	-	-	-	-	1,065	-
Other	19,407	-	-	-	-	7,560
Total receipts	378,953	43,840	-	-	5,040	7,560
Disbursements:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	3,990	4,500
Highways and streets	369,484	51,718	-	-	-	-
Sanitation	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Capital outlay:						
General government	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Total disbursements	369,484	51,718	-	-	3,990	4,500
Excess (deficiency) of revenue over (under) disbursements	9,469	(7,878)	-	-	1,050	3,060
Other financing sources (uses)						
Bond proceeds	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	9,469	(7,878)	-	-	1,050	3,060
Cash basis fund balance - beginning	213,539	22,040	125	249	25,440	3,214
Cash basis fund balance - ending	<u>\$ 223,008</u>	<u>\$ 14,162</u>	<u>\$ 125</u>	<u>\$ 249</u>	<u>\$ 26,490</u>	<u>\$ 6,274</u>
Cash Basis Assets - December 31						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 249	\$ -	\$ -
Cash with fiscal agent	-	-	-	-	-	-
Restricted assets:						
Cash and cash equivalents	223,008	14,162	125	-	26,490	6,274
Total cash basis assets - December 31	<u>\$ 223,008</u>	<u>\$ 14,162</u>	<u>\$ 125</u>	<u>\$ 249</u>	<u>\$ 26,490</u>	<u>\$ 6,274</u>
Cash Basis Fund Balance - December 31						
Restricted for:						
Public safety	\$ -	\$ -	\$ -	\$ -	\$ 26,490	\$ 6,274
Highways and streets	223,008	14,162	-	-	-	-
Health and welfare	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Other purposes	-	-	125	-	-	-
Unrestricted	-	-	-	249	-	-
Total cash basis fund balance - December 31	<u>\$ 223,008</u>	<u>\$ 14,162</u>	<u>\$ 125</u>	<u>\$ 249</u>	<u>\$ 26,490</u>	<u>\$ 6,274</u>

CITY OF GREENSBURG
 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
 (Continued)

	Police Donation	EDLP	ILR	Trash Tipping Fee	OWI Overtime	Police Officer Grant
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	4,225	-
Charges for services	-	-	-	162,570	-	-
Fines and forfeits	-	-	-	-	-	-
Other	1,125	10,880	-	-	-	-
Total receipts	1,125	10,880	-	162,570	4,225	-
Disbursements:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	4,334	-
Highways and streets	-	-	-	-	-	-
Sanitation	-	-	-	138,291	-	-
Urban redevelopment and housing	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Capital outlay:						
General government	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Total disbursements	-	-	-	138,291	4,334	-
Excess (deficiency) of revenue over (under) disbursements	1,125	10,880	-	24,279	(109)	-
Other financing sources (uses)						
Bond proceeds	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	1,125	10,880	-	24,279	(109)	-
Cash basis fund balance - beginning	5,919	32,614	45,354	13,820	882	8,699
Cash basis fund balance - ending	<u>7,044</u>	<u>43,494</u>	<u>45,354</u>	<u>38,099</u>	<u>773</u>	<u>8,699</u>
Cash Basis Assets - December 31						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 38,099	\$ -	\$ -
Cash with fiscal agent	-	-	-	-	-	-
Restricted assets:						
Cash and cash equivalents	7,044	43,494	45,354	-	773	8,699
Total cash basis assets - December 31	<u>7,044</u>	<u>43,494</u>	<u>45,354</u>	<u>38,099</u>	<u>773</u>	<u>8,699</u>
Cash Basis Fund Balance - December 31						
Restricted for:						
Public safety	\$ 7,044	\$ -	\$ -	\$ -	\$ 773	\$ 8,699
Highways and streets	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Urban redevelopment and housing	-	43,494	45,354	-	-	-
Debt service	-	-	-	-	-	-
Other purposes	-	-	-	-	-	-
Unrestricted	-	-	-	38,099	-	-
Total cash basis fund balance - December 31	<u>7,044</u>	<u>43,494</u>	<u>45,354</u>	<u>38,099</u>	<u>773</u>	<u>8,699</u>

CITY OF GREENSBURG
 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
 (Continued)

