

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, 2016 to December 31, 2016



FILED
10/26/2018

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Lynda R. Dunbar	01-01-16 to 12-31-19
Mayor	William A. Dory, Jr.	01-01-16 to 12-31-19
President of the Board of Public Works	William A. Dory, Jr.	01-01-16 to 12-31-19
President Pro Tempore of the Common Council	Adam Cohen	01-01-16 to 12-31-18
Utility Office Manager	Dorothy Wells	01-01-16 to 12-31-18
Wastewater Utility Office Manager	Melanie Welker	01-01-16 to 12-31-18
Superintendent of Water and Wastewater Utilities	Robert Lovell Oscar King (interim) Oscar King	01-01-16 to 01-22-16 01-23-16 to 12-31-17 01-01-18 to 12-31-18



STATE OF INDIANA
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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, 2016, 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 from 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 to 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, 2016.

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, 2016, 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 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.

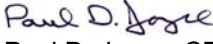
Other Information

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, Schedule of Leases and Debt, and Schedule of Capital Assets, 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 September 20, 2018, 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 solely 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 effectiveness of the City's 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

September 20, 2018



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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, 2016, and the related notes to the financial statement, and have issued our report thereon dated September 20, 2018, 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 City'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. 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.

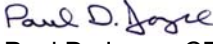
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL
STATEMENT PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*
(Continued)

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

September 20, 2018

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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, 2016

Fund	Cash and Investments		Cash and Investments	
	01-01-16	Receipts	Disbursements	12-31-16
General	\$ 907,631	\$ 4,219,870	\$ 4,130,641	\$ 996,860
Motor Vehicle Highway	340,425	1,076,375	1,123,741	293,059
Local Road And Street	10,945	38,581	42,630	6,896
Park Nr Basketball	7,783	14,418	14,033	8,168
Economic Development	19,878	-	-	19,878
State Grant	266	-	-	266
Law Enforcement Education	19,449	7,763	12,800	14,412
Riverboat Rev Fund	325,142	67,823	4,955	388,010
Park And Recreation	347,915	497,657	523,070	322,502
Rainy Day Fund	526,701	2,621	38,744	490,578
LOIT Special Distribution	-	607,447	-	607,447
Hazmat Fund	22,745	119	-	22,864
Tif Allocation	4,218,509	2,116,023	1,264,462	5,070,070
Cci	146,713	27,030	30,174	143,569
Ccd	189,981	148,672	-	338,653
Park Non Revert Capital	28,348	7,300	-	35,648
Redev Dist Cap Fund	64,230	1,332,016	1,238,265	157,981
Industrial Development	123,902	647	-	124,549
Ccf	90,239	93,418	43,501	140,156
City Hall N/R	95,680	499	740	95,439
Police Pension Fund	240,285	114,640	119,631	235,294
Fire Pension Fund	278,341	114,888	99,507	293,722
LOIT Public Safety	-	537,528	-	537,528
Contractor Escrow	9,048	-	-	9,048
INDOT Grant	642,473	345,907	533,656	454,724
FACADE/OCRA Grant	136,655	527,432	521,435	142,652
ICHDA Grant	-	30,000	30,000	-
LWCF 2011 Grant	(5,693)	31,501	25,808	-
Police Grants	(240)	15,947	13,994	1,713
Redevelopment Bond	559,385	-	-	559,385
Excess Levy	5,521	-	-	5,521
Cemetery	117,613	304,730	264,629	157,714
Donation Fund	244,893	44,515	121,534	167,874
Fema Fire Grant	1	-	-	1
Fire Dept Serv Chg Acct	7,989	42	-	8,031
Peg Access Account	1,422	-	-	1,422
Law Enforcement Fund	2,821	15	-	2,836
Tree Grant	645	3	-	648
Park Non Reverting Operating Softba	15,620	25,195	18,684	22,131
Economic Dev Income Tax	1,338,717	573,197	435,142	1,476,772
General Obligation Bonds	89,377	25,888	87,148	28,117
Community Rec Center	5,534	29	-	5,563
Cemetery Ground Improvement	81,398	28,858	11,254	99,002
Park Culture Rec	1,150	6	-	1,156
Old Mausoleum Fund	5,576	1,167	-	6,743
Payroll Fund	3,006	2,562,834	2,562,834	3,006
Cemetery Trustee	47,483	4,207	-	51,690
Trash Fund	477,582	320,688	274,986	523,284
Trash Deposit	20,678	525	-	21,203
Sewer Operating Fund	2,361,134	3,063,819	1,971,931	3,453,022
Sewage Bond & Interest	131,023	748,910	879,930	3
Sewage Improvement	624,222	9,604	260,949	372,877
Sewage Customer Deposit	44,469	13,660	12,840	45,289
Sewage Debt Service Resv	899,217	-	-	899,217
Water Construction	-	247,673	247,673	-
BNY Mellon Bond and Interest	56,869	176,796	103,922	129,743
BNY Debt Reserve	359,380	57,726	-	417,106
Water Operating	1,295,752	2,475,107	1,965,650	1,805,209
Water Bond And Interest	8,002	579,830	587,832	-
Water Meter Deposit	48,222	14,610	13,420	49,412
Water Improvement	379,458	1,966	4,471	376,953
Water Debt Serv Resv	102	56,958	57,060	-
Totals	<u>\$ 18,021,612</u>	<u>\$ 23,314,680</u>	<u>\$ 19,693,676</u>	<u>\$ 21,642,616</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. Amounts received from 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. Amounts received from businesses, occupations, or non-businesses 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, animal 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. Amounts received from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of intergovernmental 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. Amounts received for services including, but not limited to, the following: planning commission charges, building department charges, copies of public records, copy machines 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. Amounts received 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. Amounts received from charges for current services.

