

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, 2015 to December 31, 2015



FILED
01/27/2017

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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.	01-01-15 to 12-31-15 01-01-16 to 12-31-19
President Pro Tempore of the Common Council	Adam Cohen	01-01-15 to 12-31-16
Utility Office Manager	Dorothy Wells	01-01-15 to 12-31-16
Wastewater Utility Office Manager	Melanie Welker	01-01-15 to 12-31-16
Trash Utility Office Manager	Lynda R. Dunbar	01-01-15 to 12-31-16
Superintendent of Water and Wastewater Utilities	Robert Lovell (Vacant)	01-01-15 to 01-22-16 01-23-16 to 12-31-16



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, 2015, 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 (Indiana Code 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, 2015.

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, 2015, 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 Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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



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

TO: THE OFFICIALS OF THE CITY OF 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, 2015, 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. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2015-001 that we consider to be a material weakness.

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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2015-001.

City of Greencastle's Response to Findings

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

Purpose of This Report

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


Paul D. Joyce, CPA
State Examiner

December 15, 2016

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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, 2015

Fund	Cash and Investments 01-01-15	Receipts	Disbursements	Cash and Investments 12-31-15
General	\$ 802,960	\$ 3,715,620	\$ 3,610,949	\$ 907,631
Motor Vehicle Highway	783,544	921,503	1,364,624	340,423
Local Road And Street	19,251	38,712	47,018	10,945
Park Nr Basketball	8,232	11,290	11,740	7,782
Economic Development	19,878	-	-	19,878
State Grant	266	-	-	266
Law Enforcement Education	14,454	4,995	-	19,449
Riverboat Rev Fund	253,074	88,490	16,424	325,140
Park And Recreation	240,721	589,820	482,627	347,914
Rainy Day Fund	561,524	1,623	36,446	526,701
Hazmat Fund	22,678	68	-	22,746
Tif Allocation	3,460,138	1,632,222	873,852	4,218,508
Cci	149,707	26,359	29,352	146,714
Ccd	87,632	150,332	47,983	189,981
Park Non Revert Capital	38,409	19,839	29,900	28,348
Redev Dist Cap Fund	144,517	884,554	964,841	64,230
Industrial Development	224,712	62,452	163,262	123,902
Ccf	145,673	17,581	73,016	90,238
City Hall N/R	99,741	294	4,355	95,680
Police Pension Fund	241,765	107,461	108,940	240,286
Fire Pension Fund	285,095	118,203	124,956	278,342
Contractor Escrow	9,048	-	-	9,048
INDOT Grant	941,401	63,443	362,371	642,473
FACADE/OCRA Grant	-	136,655	-	136,655
ICHDA Grant	-	895,382	895,382	-
LWCF 2011 Grant	23,307	-	29,001	(5,694)
LWCG 2012 Grant	(127,457)	166,269	38,812	-
Police Grants	12,608	10,409	23,257	(240)
Fire Grants	-	2,759	2,759	-
Redevelopment Bond	-	598,000	38,615	559,385
Excess Levy	5,521	-	-	5,521
Cemetery	23,581	330,155	236,122	117,614
Donation Fund	469,845	31,834	256,786	244,893
Fema Fire Grant	1	-	-	1
Fire Dept Serv Chg Acct	7,746	243	-	7,989
Peg Access Account	1,422	-	-	1,422
Law Enforcement Fund	2,813	8	-	2,821
Tree Grant	644	2	-	646
Park Non Reverting Operating Softba	36,053	22,283	42,717	15,619
Economic Dev Income Tax	1,689,273	474,860	825,414	1,338,719
General Obligation Bonds	98,904	75,986	85,512	89,378
Community Rec Center	5,518	16	-	5,534
Cemetery Ground Improvement	69,721	29,523	17,846	81,398
Park Culture Rec	1,146	3	-	1,149
Old Mausoleum Fund	5,560	17	-	5,577
Payroll Fund	3,006	2,529,548	2,529,548	3,006
Cemetery Trustee	47,342	141	-	47,483
Trash Fund	436,420	313,833	274,500	475,753
Trash Deposit	19,749	6,382	5,453	20,678
Sewer Operating Fund	842,024	2,832,975	1,313,864	2,361,135
Sewage Bond & Interest	1,008,512	486	877,975	131,023
Sewage Improvement	966,107	2,178	344,063	624,222
Sewage Customer Deposit	42,237	14,088	11,856	44,469
Sewage Debt Service Resv	889,543	9,674	-	899,217
Water Operating	350,764	2,499,096	1,554,111	1,295,749
Water Bond And Interest	214,325	265,176	471,500	8,001
Water Meter Deposit	46,315	14,963	13,056	48,222
Water Improvement	420,861	1,204	42,607	379,458
Water Debt Serv Resv	103	57,060	57,060	103
BNY Mellon Water Construction	-	2,484,947	2,484,947	-
BNY Mellon Water Debt Serv Resv	302,320	57,060	-	359,380
BNY Mellon Bond and Interest	-	60,582	3,713	56,869
Totals	<u>\$ 16,470,254</u>	<u>\$ 22,378,658</u>	<u>\$ 20,829,132</u>	<u>\$ 18,019,780</u>

