

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

CITY OF GREENCASTLE
PUTNAM COUNTY, INDIANA

January 1, 2014 to December 31, 2014



FILED
01/27/2017

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Independent Auditor's Report	3-5
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statement Performed in Accordance with <i>Government Auditing Standards</i>	6-7
Financial Statement and Accompanying Notes:	
Statement of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis	10
Notes to Financial Statement	11-16
Other Information - Unaudited:	
Combining Schedule of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis	18-26
Schedule of Payables and Receivables	27
Schedule of Leases and Debt	28
Supplemental Audit of Federal Awards:	
Independent Auditor's Report on Compliance for the Major Federal Program and on Internal Control over Compliance	30-31
Schedule of Expenditures of Federal Awards and Accompanying Notes:	
Schedule of Expenditures of Federal Awards.....	34
Notes to Schedule of Expenditures of Federal Awards	35
Schedule of Findings and Questioned Costs	36-38
Auditee-Prepared Document:	
Corrective Action Plan	40
Other Reports.....	41

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Lynda R. Dunbar	01-01-12 to 12-31-19
Mayor	Susan V. Murray William A. Dory, Jr.	01-01-12 to 12-31-15 01-01-16 to 12-31-19
President of the Board of Public Works	Susan V. Murray William A. Dory, Jr.	01-01-12 to 12-31-15 01-01-16 to 12-31-19
President Pro Tempore of the Common Council	Adam Cohen	01-01-14 to 12-31-16
Water Utility Office Manager	Barbra Hathaway (Vacant) Dorothy Wells	01-01-14 to 06-26-14 06-27-14 to 06-29-14 06-30-14 to 12-31-16
Wastewater Utility Office Manager	Melanie Welker	01-01-14 to 12-31-16
Trash Utility Office Manager	Lynda R. Dunbar	01-01-14 to 12-31-16
Superintendent of Water and Wastewater Utilities	Robert Lovell (Vacant)	01-01-14 to 01-22-16 01-23-16 to 12-31-16



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

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

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statement

We have audited the accompanying financial statement of the City of Greencastle (City), which comprises the financial position and results of operations for the year ended December 31, 2014, and the related notes to the financial statement as listed in the Table of Contents.

Management's Responsibility for the Financial Statement

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

Auditor's Responsibility

Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

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

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

INDEPENDENT AUDITOR'S REPORT
(Continued)

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position and results of operations of the City for the year ended December 31, 2014.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the City for the year ended December 31, 2014, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

Other Matters

Supplementary Information

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


Other Information

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

INDEPENDENT AUDITOR'S REPORT
(Continued)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated December 15, 2016, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.


Paul D. Joyce, CPA
State Examiner

December 15, 2016



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

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

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statement of the City of Greencastle (City), which comprises the financial position and results of operations for the year ended December 31, 2014, and the related notes to the financial statement, and have issued our report thereon dated December 15, 2016, wherein we noted the City followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

Internal Control over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.


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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions 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 or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

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


Paul D. Joyce, CPA
State Examiner

December 15, 2016

(This page intentionally left blank.)

FINANCIAL STATEMENT AND ACCOMPANYING NOTES

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

CITY OF GREENCASTLE
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Year Ended December 31, 2014