	Unsafe Building Fee	911 Dispatch County	Riverboat	Housing Rehab Loan	Senior Center Project	Police Equitable Sharing
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	7,120	-	-	-	-	-
Intergovernmental	-	12,393	64,697	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total receipts	7,120	12,393	64,697	-	-	-
Disbursements:						
General government	-	-	-	-	300	-
Public safety	7,948	18,959	-	-	-	1,905
Highways and streets	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Capital outlay:						
General government	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Total disbursements	7,948	18,959	-	-	300	1,905
Excess (deficiency) of revenue over (under) disbursements	<u>(828)</u>	<u>(6,566)</u>	<u>64,697</u>	<u>-</u>	<u>(300)</u>	<u>(1,905)</u>
Other financing sources (uses)						
Bond proceeds	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	<u>(828)</u>	<u>(6,566)</u>	<u>64,697</u>	<u>-</u>	<u>(300)</u>	<u>(1,905)</u>
Cash basis fund balance - beginning	<u>113,456</u>	<u>6,566</u>	<u>129,574</u>	<u>3,750</u>	<u>3,262</u>	<u>13,631</u>
Cash basis fund balance - ending	<u>\$ 112,628</u>	<u>\$ -</u>	<u>\$ 194,271</u>	<u>\$ 3,750</u>	<u>\$ 2,962</u>	<u>\$ 11,726</u>
Cash Basis Assets - December 31						
Cash and cash equivalents	\$ 112,628	\$ -	\$ 194,271	\$ -	\$ -	\$ -
Cash with fiscal agent	-	-	-	-	-	-
Restricted assets:						
Cash and cash equivalents	-	-	-	3,750	2,962	11,726
Total cash basis assets - December 31	<u>\$ 112,628</u>	<u>\$ -</u>	<u>\$ 194,271</u>	<u>\$ 3,750</u>	<u>\$ 2,962</u>	<u>\$ 11,726</u>
Cash Basis Fund Balance - December 31						
Restricted for:						
Public safety	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,726
Highways and streets	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	3,750	-	-
Debt service	-	-	-	-	-	-
Other purposes	-	-	-	-	2,962	-
Unrestricted	<u>112,628</u>	<u>-</u>	<u>194,271</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total cash basis fund balance - December 31	<u>\$ 112,628</u>	<u>\$ -</u>	<u>\$ 194,271</u>	<u>\$ 3,750</u>	<u>\$ 2,962</u>	<u>\$ 11,726</u>

CITY OF GREENSBURG
 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
 (Continued)

	Hazmat Emergency	Brownfield Grant	Rainy Day	DSI Project	FEMA Grant	Bond General Sinking
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 284,275
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	341,703	162,284	30,204
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other	5,529	-	-	125,000	334	-
Total receipts	5,529	-	-	466,703	162,618	314,479
Disbursements:						
General government	-	-	-	529,692	-	-
Public safety	-	-	-	-	162,512	-
Highways and streets	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-
Urban redevelopment and housing	-	2,450	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	95,000
Interest	-	-	-	-	-	125,000
Capital outlay:						
General government	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Total disbursements	-	2,450	-	529,692	162,512	220,000
Excess (deficiency) of revenue over (under) disbursements	5,529	(2,450)	-	(62,989)	106	94,479
Other financing sources (uses)						
Bond proceeds	-	-	-	-	-	-
Transfers in	-	-	100,000	-	-	-
Transfers out	-	-	-	-	-	(9,320)
Total other financing sources (uses)	-	-	100,000	-	-	(9,320)
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	5,529	(2,450)	100,000	(62,989)	106	85,159
Cash basis fund balance - beginning	3,670	2,450	72,137	97,817	-	(269)
Cash basis fund balance - ending	<u>\$ 9,199</u>	<u>\$ -</u>	<u>\$ 172,137</u>	<u>\$ 34,828</u>	<u>\$ 106</u>	<u>\$ 84,890</u>
Cash Basis Assets - December 31						
Cash and cash equivalents	\$ 9,199	\$ -	\$ 172,137	\$ -	\$ -	\$ -
Cash with fiscal agent	-	-	-	-	-	-
Restricted assets:						
Cash and cash equivalents	-	-	-	34,828	106	84,890
Total cash basis assets - December 31	\$ 9,199	\$ -	\$ 172,137	\$ 34,828	\$ 106	\$ 84,890
Cash Basis Fund Balance - December 31						
Restricted for:						
Public safety	\$ -	\$ -	\$ -	\$ -	\$ 106	\$ -
Highways and streets	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-
Debt service	-	-	-	-	-	84,890
Other purposes	-	-	-	34,828	-	-
Unrestricted	9,199	-	172,137	-	-	-
Total cash basis fund balance - December 31	\$ 9,199	\$ -	\$ 172,137	\$ 34,828	\$ 106	\$ 84,890

CITY OF GREENSBURG
 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
 (Continued)