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 distributions 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.

CITY OF GREENCASTLE
NOTES TO FINANCIAL STATEMENT
(Continued)

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.

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.

CITY OF GREENCASTLE
NOTES TO FINANCIAL STATEMENT
(Continued)

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.

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

CITY OF GREENCASTLE
NOTES TO FINANCIAL STATEMENT
(Continued)

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

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.

CITY OF GREENCASTLE
NOTES TO FINANCIAL STATEMENT
(Continued)

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.

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 some funds with deficits in cash. This is a result of funds being set up as reimbursable grants. The reimbursement for expenditures made by the City were not received by December 31, 2015.

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, 2015

	General	Motor Vehicle Highway	Local Road And Street	Park Nr Basketball	Economic Development	State Grant	Law Enforcement Education
Cash and investments - beginning	\$ 802,960	\$ 783,544	\$ 19,251	\$ 8,232	\$ 19,878	\$ 266	\$ 14,454
Receipts:							
Taxes	1,782,107	261,956	-	-	-	-	-
Licenses and permits	130,551	2,100	-	-	-	-	-
Intergovernmental receipts	1,671,768	651,756	38,631	-	-	-	-
Charges for services	87,889	-	-	11,283	-	-	4,945
Fines and forfeits	15,185	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	28,120	5,691	81	7	-	-	50
Total receipts	3,715,620	921,503	38,712	11,290	-	-	4,995
Disbursements:							
Personal services	2,638,299	473,145	-	5,000	-	-	-
Supplies	100,911	172,501	-	4,552	-	-	-
Other services and charges	775,944	90,289	4,882	2,188	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	40,762	602,751	42,136	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	55,033	25,938	-	-	-	-	-
Total disbursements	3,610,949	1,364,624	47,018	11,740	-	-	-
Excess (deficiency) of receipts over disbursements	104,671	(443,121)	(8,306)	(450)	-	-	4,995
Cash and investments - ending	<u>\$ 907,631</u>	<u>\$ 340,423</u>	<u>\$ 10,945</u>	<u>\$ 7,782</u>	<u>\$ 19,878</u>	<u>\$ 266</u>	<u>\$ 19,449</u>

CITY OF GREENCASTLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015
 (Continued)

	Riverboat Rev Fund	Park And Recreation	Rainy Day Fund	Hazmat Fund	Tif Allocation	Cci	Ccd
Cash and investments - beginning	\$ 253,074	\$ 240,721	\$ 561,524	\$ 22,678	\$ 3,460,138	\$ 149,707	\$ 87,632
Receipts:							
Taxes	-	449,784	-	-	1,250,539	-	139,690
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	61,170	33,039	-	-	-	25,936	10,248
Charges for services	-	95,749	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	27,320	11,248	1,623	68	381,683	423	394
Total receipts	<u>88,490</u>	<u>589,820</u>	<u>1,623</u>	<u>68</u>	<u>1,632,222</u>	<u>26,359</u>	<u>150,332</u>
Disbursements:							
Personal services	-	245,458	36,446	-	-	-	-
Supplies	-	81,586	-	-	-	-	-
Other services and charges	-	117,368	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	5,945	-	-	-	29,352	47,983
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	16,424	32,270	-	-	873,852	-	-
Total disbursements	<u>16,424</u>	<u>482,627</u>	<u>36,446</u>	<u>-</u>	<u>873,852</u>	<u>29,352</u>	<u>47,983</u>
Excess (deficiency) of receipts over disbursements	<u>72,066</u>	<u>107,193</u>	<u>(34,823)</u>	<u>68</u>	<u>758,370</u>	<u>(2,993)</u>	<u>102,349</u>
Cash and investments - ending	<u>\$ 325,140</u>	<u>\$ 347,914</u>	<u>\$ 526,701</u>	<u>\$ 22,746</u>	<u>\$ 4,218,508</u>	<u>\$ 146,714</u>	<u>\$ 189,981</u>