Fund	Cash and Investments 01-01-14	Receipts	Disbursements	Cash and Investments 12-31-14
General	\$ 843,420	\$ 3,532,883	\$ 3,573,343	\$ 802,960
Motor Vehicle Highway	815,066	910,771	942,293	783,544
Local Road And Street	16,339	37,940	35,028	19,251
Park Nr Basketball	10,314	12,064	14,146	8,232
Economic Development	19,878	-	-	19,878
State Grant	266	-	-	266
Law Enforcement Education	28,479	4,295	18,320	14,454
Riverboat Rev Fund	291,254	100,677	138,857	253,074
Park And Recreation	360,348	346,952	466,579	240,721
Rainy Day Fund	605,405	850	44,731	561,524
Hazmat Fund	22,647	31	-	22,678
Tif Allocation	2,859,652	1,740,484	1,139,998	3,460,138
Cci	119,509	55,198	25,000	149,707
Ccd	146,579	160,023	218,970	87,632
Park Non Revert Capital	38,357	52	-	38,409
Redev Dist Cap Fund	132,420	1,152,125	1,140,028	144,517
Industrial Development	168,962	66,750	11,000	224,712
Ccf	189,168	26,474	69,969	145,673
City Hall N/R	99,600	141	-	99,741
Police Pension Fund	238,746	109,196	106,177	241,765
Fire Pension Fund	278,227	123,998	117,130	285,095
Contractor Escrow	9,048	-	-	9,048
INDOT Grant	1,160,849	208,766	428,214	941,401
FACADE/OCRA Grant	120,192	-	120,192	-
ICHDA Grant	-	1,203,203	1,203,203	-
LWCF 2011 Grant	-	172,512	149,205	23,307
LWCG 2012 Grant	44,600	215,058	387,115	(127,457)
Police Grants	-	12,608	-	12,608
Fire Grants	-	6,237	6,237	-
Excess Levy	5,521	-	-	5,521
Cemetery	141,256	124,270	241,945	23,581
Donation Fund	211,424	279,479	21,058	469,845
Fema Fire Grant	1	-	-	1
Fire Dept Serv Chg Acct	7,727	19	-	7,746
Peg Access Account	1,422	-	-	1,422
Law Enforcement Fund	4,870	7	2,064	2,813
Tree Grant	643	1	-	644
Park Non Reverting Operating Softba	37,441	19,195	20,583	36,053
Economic Dev Income Tax	1,610,063	536,182	456,972	1,689,273
General Obligation Bonds	-	103,743	4,839	98,904
Community Rec Center	5,510	8	-	5,518
Cemetery Ground Improvement	65,751	22,018	18,048	69,721
Park Culture Rec	1,145	1	-	1,146
Old Mausoleum Fund	6,147	1,045	1,632	5,560
Payroll Fund	3,091	2,400,571	2,400,656	3,006
Cemetery Trustee	43,915	3,674	247	47,342
Trash Fund	398,786	316,043	278,409	436,420
Trash Deposit	18,961	6,369	5,581	19,749
Sewer Operating Fund	643,834	2,503,698	2,305,508	842,024
Sewage Bond & Interest	176,434	884,523	52,445	1,008,512
Sewage Improvement	982,519	1,396	17,808	966,107
Sewage Customer Deposit	41,104	13,358	12,225	42,237
Sewage Debt Service Resv	889,147	396	-	889,543
Water Operating	440,259	1,672,481	1,761,976	350,764
Water Bond And Interest	7,089	411,757	204,521	214,325
Water Meter Deposit	44,807	14,318	12,810	46,315
Water Improvement	658,283	16,984	254,406	420,861
Water Debt Serv Resv	302,423	-	302,320	103
BNY Mellon Water Construction	-	55,793	55,793	-
BNY Mellon Water Debt Serv Resv	-	302,320	-	302,320
Totals	\$ 15,368,898	\$ 19,888,937	\$ 18,787,581	\$ 16,470,254

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

CITY OF GREENCASTLE
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

B. Basis of Accounting

The financial statement is reported on a regulatory basis of accounting prescribed by the Indiana State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The basis of accounting involves the reporting of only cash and investments and the changes therein resulting from cash inflows (receipts) and cash outflows (disbursements) reported in the period in which they occurred.

The regulatory basis of accounting differs from accounting principles generally accepted in the United States of America, in that receipts are recognized when received in cash, rather than when earned, and disbursements are recognized when paid, rather than when a liability is incurred.

C. Cash and Investments

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

D. Receipts

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

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

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

CITY OF GREENCASTLE
NOTES TO FINANCIAL STATEMENT
(Continued)

Intergovernmental receipts, which include receipts from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of these types of receipts include, but are not limited to, the following: federal grants, state grants, cigarette tax distributions received from the state, motor vehicle highway distributions received from the state, local road and street distribution received from the state, financial institution tax received from the state, auto excise surtax received from the state, commercial vehicle excise tax received from the state, major moves distributions received from the state, and riverboat receipts received from the county.

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

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

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

Penalties, which include fees received for late payments.