	Renovation 2005	Cumulative Capital Improvement	Cumulative Building and Firefighting Equipment	Cumulative Capital Development	Animal Shelter Building	Totals
Receipts:						
Taxes	\$ -	\$ -	\$ 101,809	\$ 199,744	\$ -	\$ 585,828
Licenses and permits	-	-	-	-	-	7,120
Intergovernmental	-	31,717	10,695	21,065	-	1,082,369
Charges for services	-	-	-	-	-	166,545
Fines and forfeits	-	-	-	-	-	1,065
Other	-	-	-	-	815	170,650
Total receipts	-	31,717	112,504	220,809	815	2,013,577
Disbursements:						
General government	-	-	-	-	-	529,992
Public safety	-	-	-	-	-	204,148
Highways and streets	-	-	-	-	-	421,202
Sanitation	-	-	-	-	-	138,291
Urban redevelopment and housing	-	-	-	-	-	2,450
Debt service:						
Principal	-	-	-	-	-	95,000
Interest	-	-	-	-	-	125,000
Capital outlay:						
General government	-	37,499	-	-	-	37,499
Highways and streets	-	-	-	100,000	-	100,000
Public safety	-	-	10,656	-	-	10,656
Health and welfare	-	-	-	-	81,398	81,398
Total disbursements	-	37,499	10,656	100,000	81,398	1,745,636
Excess (deficiency) of revenue over (under) disbursements	-	(5,782)	101,848	120,809	(80,583)	267,941
Other financing sources (uses)						
Bond proceeds	12,000	-	-	-	-	12,000
Transfers in	-	-	-	-	-	100,000
Transfers out	-	-	(2,890)	(5,948)	-	(18,158)
Total other financing sources (uses)	12,000	-	(2,890)	(5,948)	-	93,842
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	12,000	(5,782)	98,958	114,861	(80,583)	361,783
Cash basis fund balance - beginning	-	53,767	350,008	382,694	84,571	1,688,979
Cash basis fund balance - ending	<u>\$ 12,000</u>	<u>\$ 47,985</u>	<u>\$ 448,966</u>	<u>\$ 497,555</u>	<u>\$ 3,988</u>	<u>\$ 2,050,762</u>
Cash Basis Assets - December 31						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 526,583
Cash with fiscal agent	-	-	-	-	-	-
Restricted assets:						
Cash and cash equivalents	12,000	47,985	448,966	497,555	3,988	1,524,179
Total cash basis assets - December 31	<u>\$ 12,000</u>	<u>\$ 47,985</u>	<u>\$ 448,966</u>	<u>\$ 497,555</u>	<u>\$ 3,988</u>	<u>\$ 2,050,762</u>
Cash Basis Fund Balance - December 31						
Restricted for:						
Public safety	\$ -	\$ -	\$ 448,966	\$ -	\$ -	\$ 510,078
Highways and streets	-	-	-	-	-	237,170
Health and welfare	-	-	-	-	3,988	3,988
Urban redevelopment and housing	-	-	-	-	-	92,598
Debt service	-	-	-	-	-	84,890
Other purposes	12,000	47,985	-	497,555	-	595,455
Unrestricted	-	-	-	-	-	526,583
Total cash basis fund balance - December 31	<u>\$ 12,000</u>	<u>\$ 47,985</u>	<u>\$ 448,966</u>	<u>\$ 497,555</u>	<u>\$ 3,988</u>	<u>\$ 2,050,762</u>

CITY OF GREENSBURG
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH BALANCES
 PENSION TRUST FUNDS
 For The Year Ended December 31, 2005

	<u>Police Pension</u>	<u>Firefighter's Pension</u>	<u>Total</u>
Additions:			
Contributions:			
Employer	\$ 30,185	\$ 29,043	\$ 59,228
Plan members	2,069	-	2,069
State	<u>102,246</u>	<u>77,194</u>	<u>179,440</u>
Total contributions	<u>134,500</u>	<u>106,237</u>	<u>240,737</u>
Investment earnings:			
Interest	<u>2,234</u>	<u>3,362</u>	<u>5,596</u>
Total additions	<u>136,734</u>	<u>109,599</u>	<u>246,333</u>
Deductions:			
Benefits	182,007	143,725	325,732
Administrative and general	280	427	707
Transfers out	<u>804</u>	<u>804</u>	<u>1,608</u>
Total deductions	<u>183,091</u>	<u>144,956</u>	<u>328,047</u>
Deficiency of total additions under total deductions	(46,357)	(35,357)	(81,714)
Cash and cash equivalents - beginning	<u>146,267</u>	<u>193,967</u>	<u>340,234</u>
Cash and cash equivalents - ending	<u>\$ 99,910</u>	<u>\$ 158,610</u>	<u>\$ 258,520</u>

CITY OF GREENSBURG
 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.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 63,572
Buildings	4,436,714
Improvements other than buildings	33,459
Machinery and equipment	<u>3,223,838</u>
 Total governmental activities, capital assets not being depreciated	 <u>\$ 7,757,583</u>