Penalties. Amounts received from late payment fees.

Other receipts. 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. Amounts disbursed 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. Amounts disbursed for 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, but are not limited to, the following: office supplies, operating supplies, and repair and maintenance supplies.

Other services and charges. Amounts disbursed for services including, but 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. Amounts disbursed for 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. Amounts disbursed for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

Utility operating expenses. Amounts disbursed for operating the utilities.

Other disbursements. Amounts disbursed for various other purposes including, but 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, make transfers 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 amounts 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 amounts 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 lien date (March 1 in a year ending before January 1, 2016 and January 1 in a year beginning after December 31, 2015) 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.

OTHER INFORMATION - UNAUDITED

The City's Annual Financial Report information can be found on the Indiana Gateway for Government Units 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, 2016

	General	Motor Vehicle Highway	Local Road And Street	Park Nr Basketball	Economic Development	State Grant	Law Enforcement Education
Cash and investments - beginning	\$ 907,631	\$ 340,425	\$ 10,945	\$ 7,783	\$ 19,878	\$ 266	\$ 19,449
Receipts:							
Taxes	1,675,230	509,101	-	-	-	-	6,785
Licenses and permits	109,676	-	-	-	-	-	-
Intergovernmental receipts	2,312,724	564,348	38,460	-	-	-	-
Charges for services	98,245	-	-	12,373	-	-	895
Fines and forfeits	3,839	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	20,156	2,926	121	2,045	-	-	83
Total receipts	4,219,870	1,076,375	38,581	14,418	-	-	7,763
Disbursements:							
Personal services	2,644,268	422,807	-	5,000	-	-	-
Supplies	93,212	178,203	-	8,868	-	-	-
Other services and charges	773,517	135,692	6,103	55	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	30,223	365,000	36,527	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	589,421	22,039	-	110	-	-	12,800
Total disbursements	4,130,641	1,123,741	42,630	14,033	-	-	12,800
Excess (deficiency) of receipts over disbursements	89,229	(47,366)	(4,049)	385	-	-	(5,037)
Cash and investments - ending	\$ 996,860	\$ 293,059	\$ 6,896	\$ 8,168	\$ 19,878	\$ 266	\$ 14,412