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

E. Disbursements

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

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

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

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

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

CITY OF GREENCASTLE
NOTES TO FINANCIAL STATEMENT
(Continued)

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

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

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

F. Interfund Transfers

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

G. Fund Accounting

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

Note 2. Budgets

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

Note 3. Property Taxes

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

CITY OF GREENCASTLE
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 4. Deposits and Investments

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

State statutes authorize the City to invest in securities including, but not limited to, the following: federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

Note 5. Risk Management

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

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

Note 6. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

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

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

Indiana Public Retirement System
One North Capitol, Suite 001
Indianapolis, IN 46204
Ph. (888) 526-1687

CITY OF GREENCASTLE
NOTES TO FINANCIAL STATEMENT
(Continued)

Funding Policy and Annual Pension Cost

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

B. 1925 Police Officers' Pension Plan

Plan Description

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

Funding Policy

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

On Behalf Payments

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

C. 1937 Firefighters' Pension Plan

Plan Description

The 1937 Firefighters' Pension Plan is a single-employer defined benefit pension plan. The plan is administered by the local pension board as authorized by state statute (IC 36-8-7). 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

The contribution requirements of plan members for the 1937 Firefighters' Pension Plan are established by state statute.

On Behalf Payments

The 1937 Firefighters' Pension Plan is funded by the State of Indiana through the Indiana Public Retirement System as provided under Indiana Code 5-10.3-11.

CITY OF GREENCASTLE
NOTES TO FINANCIAL STATEMENT
(Continued)

D. 1977 Police Officers' and Firefighters' Pension and Disability Fund

Plan Description

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

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

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

Indiana Public Retirement System
One North Capitol, Suite 001
Indianapolis, IN 46204
Ph. (888) 526-1687

Funding Policy

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

Note 7. Cash Balance Deficits

The financial statement contains a fund with a deficit in cash. This is a result of the fund being set up for a reimbursable grant. The reimbursement for expenditures made by the City were not received by December 31, 2014.

OTHER INFORMATION - UNAUDITED

The City's Annual Financial Report information can be found on the Gateway website: <https://gateway.ifionline.org/>.

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

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

CITY OF GREENCASTLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014

	General	Motor Vehicle Highway	Local Road And Street	Park Nr Basketball	Economic Development	State Grant	Law Enforcement Education
Cash and investments - beginning	\$ 843,420	\$ 815,066	\$ 16,339	\$ 10,314	\$ 19,878	\$ 266	\$ 28,479
Receipts:							
Taxes	1,663,967	511,791	-	-	-	-	-
Licenses and permits	101,688	1,500	-	-	-	-	3,350
Intergovernmental	1,684,328	384,998	37,910	-	-	-	-
Charges for services	40,271	-	-	12,058	-	-	905
Fines and forfeits	20,702	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	21,927	12,482	30	6	-	-	40
Total receipts	<u>3,532,883</u>	<u>910,771</u>	<u>37,940</u>	<u>12,064</u>	<u>-</u>	<u>-</u>	<u>4,295</u>
Disbursements:							
Personal services	2,567,642	423,004	-	5,000	-	-	-
Supplies	140,929	167,765	-	7,379	-	-	18,320
Other services and charges	737,039	89,547	4,272	1,767	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	36,533	238,289	30,756	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	91,200	23,688	-	-	-	-	-
Total disbursements	<u>3,573,343</u>	<u>942,293</u>	<u>35,028</u>	<u>14,146</u>	<u>-</u>	<u>-</u>	<u>18,320</u>
Excess (deficiency) of receipts over disbursements	<u>(40,460)</u>	<u>(31,522)</u>	<u>2,912</u>	<u>(2,082)</u>	<u>-</u>	<u>-</u>	<u>(14,025)</u>
Cash and investments - ending	<u>\$ 802,960</u>	<u>\$ 783,544</u>	<u>\$ 19,251</u>	<u>\$ 8,232</u>	<u>\$ 19,878</u>	<u>\$ 266</u>	<u>\$ 14,454</u>

CITY OF GREENCASTLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014
 (Continued)

	Riverboat Rev Fund	Park And Recreation	Rainy Day Fund	Hazmat Fund	Tif Allocation	Cci	Ccd
Cash and investments - beginning	\$ 291,254	\$ 360,348	\$ 605,405	\$ 22,647	\$ 2,859,652	\$ 119,509	\$ 146,579
Receipts:							
Taxes	-	243,795	-	-	1,160,025	-	148,097
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	61,170	19,262	-	-	-	27,314	11,710
Charges for services	-	82,977	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	39,507	918	850	31	580,459	27,884	216
Total receipts	<u>100,677</u>	<u>346,952</u>	<u>850</u>	<u>31</u>	<u>1,740,484</u>	<u>55,198</u>	<u>160,023</u>
Disbursements:							
Personal services	-	225,083	44,731	-	-	-	-
Supplies	-	74,017	-	-	-	-	-
Other services and charges	-	121,105	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	21,994	-	-	-	25,000	218,970
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	138,857	24,380	-	-	1,139,998	-	-
Total disbursements	<u>138,857</u>	<u>466,579</u>	<u>44,731</u>	<u>-</u>	<u>1,139,998</u>	<u>25,000</u>	<u>218,970</u>
Excess (deficiency) of receipts over disbursements	<u>(38,180)</u>	<u>(119,627)</u>	<u>(43,881)</u>	<u>31</u>	<u>600,486</u>	<u>30,198</u>	<u>(58,947)</u>
Cash and investments - ending	<u>\$ 253,074</u>	<u>\$ 240,721</u>	<u>\$ 561,524</u>	<u>\$ 22,678</u>	<u>\$ 3,460,138</u>	<u>\$ 149,707</u>	<u>\$ 87,632</u>

