

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

EXAMINATION REPORT
OF
CITY OF GREENSBURG
DECATUR COUNTY, INDIANA
January 1, 2006 to December 31, 2006



FILED
07/06/2007

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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	Glenn Tebbe	01-01-06 to 12-31-07
Superintendent of Water Utility	Richard Denney	01-01-06 to 12-31-07
Superintendent of Wastewater Utility	Jeffrey H. Smith	01-01-06 to 12-31-07
Utility Office Manager	Donna Lecher	01-01-06 to 12-31-07



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the financial information presented herein of the City of Greensburg (City), for the period of January 1, 2006 to December 31, 2006. The City's management is responsible for the financial information presented herein. Our responsibility is to express an opinion based on our examination.

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

In our opinion, the financial information referred to above presents fairly, in all material respects, the financial information of the City for the year ended December 31, 2006, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

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

STATE BOARD OF ACCOUNTS

May 30, 2007

CITY OF GREENSBURG
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL, PROPRIETARY, AND FIDUCIARY FUND TYPES
As Of And For The Year Ended December 31, 2006

	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
Governmental Funds:				
General	\$ 1,021,020	\$ 4,564,934	\$ 4,264,551	\$ 1,321,403
Motor Vehicle Highway	223,008	474,089	357,475	339,622
Local Road and Street	14,162	42,761	-	56,923
County Building Inspection	249	-	249	-
Law Enforcement Continuing Education	26,490	5,291	3,750	28,031
Riverboat	194,271	64,564	-	258,835
Rainy Day	172,137	-	-	172,137
Police Donation	7,044	4,825	1,380	10,489
Fire Contribution	6,274	6,370	1,635	11,009
EDIT	660,930	211,840	111,342	761,428
DNR Grant	125	-	125	-
EDLP	43,494	10,424	-	53,918
ILR	45,354	-	-	45,354
Trash Tipping Fee	38,099	162,165	140,558	59,706
OWI Overtime	773	3,250	3,412	611
Police Officer Grant	8,699	-	8,699	-
Unsafe Building Fee	112,628	9,873	-	122,501
911 Dispatch County	-	37,216	30,344	6,872
Housing Rehab Loan	3,750	1,547	-	5,297
Senior Center Project	2,962	-	-	2,962
Police Equitable Sharing	11,726	-	-	11,726
Hazmat Emergency	9,199	4,187	-	13,386
Brownfield Grant	-	25,375	25,375	-
DSI Project	34,828	43,435	78,263	-
FEMA Grant	106	-	-	106
Bond General Sinking	84,890	386,144	320,720	150,314
Renovation Bond - 2005	12,000	1,208,384	1,018,839	201,545
Cumulative Capital Improvement	47,985	40,583	36,995	51,573
Cumulative Capital Development	497,555	147,391	-	644,946
Cumulative Building and Fire Fighting Equipment	448,966	541,013	822,423	167,556
TIF	3,604,204	2,176,126	735,415	5,044,915
Animal Shelter Building	3,988	188	1,321	2,855
Proprietary Funds:				
Water Utility - Operating	323,762	1,922,274	1,994,830	251,206
Water Utility - Bond and Interest	55,740	291,354	272,328	74,766
Water Utility - Depreciation	81,133	50,000	-	131,133
Water Utility - Customer Deposit	53,204	31,331	30,725	53,810
Water Utility - Construction	335,800	12,803	-	348,603
Water Utility - Improvement	257,777	50,000	-	307,777
Water Utility - Debt Reserve	355,881	-	-	355,881
Water Utility - Computer Reserve	89,268	80,000	-	169,268
Water Utility - Clearing Account	8,599	4,473,010	4,461,953	19,656
Wastewater Utility - Operating	384,220	2,648,207	2,528,021	504,406
Wastewater Utility - Bond and Interest	327,510	855,755	788,727	394,538
Wastewater Utility - Depreciation	926,023	148,580	59,778	1,014,825
Wastewater Utility - Improvement	947,618	126,088	54,142	1,019,564
Wastewater Utility - Debt Reserve	905,677	-	-	905,677
Wastewater Utility - Computer Reserve	229,449	329,449	229,449	329,449
Wastewater Utility - Plant Services	2,265	-	-	2,265
Self-Insurance	731,675	659,666	702,699	688,642
Fiduciary Funds:				
Police Officers' Pension	99,910	216,523	185,792	130,641
Firefighters' Pension	158,610	97,689	146,599	109,700
Payroll	20,876	1,702,890	1,721,137	2,629
Totals	<u>\$ 13,631,913</u>	<u>\$ 23,867,594</u>	<u>\$ 21,139,051</u>	<u>\$ 16,360,456</u>

The accompanying notes are an integral part of the schedules.