CITY OF GREENCASTLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015
 (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	\$ 38,409	\$ 144,517	\$ 224,712	\$ 145,673	\$ 99,741	\$ 241,765	\$ 285,095
Receipts:							
Taxes	-	-	-	13,880	-	106,796	117,430
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	1,018	-	-	-
Charges for services	-	12,702	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	19,839	871,852	62,452	2,683	294	665	773
Total receipts	19,839	884,554	62,452	17,581	294	107,461	118,203
Disbursements:							
Personal services	-	-	-	-	-	350	350
Supplies	-	-	-	18,935	-	-	-
Other services and charges	29,900	-	-	29,252	4,355	108,401	124,425
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	964,841	-	24,789	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	163,262	40	-	189	181
Total disbursements	29,900	964,841	163,262	73,016	4,355	108,940	124,956
Excess (deficiency) of receipts over disbursements	(10,061)	(80,287)	(100,810)	(55,435)	(4,061)	(1,479)	(6,753)
Cash and investments - ending	\$ 28,348	\$ 64,230	\$ 123,902	\$ 90,238	\$ 95,680	\$ 240,286	\$ 278,342

CITY OF GREENCASTLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015
 (Continued)

	Contractor Escrow	INDOT Grant	FACADE/OCRA Grant	ICHDA Grant	LWCF 2011 Grant	LWCG 2012 Grant	Police Grants
Cash and investments - beginning	\$ 9,048	\$ 941,401	\$ -	\$ -	\$ 23,307	\$ (127,457)	\$ 12,608
Receipts:							
Taxes	-	-	-	-	-	-	10,409
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	63,443	-	895,382	-	94,943	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	-	-	136,655	-	-	71,326	-
Total receipts	-	63,443	136,655	895,382	-	166,269	10,409
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	73,389	-	101,137	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	288,982	-	646,741	29,001	38,812	23,257
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	147,504	-	-	-
Total disbursements	-	362,371	-	895,382	29,001	38,812	23,257
Excess (deficiency) of receipts over disbursements	-	(298,928)	136,655	-	(29,001)	127,457	(12,848)
Cash and investments - ending	<u>\$ 9,048</u>	<u>\$ 642,473</u>	<u>\$ 136,655</u>	<u>\$ -</u>	<u>\$ (5,694)</u>	<u>\$ -</u>	<u>\$ (240)</u>

CITY OF GREENCASTLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015
 (Continued)

	Fire Grants	Redevelopment Bond	Excess Levy	Cemetery	Donation Fund	Fema Fire Grant	Fire Dept Serv Chg Acct
Cash and investments - beginning	\$ -	\$ -	\$ 5,521	\$ 23,581	\$ 469,845	\$ 1	\$ 7,746
Receipts:							
Taxes	-	-	-	241,578	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	2,759	-	-	17,744	-	-	-
Charges for services	-	-	-	68,550	30,542	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	-	598,000	-	2,283	1,292	-	243
Total receipts	<u>2,759</u>	<u>598,000</u>	<u>-</u>	<u>330,155</u>	<u>31,834</u>	<u>-</u>	<u>243</u>
Disbursements:							
Personal services	-	-	-	185,299	-	-	-
Supplies	-	-	-	17,317	-	-	-
Other services and charges	-	-	-	21,686	3,066	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	2,759	38,615	-	-	458	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	11,820	253,262	-	-
Total disbursements	<u>2,759</u>	<u>38,615</u>	<u>-</u>	<u>236,122</u>	<u>256,786</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>559,385</u>	<u>-</u>	<u>94,033</u>	<u>(224,952)</u>	<u>-</u>	<u>243</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ 559,385</u>	<u>\$ 5,521</u>	<u>\$ 117,614</u>	<u>\$ 244,893</u>	<u>\$ 1</u>	<u>\$ 7,989</u>