CITY OF GREENCASTLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014
 (Continued)

	Park Non Revert Capital	Redev Dist Cap Fund	Industrial Development	Ccf	City Hall N/R	Police Pension Fund	Fire Pension Fund
Cash and investments - beginning	\$ 38,357	\$ 132,420	\$ 168,962	\$ 189,168	\$ 99,600	\$ 238,746	\$ 278,227
Receipts:							
Taxes	-	-	-	14,747	-	108,879	123,626
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	1,164	-	-	-
Charges for services	-	12,127	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	52	1,139,998	66,750	10,563	141	317	372
Total receipts	52	1,152,125	66,750	26,474	141	109,196	123,998
Disbursements:							
Personal services	-	-	-	-	-	350	350
Supplies	-	-	-	23,063	-	-	-
Other services and charges	-	-	-	38,689	-	105,641	116,573
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	1,140,028	-	8,217	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	11,000	-	-	186	207
Total disbursements	-	1,140,028	11,000	69,969	-	106,177	117,130
Excess (deficiency) of receipts over disbursements	52	12,097	55,750	(43,495)	141	3,019	6,868
Cash and investments - ending	\$ 38,409	\$ 144,517	\$ 224,712	\$ 145,673	\$ 99,741	\$ 241,765	\$ 285,095

CITY OF GREENCASTLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014
 (Continued)

	Contractor Escrow	INDOT Grant	FACADE/OCRA Grant	ICHDA Grant	LWCF 2011 Grant	LWCG 2012 Grant	Police Grants
Cash and investments - beginning	\$ 9,048	\$ 1,160,849	\$ 120,192	\$ -	\$ -	\$ 44,600	\$ -
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	206,573	-	1,203,203	172,512	105,058	12,608
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	-	2,193	-	-	-	110,000	-
Total receipts	-	208,766	-	1,203,203	172,512	215,058	12,608
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	197,944	-	-	1,748	100,806	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	230,270	-	594,582	147,457	286,309	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	120,192	608,621	-	-	-
Total disbursements	-	428,214	120,192	1,203,203	149,205	387,115	-
Excess (deficiency) of receipts over disbursements	-	(219,448)	(120,192)	-	23,307	(172,057)	12,608
Cash and investments - ending	\$ 9,048	\$ 941,401	\$ -	\$ -	\$ 23,307	\$ (127,457)	\$ 12,608

CITY OF GREENCASTLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014
 (Continued)

	Fire Grants	Excess Levy	Cemetery	Donation Fund	Fema Fire Grant	Fire Dept Serv Chg Acct	Peg Access Account
Cash and investments - beginning	\$ -	\$ 5,521	\$ 141,256	\$ 211,424	\$ 1	\$ 7,727	\$ 1,422
Receipts:							
Taxes	-	-	66,204	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	6,237	-	5,224	-	-	-	-
Charges for services	-	-	52,400	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	-	-	442	279,479	-	19	-
Total receipts	<u>6,237</u>	<u>-</u>	<u>124,270</u>	<u>279,479</u>	<u>-</u>	<u>19</u>	<u>-</u>
Disbursements:							
Personal services	-	-	189,181	-	-	-	-
Supplies	741	-	19,158	-	-	-	-
Other services and charges	-	-	21,467	4,938	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	5,496	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	12,139	16,120	-	-	-
Total disbursements	<u>6,237</u>	<u>-</u>	<u>241,945</u>	<u>21,058</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>-</u>	<u>(117,675)</u>	<u>258,421</u>	<u>-</u>	<u>19</u>	<u>-</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ 5,521</u>	<u>\$ 23,581</u>	<u>\$ 469,845</u>	<u>\$ 1</u>	<u>\$ 7,746</u>	<u>\$ 1,422</u>