CITY OF GREENCASTLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	Riverboat Rev Fund	Park And Recreation	Rainy Day Fund	LOIT Special Distribution	Hazmat Fund	Tif Allocation	Cci
Cash and investments - beginning	\$ 325,142	\$ 347,915	\$ 526,701	\$ -	\$ 22,745	\$ 4,218,509	\$ 146,713
Receipts:							
Taxes	-	361,173	-	-	-	2,072,804	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	61,168	26,919	-	607,447	-	-	26,318
Charges for services	-	99,124	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	6,655	10,441	2,621	-	119	43,219	712
Total receipts	67,823	497,657	2,621	607,447	119	2,116,023	27,030
Disbursements:							
Personal services	-	251,452	38,744	-	-	-	-
Supplies	-	84,395	-	-	-	-	-
Other services and charges	-	143,212	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	26,617	-	-	-	-	30,174
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	4,955	17,394	-	-	-	1,264,462	-
Total disbursements	4,955	523,070	38,744	-	-	1,264,462	30,174
Excess (deficiency) of receipts over disbursements	62,868	(25,413)	(36,123)	607,447	119	851,561	(3,144)
Cash and investments - ending	\$ 388,010	\$ 322,502	\$ 490,578	\$ 607,447	\$ 22,864	\$ 5,070,070	\$ 143,569

CITY OF GREENCASTLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	Ccd	Park Non Revert Capital	Redev Dist Cap Fund	Industrial Development	Ccf	City Hall N/R	Police Pension Fund
Cash and investments - beginning	\$ 189,981	\$ 28,348	\$ 64,230	\$ 123,902	\$ 90,239	\$ 95,680	\$ 240,285
Receipts:							
Taxes	137,224	-	-	-	86,451	-	113,508
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	10,220	-	-	-	6,438	-	-
Charges for services	-	-	11,114	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	1,228	7,300	1,320,902	647	529	499	1,132
Total receipts	148,672	7,300	1,332,016	647	93,418	499	114,640
Disbursements:							
Personal services	-	-	-	-	-	-	350
Supplies	-	-	-	-	12,512	-	-
Other services and charges	-	-	-	-	-	740	119,281
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	1,238,265	-	30,989	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	-	-	1,238,265	-	43,501	740	119,631
Excess (deficiency) of receipts over disbursements	148,672	7,300	93,751	647	49,917	(241)	(4,991)
Cash and investments - ending	\$ 338,653	\$ 35,648	\$ 157,981	\$ 124,549	\$ 140,156	\$ 95,439	\$ 235,294

CITY OF GREENCASTLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	Fire Pension Fund	LOIT Public Safety	Contractor Escrow	INDOT Grant	FACADE/OCRA Grant	ICHDA Grant	LWCF 2011 Grant
Cash and investments - beginning	\$ 278,341	\$ -	\$ 9,048	\$ 642,473	\$ 136,655	\$ -	\$ (5,693)
Receipts:							
Taxes	113,508	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	345,907	500,000	30,000	27,488
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	1,380	537,528	-	-	27,432	-	4,013
Total receipts	114,888	537,528	-	345,907	527,432	30,000	31,501
Disbursements:							
Personal services	350	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	99,157	-	-	231,490	21,435	-	1,088
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	302,166	500,000	30,000	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	24,720
Total disbursements	99,507	-	-	533,656	521,435	30,000	25,808
Excess (deficiency) of receipts over disbursements	15,381	537,528	-	(187,749)	5,997	-	5,693
Cash and investments - ending	\$ 293,722	\$ 537,528	\$ 9,048	\$ 454,724	\$ 142,652	\$ -	\$ -

CITY OF GREENCASTLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	Police Grants	Redevelopment Bond	Excess Levy	Cemetery	Donation Fund	Fema Fire Grant	Fire Dept Serv Chg Acct
Cash and investments - beginning	\$ (240)	\$ 559,385	\$ 5,521	\$ 117,613	\$ 244,893	\$ 1	\$ 7,989
Receipts:							
Taxes	-	-	-	181,959	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	15,947	-	-	13,551	-	-	-
Charges for services	-	-	-	82,550	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	-	-	-	26,670	44,515	-	42
Total receipts	15,947	-	-	304,730	44,515	-	42
Disbursements:							
Personal services	-	-	-	199,056	-	-	-
Supplies	-	-	-	14,242	-	-	-
Other services and charges	-	-	-	19,385	2,807	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	13,994	-	-	-	79,976	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	31,946	38,751	-	-
Total disbursements	13,994	-	-	264,629	121,534	-	-
Excess (deficiency) of receipts over disbursements	1,953	-	-	40,101	(77,019)	-	42
Cash and investments - ending	\$ 1,713	\$ 559,385	\$ 5,521	\$ 157,714	\$ 167,874	\$ 1	\$ 8,031