CITY OF GREENCASTLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015
 (Continued)

	Peg Access Account	Law Enforcement Fund	Tree Grant	Park Non Reverting Operating Softba	Economic Dev Income Tax	General Obligation Bonds	Community Rec Center
Cash and investments - beginning	\$ 1,422	\$ 2,813	\$ 644	\$ 36,053	\$ 1,689,273	\$ 98,904	\$ 5,518
Receipts:							
Taxes	-	-	-	-	-	70,879	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	467,928	4,983	-
Charges for services	-	-	-	16,675	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	-	8	2	5,608	6,932	124	16
Total receipts	-	8	2	22,283	474,860	75,986	16
Disbursements:							
Personal services	-	-	-	1,500	-	-	-
Supplies	-	-	-	25,300	-	-	-
Other services and charges	-	-	-	4,917	30,000	-	-
Debt service - principal and interest	-	-	-	-	42,297	85,512	-
Capital outlay	-	-	-	11,000	714,345	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	38,772	-	-
Total disbursements	-	-	-	42,717	825,414	85,512	-
Excess (deficiency) of receipts over disbursements	-	8	2	(20,434)	(350,554)	(9,526)	16
Cash and investments - ending	<u>\$ 1,422</u>	<u>\$ 2,821</u>	<u>\$ 646</u>	<u>\$ 15,619</u>	<u>\$ 1,338,719</u>	<u>\$ 89,378</u>	<u>\$ 5,534</u>

CITY OF GREENCASTLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015
 (Continued)

	Cemetery Ground Improvement	Park Culture Rec	Old Mausoleum Fund	Payroll Fund	Cemetery Trustee	Trash Fund	Trash Deposit
Cash and investments - beginning	\$ 69,721	\$ 1,146	\$ 5,560	\$ 3,006	\$ 47,342	\$ 436,420	\$ 19,749
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-
Charges for services	29,300	-	-	-	-	307,420	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	223	3	17	2,529,548	141	6,413	6,382
Total receipts	<u>29,523</u>	<u>3</u>	<u>17</u>	<u>2,529,548</u>	<u>141</u>	<u>313,833</u>	<u>6,382</u>
Disbursements:							
Personal services	-	-	-	2,529,548	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	9,008	-	-	-	-	274,500	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	8,838	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	5,453
Total disbursements	<u>17,846</u>	<u>-</u>	<u>-</u>	<u>2,529,548</u>	<u>-</u>	<u>274,500</u>	<u>5,453</u>
Excess (deficiency) of receipts over disbursements	<u>11,677</u>	<u>3</u>	<u>17</u>	<u>-</u>	<u>141</u>	<u>39,333</u>	<u>929</u>
Cash and investments - ending	<u>\$ 81,398</u>	<u>\$ 1,149</u>	<u>\$ 5,577</u>	<u>\$ 3,006</u>	<u>\$ 47,483</u>	<u>\$ 475,753</u>	<u>\$ 20,678</u>

CITY OF GREENCASTLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015
 (Continued)