CITY OF GREENCASTLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014
 (Continued)

	Law Enforcement Fund	Tree Grant	Park Non Reverting Operating Softba	Economic Dev Income Tax	General Obligation Bonds	Community Rec Center	Cemetery Ground Improvement
Cash and investments - beginning	\$ 4,870	\$ 643	\$ 37,441	\$ 1,610,063	\$ -	\$ 5,510	\$ 65,751
Receipts:							
Taxes	-	-	-	-	96,326	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	533,789	7,403	-	-
Charges for services	-	-	18,731	-	-	-	21,925
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	7	1	464	2,393	14	8	93
Total receipts	<u>7</u>	<u>1</u>	<u>19,195</u>	<u>536,182</u>	<u>103,743</u>	<u>8</u>	<u>22,018</u>
Disbursements:							
Personal services	-	-	1,500	-	-	-	-
Supplies	-	-	10,774	-	-	-	-
Other services and charges	-	-	6,134	15,000	-	-	5,066
Debt service - principal and interest	-	-	-	42,297	4,839	-	-
Capital outlay	2,064	-	2,000	399,675	-	-	12,982
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	175	-	-	-	-
Total disbursements	<u>2,064</u>	<u>-</u>	<u>20,583</u>	<u>456,972</u>	<u>4,839</u>	<u>-</u>	<u>18,048</u>
Excess (deficiency) of receipts over disbursements	<u>(2,057)</u>	<u>1</u>	<u>(1,388)</u>	<u>79,210</u>	<u>98,904</u>	<u>8</u>	<u>3,970</u>
Cash and investments - ending	<u>\$ 2,813</u>	<u>\$ 644</u>	<u>\$ 36,053</u>	<u>\$ 1,689,273</u>	<u>\$ 98,904</u>	<u>\$ 5,518</u>	<u>\$ 69,721</u>

CITY OF GREENCASTLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014
 (Continued)

	Park Culture Rec	Old Mausoleum Fund	Payroll Fund	Cemetery Trustee	Trash Fund	Trash Deposit	Sewer Operating Fund
Cash and investments - beginning	\$ 1,145	\$ 6,147	\$ 3,091	\$ 43,915	\$ 398,786	\$ 18,961	\$ 643,834
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	309,125	6,369	-
Fines and forfeits	-	-	-	-	6,338	-	-
Utility fees	-	-	-	-	-	-	2,455,087
Penalties	-	-	-	-	-	-	28,147
Other receipts	1	1,045	2,400,571	3,674	580	-	20,464
Total receipts	<u>1</u>	<u>1,045</u>	<u>2,400,571</u>	<u>3,674</u>	<u>316,043</u>	<u>6,369</u>	<u>2,503,698</u>
Disbursements:							
Personal services	-	-	-	-	-	-	455,979
Supplies	-	-	-	-	-	-	-
Other services and charges	-	1,632	-	-	274,500	-	44,588
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	837,534
Other disbursements	-	-	2,400,656	247	3,909	5,581	967,407
Total disbursements	<u>-</u>	<u>1,632</u>	<u>2,400,656</u>	<u>247</u>	<u>278,409</u>	<u>5,581</u>	<u>2,305,508</u>
Excess (deficiency) of receipts over disbursements	<u>1</u>	<u>(587)</u>	<u>(85)</u>	<u>3,427</u>	<u>37,634</u>	<u>788</u>	<u>198,190</u>
Cash and investments - ending	<u>\$ 1,146</u>	<u>\$ 5,560</u>	<u>\$ 3,006</u>	<u>\$ 47,342</u>	<u>\$ 436,420</u>	<u>\$ 19,749</u>	<u>\$ 842,024</u>

CITY OF GREENCASTLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014
 (Continued)