<u>Primary Government</u>	<u>Ending Balance</u>
Business-type activities:	
Water Utility:	
Capital assets, not being depreciated:	
Land	\$ 408,506
Intangible plant	111,721
Source of supply	3,105,853
Water treatment	1,972,621
Transportation equipment	293,516
Transmission and distribution	6,312,445
General plant	<u>383,813</u>
 Total Water Utility capital assets	 <u>12,588,475</u>
Wastewater Utility:	
Capital assets, not being depreciated:	
Land	190,103
Construction in progress	431,996
Treatment plant	15,710,672
Sewer lines	9,334,149
Plant equipment	471,727
Transportation equipment	472,106
Office equipment	<u>120,127</u>
 Total Wastewater Utility capital assets	 <u>26,730,880</u>
 Total business-type activities capital assets	 <u>\$ 39,319,355</u>

CITY OF GREENSBURG
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF DEBT
 For The Year Ended December 31, 2005

CAPITAL LEASES

The City has entered into the following capital lease:

Description of Asset	Present Value of Net Minimum Lease Payments	Ending Balance	Due Within One Year
Police station	\$ 2,435,000	\$ 3,723,000	\$ 221,000
	Ending Balance	Due Within One Year	
Governmental activities:			
Bonds payable:			
General obligation bonds:	\$ 1,200,000	\$ 20,000	
Business-type activities:			
Water Utility:			
Revenue bonds:			
1998 Water refunding revenue bonds	\$ 2,105,000	\$ 190,000	
Wastewater Utility:			
Revenue bonds:			
2002 Wastewater refunding revenue bonds	330,000	330,000	
2000 Wastewater expansion bonds	8,005,405	*	
Total Wastewater Utility	8,335,405	330,000	
Total business-type activities	\$ 10,440,405	\$ 520,000	

*Under the terms of the State Revolving Loan Fund, revenue bonds have been purchased by the Indiana Bond Bank, the proceeds of which are set aside to finance the construction of a wastewater treatment plant. Funds are loaned to the City as construction Costs are accrued to the maximum allowed. The 2000 loan established a maximum draw of \$9,850,000. Debt service requirements for the loan will not be determined until planned construction projects are completed.

CITY OF GREENSBURG
AUDIT RESULTS AND COMMENTS

POLICE DEPARTMENT RECEIPTS AND FEES

As reported in prior audit reports, receipts and fees collected by the police department were remitted to the Clerk-Treasurer less frequently than once a week.

Receipts and fees collected by a police department should be remitted to the Clerk-Treasurer or City Controller at least once each week. (Cities and Towns Bulletin and Uniform Compliance Guidelines, September 2003)

INFRASTRUCTURE

The City does not record infrastructure with their capital assets.

Every governmental unit should have a complete inventory of all capital assets owned which reflect their acquisition value. Such inventory should be recorded in the Capital Assets Ledger form. A complete inventory should be taken every year for good internal control and for verifying account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2765

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

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

TO: THE OFFICIALS OF THE CITY OF GREENSBURG, DECATUR COUNTY, INDIANA

Compliance

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

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City's compliance with those requirements.

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

Internal Control Over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance 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 City's management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

June 27, 2006

CITY OF GREENSBURG
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended December 31, 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
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
Pass-Through Indiana Department of Commerce Community Development Block Grants/State's Program Community Focus Grant	14.228	CF-04-116	\$ 351,417
Pass-Through Indiana Housing Finance Authority Community Development Block Grants/Brownfields Economic Development	14.246		<u>2,450</u>
Total for federal grantor agency			<u>353,867</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
Pass-Through Indiana Criminal Justice Institute State and Community Highway Safety Operation Pullover Operation Pullover	20.600	OP-05-02-03-30 OP-06-02-03-30	2,261 <u>1,049</u>
Total for federal grantor agency			<u>3,310</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>			
Direct Grant Assistance to Firefighters Grant	97.044	EMW-2004-FG-08289 EMW-2004-FP-00809	121,783 <u>40,500</u>
Total for program			<u>162,283</u>
Pass-Through Indiana State Emergency Management Agency Public Assistance Grants	97.036		<u>16,043</u>
Total for federal grantor agency			<u>16,043</u>
Total federal awards expended			<u>\$ 535,503</u>

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

CITY OF GREENSBURG
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

I. Basis of Presentation

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

CITY OF GREENSBURG
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified?	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
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? yes

Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

CITY OF GREENSBURG
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

CITY OF GREENSBURG
EXIT CONFERENCE

The contents of this report were discussed on June 27, 2006, with Frank P. Manus, Mayor; L. June Ryle, Clerk-Treasurer; and Donna Lecher, Utility Office Manager. The officials concurred with our audit findings.