	Sewer Operating Fund	Sewage Bond & Interest	Sewage Improvement	Sewage Customer Deposit	Sewage Debt Service Resv	Water Operating	Water Bond And Interest
Cash and investments - beginning	\$ 842,024	\$ 1,008,512	\$ 966,107	\$ 42,237	\$ 889,543	\$ 350,764	\$ 214,325
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	2,664,173	-	-	-	-	2,377,680	-
Penalties	31,666	-	-	-	-	24,614	-
Other receipts	137,136	486	2,178	14,088	9,674	96,802	265,176
Total receipts	<u>2,832,975</u>	<u>486</u>	<u>2,178</u>	<u>14,088</u>	<u>9,674</u>	<u>2,499,096</u>	<u>265,176</u>
Disbursements:							
Personal services	467,663	-	-	-	-	469,266	-
Supplies	-	-	-	-	-	-	-
Other services and charges	127,299	-	-	-	-	106,045	-
Debt service - principal and interest	-	877,975	-	-	-	-	471,500
Capital outlay	-	-	344,063	-	-	-	-
Utility operating expenses	686,688	-	-	-	-	418,362	-
Other disbursements	32,214	-	-	11,856	-	560,438	-
Total disbursements	<u>1,313,864</u>	<u>877,975</u>	<u>344,063</u>	<u>11,856</u>	<u>-</u>	<u>1,554,111</u>	<u>471,500</u>
Excess (deficiency) of receipts over disbursements	<u>1,519,111</u>	<u>(877,489)</u>	<u>(341,885)</u>	<u>2,232</u>	<u>9,674</u>	<u>944,985</u>	<u>(206,324)</u>
Cash and investments - ending	<u>\$ 2,361,135</u>	<u>\$ 131,023</u>	<u>\$ 624,222</u>	<u>\$ 44,469</u>	<u>\$ 899,217</u>	<u>\$ 1,295,749</u>	<u>\$ 8,001</u>

CITY OF GREENCASTLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015
 (Continued)

	Water Meter Deposit	Water Improvement	Water Debt Serv Resv	BNY Mellon Water Construction	BNY Mellon Water Debt Serv Resv	BNY Mellon Bond and Interest	Totals
Cash and investments - beginning	\$ 46,315	\$ 420,861	\$ 103	\$ -	\$ 302,320	\$ -	\$ 16,470,254
Receipts:							
Taxes	-	-	-	-	-	-	4,445,048
Licenses and permits	-	-	-	-	-	-	132,651
Intergovernmental receipts	-	-	-	-	-	-	4,040,748
Charges for services	-	-	-	-	-	-	665,055
Fines and forfeits	-	-	-	-	-	-	15,185
Utility fees	-	-	-	-	-	-	5,041,853
Penalties	-	-	-	-	-	-	56,280
Other receipts	14,963	1,204	57,060	2,484,947	57,060	60,582	7,981,838
Total receipts	<u>14,963</u>	<u>1,204</u>	<u>57,060</u>	<u>2,484,947</u>	<u>57,060</u>	<u>60,582</u>	<u>22,378,658</u>
Disbursements:							
Personal services	-	-	-	-	-	-	7,052,324
Supplies	-	-	-	-	-	-	421,102
Other services and charges	-	-	-	-	-	-	2,038,051
Debt service - principal and interest	-	-	-	-	-	-	1,477,284
Capital outlay	-	4,765	-	-	-	-	3,910,195
Utility operating expenses	-	-	-	-	-	-	1,105,050
Other disbursements	13,056	37,842	57,060	2,484,947	-	3,713	4,825,126
Total disbursements	<u>13,056</u>	<u>42,607</u>	<u>57,060</u>	<u>2,484,947</u>	<u>-</u>	<u>3,713</u>	<u>20,829,132</u>
Excess (deficiency) of receipts over disbursements	<u>1,907</u>	<u>(41,403)</u>	<u>-</u>	<u>-</u>	<u>57,060</u>	<u>56,869</u>	<u>1,549,526</u>
Cash and investments - ending	<u>\$ 48,222</u>	<u>\$ 379,458</u>	<u>\$ 103</u>	<u>\$ -</u>	<u>\$ 359,380</u>	<u>\$ 56,869</u>	<u>\$ 18,019,780</u>

CITY OF GREENCASTLE
 SCHEDULE OF PAYABLES AND RECEIVABLES
 December 31, 2015

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Trash	\$ -	\$ 21,269
Wastewater	-	162,469
Water	2,113	162,607
Governmental activities	<u>117,799</u>	<u>384,000</u>
Totals	<u>\$ 119,912</u>	<u>\$ 730,345</u>