	Sewage Bond & Interest	Sewage Improvement	Sewage Customer Deposit	Sewage Debt Service Resv	Water Operating	Water Bond And Interest
Cash and investments - beginning	\$ 176,434	\$ 982,519	\$ 41,104	\$ 889,147	\$ 440,259	\$ 7,089
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	13,358	-	1,651,961	-
Penalties	-	-	-	-	16,693	-
Other receipts	884,523	1,396	-	396	3,827	411,757
Total receipts	<u>884,523</u>	<u>1,396</u>	<u>13,358</u>	<u>396</u>	<u>1,672,481</u>	<u>411,757</u>
Disbursements:						
Personal services	-	-	-	-	481,236	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	43,627	-
Debt service - principal and interest	52,445	-	-	-	-	204,521
Capital outlay	-	-	-	-	9,380	-
Utility operating expenses	-	-	-	-	805,676	-
Other disbursements	-	17,808	12,225	-	422,057	-
Total disbursements	<u>52,445</u>	<u>17,808</u>	<u>12,225</u>	<u>-</u>	<u>1,761,976</u>	<u>204,521</u>
Excess (deficiency) of receipts over disbursements	<u>832,078</u>	<u>(16,412)</u>	<u>1,133</u>	<u>396</u>	<u>(89,495)</u>	<u>207,236</u>
Cash and investments - ending	<u>\$ 1,008,512</u>	<u>\$ 966,107</u>	<u>\$ 42,237</u>	<u>\$ 889,543</u>	<u>\$ 350,764</u>	<u>\$ 214,325</u>

CITY OF GREENCASTLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014
 (Continued)

	Water Meter Deposit	Water Improvement	Water Debt Serv Resv	BNY Mellon Water Construction	BNY Mellon Water Debt Serv Resv	Totals
Cash and investments - beginning	\$ 44,807	\$ 658,283	\$ 302,423	\$ -	\$ -	\$ 15,368,898
Receipts:						
Taxes	-	-	-	-	-	4,137,457
Licenses and permits	-	-	-	-	-	106,538
Intergovernmental	-	-	-	-	-	4,480,463
Charges for services	-	-	-	-	-	556,888
Fines and forfeits	-	-	-	-	-	27,040
Utility fees	14,318	-	-	-	-	4,134,724
Penalties	-	-	-	-	-	44,840
Other receipts	-	16,984	-	55,793	302,320	6,400,987
Total receipts	<u>14,318</u>	<u>16,984</u>	<u>-</u>	<u>55,793</u>	<u>302,320</u>	<u>19,888,937</u>
Disbursements:						
Personal services	-	-	-	-	-	4,394,056
Supplies	-	-	-	-	-	462,146
Other services and charges	-	-	-	-	-	1,932,083
Debt service - principal and interest	-	-	-	-	-	304,102
Capital outlay	-	87,697	-	-	-	3,497,699
Utility operating expenses	-	62,112	-	-	-	1,705,322
Other disbursements	12,810	104,597	302,320	55,793	-	6,492,173
Total disbursements	<u>12,810</u>	<u>254,406</u>	<u>302,320</u>	<u>55,793</u>	<u>-</u>	<u>18,787,581</u>
Excess (deficiency) of receipts over disbursements	<u>1,508</u>	<u>(237,422)</u>	<u>(302,320)</u>	<u>-</u>	<u>302,320</u>	<u>1,101,356</u>
Cash and investments - ending	<u>\$ 46,315</u>	<u>\$ 420,861</u>	<u>\$ 103</u>	<u>\$ -</u>	<u>\$ 302,320</u>	<u>\$ 16,470,254</u>

CITY OF GREENCASTLE
 SCHEDULE OF PAYABLES AND RECEIVABLES
 December 31, 2014

Government or Enterprise	Accounts Payable	Accounts Receivable
Trash	\$ -	\$ 28,992
Wastewater	711,078	210,411
Water	206,325	184,119
Governmental activities	<u>102,879</u>	<u>127,456</u>
Totals	<u>\$ 1,020,282</u>	<u>\$ 550,978</u>

CITY OF GREENCASTLE
SCHEDULE OF LEASES AND DEBT
December 31, 2014

Description of Debt		Ending Principal Balance	Principal and Interest Due Within One Year
Type	Purpose		
Governmental activities:			
General obligation bonds	Purchase Police Station	\$ 483,900	\$ 85,512
Revenue bonds	Purchase City Hall	<u>272,216</u>	<u>42,297</u>
Total governmental activities		<u>756,116</u>	<u>127,809</u>
Wastewater:			
Revenue bonds	Wastewater Improvement	835,000	127,877
Revenue bonds	New Waste Water Treatment Plant	<u>5,651,000</u>	<u>749,956</u>
Total Wastewater		<u>6,486,000</u>	<u>877,833</u>
Water:			
Revenue bonds	Water Utilities Improvements	2,312,500	410,918
Revenue bonds	Waterworks Revenue Bonds of 2014	<u>2,900,000</u>	<u>31,578</u>
Total Water		<u>5,212,500</u>	<u>442,496</u>
Totals		<u>\$ 12,454,616</u>	<u>\$ 1,448,138</u>

SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



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

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

Report on Compliance for the Major Federal Program

We have audited the City of Greencastle's (City) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on its major federal program for the year ended December 31, 2014. The City's major federal program is identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the City's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on the Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2014.