CITY OF GREENSBURG
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

The City was established under the laws of the State of Indiana. The City provides the following services: public safety (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.

Note 2. Fund Accounting

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

Note 3. Budgets

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

Note 4. Property Taxes

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

Note 5. Deposits and Investments

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

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

CITY OF GREENSBURG
NOTES TO FINANCIAL INFORMATION
(Continued)

Note 6. Pension Plan

Public Employees' Retirement Fund

Plan Description

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

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

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

Funding Policy and Annual Pension Cost

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

Note 7. Subsequent Event

The "SR 3 Corridor Development Area Economic Development Area" was established by the City in March 2000 to provide the public improvements necessary to promote private development for the public benefit. Tax increment financing (TIF) is the financing mechanism used to capture property taxes attributable to the increases in assessed value from new development in the designated area.

The 2001 (payable in 2002) assessed value was correctly calculated, and tax collections were properly distributed by the County Auditor to the City for deposit in the TIF Fund. The 2002 (payable in 2003) and all subsequent assessed values were incorrectly calculated. The total estimated over-taxation and over-distribution to the City's TIF fund is \$3,256,203. At December 31, 2006, the TIF fund balance was \$5,044,915.56.

The City is working with a public accounting firm to determine the proper procedures for refunding the overpayments.

CITY OF GREENSBURG
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 For The Year Ended December 31, 2006

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	5,151,633
Improvements other than buildings	33,459
Machinery and equipment	<u>3,180,965</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 8,429,629</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	3,118,714
Water Treatment	2,007,636
Transportation equipment	294,396
Transmission and distribution	6,315,361
General plant	<u>395,179</u>
Total Water Utility capital assets	<u>12,651,513</u>

Wastewater Utility:	
Capital assets, not being depreciated:	
Land	190,103
Construction in progress	585,864
Treatment plant	15,712,277
Sewer lines	9,334,149
Plant equipment	514,294
Transportation equipment	488,846
Office equipment	<u>132,324</u>
Total Wastewater Utility capital assets	<u>26,957,857</u>

Total business-type activities capital assets	<u>\$ 39,609,370</u>
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CITY OF GREENSBURG
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 For The Year Ended December 31, 2006

The City has entered into the following capital lease:

<u>Description of Asset</u>	<u>Present Value of Net Minimum Lease Payments</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Police station	\$ 2,235,000	\$ 3,502,000	\$ 217,000

<u>Description of Asset</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:		
Notes and loans payable	\$ 179,926	\$ 71,241
Bonds payable:		
General obligation bonds:		
City Hall renovation	1,180,000	50,000
Total governmental activities long-term debt	<u>\$ 1,359,926</u>	<u>\$ 121,241</u>
Business-type Activities:		
Water Utility		
Revenue bonds:		
1998 Water refunding revenue bonds	\$ 1,915,000	\$ 200,000
2006 Water SRF	602,236	*
Total Water Utility	<u>2,517,236</u>	<u>200,000</u>
Wastewater Utility		
Revenue bonds:		
2000 Wastewater expansion bonds	7,832,406	556,000
2006 Wastewater SRF	299,846	*
Total Wastewater Utility	<u>8,132,252</u>	<u>556,000</u>
Total business-type activities long-term debt:	<u>\$ 10,649,488</u>	<u>\$ 756,000</u>

* Under the terms of the State Revolving Loan Fund, revenue bonds have been purchased by the Indiana Bond Bank, the proceeds of which are set aside to finance the extension of water and wastewater service to annexed areas of the City. Funds are loaned to the City as construction costs are accrued to the maximum allowed. The 2006 Water loan established a maximum draw of \$3,350,000. The 2006 Wastewater loan established a maximum draw of \$650,000. Debt service requirements for the loans will not be determined until planned construction projects are completed.

CITY OF GREENSBURG
EXAMINATION RESULTS AND COMMENTS

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. 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)

POLICE DEPARTMENT RECEIPTS AND FEES

As reported in the four prior 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)

CONDITION OF RECORDS (Applies to the Water Utility and the Wastewater Utility)

The accounts receivable in the general ledger (control) does not agree with the customer aged report of accounts receivable (subsidiary).

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

CITY OF GREENSBURG
EXIT CONFERENCE

The contents of this report were discussed on May 30, 2007, with Frank P. Manus, Mayor; Kenneth V. Dornich, Council member; L. June Ryle, Clerk-Treasurer; and Donna Lecher, Utility Office Manager.