CITY OF GREENCASTLE
SCHEDULE OF LEASES AND DEBT
December 31, 2015

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
General obligation bonds	Purchase Police Station	\$ 407,300	\$ 87,148
Revenue bonds	Purchase City Hall	235,921	42,298
Revenue bonds	Tax Increment Revenue Bond	<u>600,000</u>	<u>38,194</u>
Total governmental activities		<u>1,243,221</u>	<u>167,640</u>
Wastewater:			
Revenue bonds	Wastewater Improvement	608,100	128,962
Revenue bonds	New Waste Water Treatment Plant	<u>4,984,000</u>	<u>751,454</u>
Total Wastewater		<u>5,592,100</u>	<u>880,416</u>
Water:			
Revenue bonds	Water Utilities Improvements	1,946,000	410,950
Revenue bonds	Waterworks Revenue Bonds of 2014	<u>2,900,000</u>	<u>176,642</u>
Total Water		<u>4,846,000</u>	<u>587,592</u>
Totals		<u>\$ 11,681,321</u>	<u>\$ 1,635,648</u>

SUPPLEMENTAL AUDIT OF
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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 *OMB Compliance Supplement* that could have a direct and material effect on its major federal program for the year ended December 31, 2015. 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 Federal statutes, regulations, and the terms and conditions of its Federal awards 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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, 2015.

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

Report on Internal Control over Compliance

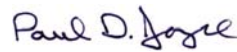
Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of 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 the Uniform Guidance, 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.

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. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section 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. We identified certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as item 2015-002, that we consider 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.


Paul D. Joyce, CPA
State Examiner

December 15, 2016

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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, 2015

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>					
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii Owner Occupied	Indiana Housing and Community Development Authority	14.228	DR2SC-011-007	\$ -	\$ 147,504
IHCDA Parking Lot Project		14.228	DR2SC-013-002	-	646,741
Loft Apartments		14.228	DR2SC-014-002	-	101,137
Total - Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii				-	895,382
Total - Department of Housing and Urban Development				-	895,382
<u>Department of the Interior</u>					
Outdoor Recreation_Acquisition, Development and Planning LWCG 2012 Splash Pad	Indiana Department of Natural Resources	15.916	EDS # E10-4-SO1800582	-	94,942
Total - Outdoor Recreation_Acquisition, Development and Planning				-	94,942
Total - Department of the Interior				-	94,942
<u>Department of Justice</u>					
Missing Children's Assistance ICAC Grant 2013	Indiana State Police	16.543	2011-MC-CX-K005	-	3,017
ICAC Grant 2012		16.543	2011-MC-CX-K0058	-	7,392
Total - Missing Children's Assistance				-	10,409
Total - Department of Justice				-	10,409
<u>Department of Transportation</u>					
Highway Planning and Construction Cluster Highway Planning and Construction Indiana Street	Indiana Department of Transportation	20.205	A249-12-320535	-	33,722
Vine Street/Streetscapes		20.205	A249-12-320655	-	29,721
Total - Highway Planning and Construction				-	63,443
Total - Highway Planning and Construction Cluster				-	63,443
Total - Department of Transportation				-	63,443
<u>Department of Homeland Security</u>					
State Homeland Security Program (SHSP) 2014 Homeland Security Grant	Indiana Department of Homeland Security	97.073	EMW-2014-SS-00138	-	2,759
Total - State Homeland Security Program (SHSP)				-	2,759
Total - Department of Homeland Security				-	2,759
Total federal awards expended				\$ -	\$ 1,066,935

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, 2015. The information in the SEFA is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). 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 the Uniform Guidance, 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. The City has elected not to use the 10 percent de minimus indirect cost rate allowed under the Uniform Guidance.

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?	yes
Significant deficiencies identified?	none reported
Noncompliance material to financial statement noted?	yes

Federal Awards:

Internal control over major program:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)?	no

Identification of Major Program and type of auditor's report issued on compliance for it:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>	<u>Opinion Issued</u>
14.228	Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	Unmodified

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee?	no
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Section II - Financial Statement Findings

**FINDING 2015-001 - INTERNAL CONTROLS AND COMPLIANCE
OVER FINANCIAL TRANSACTIONS AND REPORTING**

Condition

There were several deficiencies in the internal control system of the City related to financial transactions and reporting.