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

Report on Internal Control over Compliance


Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2014-001 to be a material weakness.

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

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


Paul D. Joyce, CPA
State Examiner

December 15, 2016

(This page intentionally left blank.)

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

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

CITY OF GREENCASTLE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2014

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Pass-Through To Subrecipient	Total Federal Awards Expended
<u>Department of Housing and Urban Development</u>					
CDBG - State-Administered CDBG Cluster					
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii					
	Indiana Housing and Community Development Authority				
Owner Occupied		14.228	DR2SC-011-001	\$ -	\$ 152,496
IHCDA Parking Lot Project		14.228	DR2SC-013-002	-	1,050,707
Total - CDBG - State-Administered CDBG Cluster				-	1,203,203
Total - Department of Housing and Urban Development				-	1,203,203
<u>Department of the Interior</u>					
Outdoor Recreation_Acquisition, Development and Planning					
	Indiana Department of Natural Resources				
LWCG 2012 Splash Pad		15.916	LWCF Grant #18-00582	-	105,058
LWCG 2011 Park Improvements		15.916	LWCF Grant #18-00578	-	172,512
Total - Outdoor Recreation_Acquisition, Development and Planning				-	277,570
Total - Department of the Interior				-	277,570
<u>Department of Justice</u>					
Missing Children's Assistance					
	Indiana State Police				
ICAC Grant 2011		16.543	2011-MC-CX-K005	-	10,000
ICAC Grant 2012		16.543	2012-MC-CX-K0058	-	2,608
Total - Missing Children's Assistance				-	12,608
Total - Department of Justice				-	12,608
<u>Department of Transportation</u>					
Highway Planning and Construction Cluster					
Highway Planning and Construction					
	Indiana Department of Transportation				
Indiana Street		20.205	A249-12-320535	-	54,716
Anderson Street		20.205	A249-12-320622	-	2,287
Washington Street		20.205	A249-12-320651	-	56,779
Vine Street/Streetscapes		20.205	A249-12-320655	-	92,791
Total - Highway Planning and Construction				-	206,573
Total - Highway Planning and Construction Cluster				-	206,573
Total - Department of Transportation				-	206,573
<u>Department of Homeland Security</u>					
Disaster Grants - Public Assistance (Presidentially Declared Disasters)					
	Indiana Department of Homeland Security				
Snow Disaster-2014		97.036	FEMA-4173-DR-IN	-	15,477
Hurricane Sandy			F-2012-IN-INS-012505-000023A	-	2,137
Total - Disaster Grants-Public Assistance (Presidentially Declared Disasters)				-	17,614
State Homeland Security Program (SHSP)					
	Indiana Department of Homeland Security				
2011 Homeland Security Grant		97.073	C44P-4-463B	-	6,237
Total - Department of Homeland Security				-	23,851
Total federal awards expended				\$ -	\$ 1,723,805

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

CITY OF GREENCASTLE
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes the federal grant activity of the City under programs of the federal government for the year ended December 31, 2014. The information in the SEFA is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the SEFA presents only a select portion of the operations of the City, it is not intended to and does not present the financial position of the City.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the SEFA are reported on the cash basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowed or are limited as to reimbursement. When federal grants are received on a reimbursement basis, the federal awards are considered expended when the reimbursement is received.

CITY OF GREENCASTLE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statement:

Type of auditor's report issued:	Adverse as to GAAP; Unmodified as to Regulatory Basis
Internal control over financial reporting:	
Material weaknesses identified?	no
Significant deficiencies identified?	none reported
Noncompliance material to financial statement noted?	no

Federal Awards:

Internal control over major program:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported

Type of auditor's report issued on compliance for major program:	Unmodified
--	------------

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

Identification of Major Program:

_____ Name of Federal Program or Cluster _____

CDBG - State Administered CDBG Cluster

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.