CITY OF GREENCASTLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	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	\$ 2,821	\$ 645	\$ 15,620	\$ 1,338,717	\$ 89,377	\$ 5,534
Receipts:							
Taxes	-	-	-	-	548,226	24,151	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	1,676	-
Charges for services	-	-	-	18,044	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	-	15	3	7,151	24,971	61	29
Total receipts	-	15	3	25,195	573,197	25,888	29
Disbursements:							
Personal services	-	-	-	1,500	-	-	-
Supplies	-	-	-	11,912	-	-	-
Other services and charges	-	-	-	5,272	51,149	87,148	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	379,780	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	4,213	-	-
Total disbursements	-	-	-	18,684	435,142	87,148	-
Excess (deficiency) of receipts over disbursements	-	15	3	6,511	138,055	(61,260)	29
Cash and investments - ending	\$ 1,422	\$ 2,836	\$ 648	\$ 22,131	\$ 1,476,772	\$ 28,117	\$ 5,563

CITY OF GREENCASTLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	Cemetery Ground Improvement	Park Culture Rec	Old Mausoleum Fund	Payroll Fund	Cemetery Trustee	Trash Fund	Trash Deposit
Cash and investments - beginning	\$ 81,398	\$ 1,150	\$ 5,576	\$ 3,006	\$ 47,483	\$ 477,582	\$ 20,678
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-
Charges for services	28,400	-	1,134	-	-	311,801	-
Fines and forfeits	-	-	-	-	-	6,329	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	458	6	33	2,562,834	4,207	2,558	525
Total receipts	28,858	6	1,167	2,562,834	4,207	320,688	525
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	1,163	-	-	-	-	-	-
Other services and charges	1,363	-	-	-	-	274,418	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	8,728	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	2,562,834	-	568	-
Total disbursements	11,254	-	-	2,562,834	-	274,986	-
Excess (deficiency) of receipts over disbursements	17,604	6	1,167	-	4,207	45,702	525
Cash and investments - ending	\$ 99,002	\$ 1,156	\$ 6,743	\$ 3,006	\$ 51,690	\$ 523,284	\$ 21,203

CITY OF GREENCASTLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	Sewer Operating Fund	Sewage Bond & Interest	Sewage Improvement	Sewage Customer Deposit	Sewage Debt Service Resv	Water Construction	BNY Mellon Bond and Interest
Cash and investments - beginning	\$ 2,361,134	\$ 131,023	\$ 624,222	\$ 44,469	\$ 899,217	\$ -	\$ 56,869
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	3,016,327	-	-	-	-	-	-
Penalties	30,459	-	-	-	-	-	-
Other receipts	17,033	748,910	9,604	13,660	-	247,673	176,796
Total receipts	3,063,819	748,910	9,604	13,660	-	247,673	176,796
Disbursements:							
Personal services	407,212	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	51,245	-	-	-	-	-	-
Debt service - principal and interest	-	879,421	-	-	-	-	103,922
Capital outlay	48,067	-	260,949	-	-	-	-
Utility operating expenses	668,782	-	-	-	-	-	-
Other disbursements	796,625	509	-	12,840	-	247,673	-
Total disbursements	1,971,931	879,930	260,949	12,840	-	247,673	103,922
Excess (deficiency) of receipts over disbursements	1,091,888	(131,020)	(251,345)	820	-	-	72,874
Cash and investments - ending	\$ 3,453,022	\$ 3	\$ 372,877	\$ 45,289	\$ 899,217	\$ -	\$ 129,743