Lack of Segregation of Duties: The City had not separated incompatible activities related to financial closing and reporting. During the audit of the financial statement, the following funds were omitted: BNY Mellon Water Construction, BNY Mellon Water Debt Serv Resv, and BNY Mellon Bond and Interest. See table below:

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

Fund Name	Beg Balance	Receipts	Disbursements	End Balance
BNY Mellon Water Construction	\$ -	\$ 2,484,947	\$ 2,484,947	\$ -
BNY Mellon Water Debt Serv Resv	302,320	57,060	-	359,380
BNY Mellon Bond and Interest	-	60,582	3,713	56,869

Audit adjustments were recommended and accepted by the Officials. The Financial Statement reflects these adjustments and resulted in a presentation of the Financial Statement that is materially correct.

Monitoring of Controls: The City had no process to identify or communicate corrective actions to improve controls. Effective internal controls over financial reporting required the City to monitor and assess the quality of the system of internal control.

Criteria

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

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

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every municipality and every state or local governmental unit, entity, or instrumentality financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each fiscal year. The reports must be in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under IC 5-14-3.8-7."

Cause

Management of the City had not established a proper system of internal control that would have ensured the proper reporting of the financial statement.

Effect

The failure to establish controls enabled material misstatements or irregularities to remain undetected. The failure to monitor the internal control system placed the City at risk that controls may not be either designed properly or operating effectively to provide reasonable assurance that controls would have prevented, or detected and corrected, material misstatements in a timely manner.

Views of Responsible Officials

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

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

Section III - Federal Award Findings and Questioned Costs

FINDING 2015-002 - 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 Years (or Other Identifying Numbers): DR2SC-013-002, DR2SC-011-007

Pass-Through Entity: Indiana Housing and Community Development Authority

This is a repeat finding from the immediate prior year. The prior year finding number was 2014-001.

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: Procurement and Suspension and Debarment, and Special Tests and Provisions - Environmental Reviews, Citizen Participation, and Rehabilitation Using NSP Funds.

Procurement and Suspension and Debarment (Applies to DRSC-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 DRSC-013-002 and DR2SC-011-007)

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 Provisions 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.

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AUDITEE-PREPARED DOCUMENTS

The subsequent documents were provided by management of the City. The documents are 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



SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

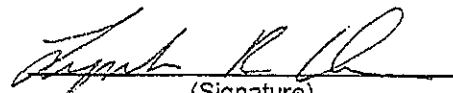
FINDING 2014-001

Fiscal year in which the finding initially occurred: 2014
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct:
Contact Person Responsible for Corrective Action: Lynda Dunbar
Contact Phone Number: 765-848-1510

Status of Audit Finding:

The State Board of Accounts performed 2014 and 2015 audits together in 2016. We were not able to correct any findings for 2014 in 2015 because we were audited for both years in the same year.

The City of Greencastle takes all Audit Findings seriously and will work together to correct all findings so they do not occur in the future.

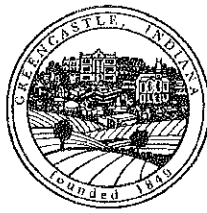

(Signature)

Clerk - TREASURER
(Title)

12/1/16
(Date)

City of Greencastle

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



CORRECTIVE ACTION PLAN

FINDING 2015-001

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

We do not agree that the condition identified resulted from a lack of internal controls. It was due to a disagreement on interpretation of how to report receipts and disbursements related to the funds that maintain a zero balance. It should be noted that the funds cited have never had a balance as the receipts or disbursements as the City did not handle any cash.

Description of Corrective Action Plan:

We will update the annual report and financial records to State Board of Accounts specifications.

Anticipated Completion Date: Immediate

FINDING 2015-002

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

We disagree with the findings on Procurement and Suspension and Debarment Relating to Third Party Contracts.

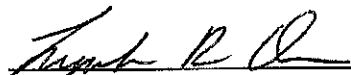
We concur with the Special Test and Provisions

Description of Corrective Action Plan:

Procurement and Suspension and Debarment Relating to Third Party Contracts- The City relied on the information provided by OCRA and IHEDA, the funding agencies, in determining the inclusion of contract provisions in its Grant Administration 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, the City Attorney will also notify the applicable State agencies and inform them that the provision that they have provided to municipalities are incomplete and should be supplemented.

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.

Anticipated Completion Date: Immediate



(Signature)
Clerk - Treasurer

(Title)
12-12-16

(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/>.