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

Section III - Federal Award Findings and Questioned Costs

FINDING 2014-001 - INTERNAL CONTROL OVER COMMUNITY DEVELOPMENT BLOCK GRANTS/STATE'S PROGRAM AND NON-ENTITLEMENT GRANTS IN HAWAII

Federal Agency: Department of Housing and Urban Development

Federal Program: Community Development Block Grants/State's program and
Non-Entitlement Grants in Hawaii

CFDA Number: 14.228

Federal Award Numbers and Year (or Other Identifying Numbers): DR2SC-013-002, DR2SC-011-001

Pass-Through Entity: Indiana Housing and Community Development Authority

Condition

An effective internal control system was not in place at the City in order to ensure compliance with requirements related to the grant agreement and the following compliance requirements: Davis-Bacon Act, Procurement and Suspension and Debarment, and Special Tests and Provisions.

Davis-Bacon Act (Applies to DR2SC-013-002)

Certified payrolls were submitted by the contractors to the Grant Administrator, but were not provided to the City. There was no evidence of a control, such as an oversight, review, or approval process by the City to ensure that Davis-Bacon requirements were met.

Procurement and Suspension and Debarment (Applies to DR2SC-013-002)

The City entered into three contracts in the performance of this program. There was no evidence of a control, such as an oversight, review, or approval process by the City to ensure that contracts were not made with entities who were suspended or debarred.

Special Tests and Provisions (Applies to DR2SC-013-002 and DR2SC-011-001)

Environmental Reviews, Citizen Participation, and Rehabilitation Using NSP Funds requirements were completed by the Grant Administrator. There was no evidence of a control, such as an oversight, review, or approval process by the City to ensure that all Special Tests and Provision requirements were met.

Context

The City hired a Grant Administrator to facilitate compliance with the grant. The City Attorney also had a high level of participation in the grant. There was no evidence of internal controls over compliance with the grant requirements listed above or the grant agreement. This was pervasive throughout the entire grant period.

Criteria

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

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

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

Cause

Management had not developed a system of internal controls that segregated key functions.

Effect

The failure to establish an effective internal control system placed the City at risk of noncompliance with the grant agreement and the compliance requirements. A lack of segregation of duties within an internal control system could have also allowed noncompliance with compliance requirements and allowed the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the program.

Questioned Costs

There were no questioned costs identified.

Recommendation

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

Views of Responsible Officials

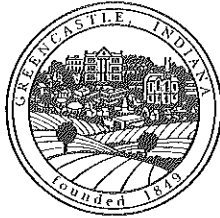
For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

AUDITEE-PREPARED DOCUMENT

The subsequent document was provided by management of the City. The document is presented as intended by the City.

City of Greencastle

City Hall
One North Locust Street, P.O. Box 607
Greencastle, Indiana 46135
765-653-9211



CORRECTIVE ACTION PLAN

FINDING 2014-001

Contact Person Responsible for Corrective Action: Lynda Dunbar
Contact Phone Number: 765-848-1510

We concur with the Davis-Bacon Act finding.

We concur with the Special Test and Provisions

We disagree with the findings on Procurement and Suspension and Debarment relating to third party contracts

Description of Corrective Action Plan:

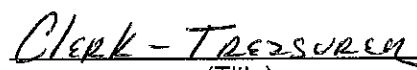
Davis Bacon Act: In 2015 both the Clerk Treasurer and Deputy Clerk Treasurer successfully completed the requirements for accreditation as a CDBG Grant Administrator. Even though the city will continue to hire an outside Grant Administrator the City has a better understanding of the process and requirements and will perform an overview to determine all compliance requirements are met.

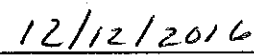
Special Tests and Provisions: Some special tests and provisions were reviewed and approved by our Redevelopment Committee. However we realized that some were not. Therefore, a better understanding of the process and requirements will be implemented to make sure compliance requirements are met.

Procurement and Suspension and Debarment Relating to Third Party Contracts- The City relied on the information provided by OCRA and IHCDA, the funding agencies, in determining the inclusion of contract provisions in its Grant Administrator agreements. The City will ensure that the cited provisions are included in future agreements with OCRA Grants. The City is required to follow OCRA guidelines which the city has done. Laurie Hardwick, City Attorney will also notify the applicable State agencies and inform them that the provisions that they have provided to municipalities are incomplete and should be supplemented.

Anticipated Completion Date: Immediate


(Signature)


(Title)


(Date)

OTHER REPORTS

In addition to this report, other reports may have been issued for the City. All reports can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>.