CITY OF GREENCASTLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	BNY Debt Reserve	Water Operating	Water Bond And Interest	Water Meter Deposit	Water Improvement	Water Debt Serv Resv	Totals
Cash and investments - beginning	\$ 359,380	\$ 1,295,752	\$ 8,002	\$ 48,222	\$ 379,458	\$ 102	\$ 18,021,612
Receipts:							
Taxes	-	-	-	-	-	-	5,830,120
Licenses and permits	-	-	-	-	-	-	109,676
Intergovernmental receipts	-	-	-	-	-	-	4,588,611
Charges for services	-	-	-	-	-	-	663,680
Fines and forfeits	-	-	-	-	-	-	10,168
Utility fees	-	2,347,061	-	-	-	-	5,363,388
Penalties	-	22,084	-	-	-	-	52,543
Other receipts	57,726	105,962	579,830	14,610	1,966	56,958	6,696,494
Total receipts	57,726	2,475,107	579,830	14,610	1,966	56,958	23,314,680
Disbursements:							
Personal services	-	552,626	-	-	-	-	4,523,365
Supplies	-	-	-	-	-	-	404,507
Other services and charges	-	52,260	-	-	-	-	2,076,817
Debt service - principal and interest	-	-	587,602	-	-	-	1,570,945
Capital outlay	-	18,459	-	-	-	-	3,399,914
Utility operating expenses	-	705,416	-	-	-	-	1,374,198
Other disbursements	-	636,889	230	13,420	4,471	57,060	6,343,930
Total disbursements	-	1,965,650	587,832	13,420	4,471	57,060	19,693,676
Excess (deficiency) of receipts over disbursements	57,726	509,457	(8,002)	1,190	(2,505)	(102)	3,621,004
Cash and investments - ending	\$ 417,106	\$ 1,805,209	\$ -	\$ 49,412	\$ 376,953	\$ -	\$ 21,642,616

CITY OF GREENCASTLE
 SCHEDULE OF PAYABLES AND RECEIVABLES
 December 31, 2016

Government or Enterprise	Accounts Payable	Accounts Receivable
Trash	\$ -	\$ 29,027
Wastewater	11,019	208,707
Water	84,127	174,266
Governmental activities	<u>316,838</u>	<u>20,441</u>
Totals	<u>\$ 411,984</u>	<u>\$ 432,441</u>

CITY OF GREENCASTLE
SCHEDULE OF LEASES AND DEBT
December 31, 2016

Description of Debt		Ending	Principal and
Type	Purpose	Principal	Interest Due
		Balance	Within One
			Year
Governmental activities:			
General obligation bonds	Purchase Police Station	\$ 327,500	\$ 83,671
Revenue bonds	Purchase City Hall	217,456	42,297
Notes and loans payable	Police Vehicles	165,601	56,811
Notes and loans payable	Tax Increment Revenue Bond	<u>585,000</u>	<u>35,590</u>
Total governmental activities		<u>1,295,557</u>	<u>218,369</u>
Wastewater:			
Revenue bonds	Wastewater Improvement	608,100	129,026
Revenue bonds	New Waste Water Treatment Plant	4,305,000	752,768
Notes and loans payable	Wastewater Truck Loan-First Financial	21,742	8,959
Notes and loans payable	Wastewater Truck Loan-First Financial	<u>21,742</u>	<u>8,959</u>
Total Wastewater		<u>4,956,584</u>	<u>899,712</u>
Water:			
Revenue bonds	Water Utilities Improvements	1,572,100	410,935
Revenue bonds	Waterworks Revenue Bonds of 2014	2,840,679	176,643
Notes and loans payable	Water Truck Loan-First Financial	21,742	8,959
Notes and loans payable	Water Truck Loan-First Financial	<u>24,573</u>	<u>10,126</u>
Total Water		<u>4,459,094</u>	<u>606,663</u>
Totals		<u>\$ 10,711,235</u>	<u>\$ 1,724,744</u>

CITY OF GREENCASTLE
 SCHEDULE OF CAPITAL ASSETS
 December 31, 2016

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

	<u>Ending Balance</u>
Governmental activities:	
Infrastructure	\$ 7,689,081
Buildings	9,332,509
Improvements other than buildings	5,978,502
Machinery, equipment, and vehicles	11,200,342
Construction in progress	<u>450,000</u>
Total governmental activities	<u>34,650,434</u>
Trash:	
Total Trash	<u>-</u>
Wastewater:	
Infrastructure	59,220
Buildings	16,294,950
Improvements other than buildings	790,931
Machinery, equipment, and vehicles	4,317,865
Construction in progress	<u>200,000</u>
Total Wastewater	<u>21,662,966</u>
Water:	
Infrastructure	98,207
Buildings	9,615,742
Improvements other than buildings	344,169
Machinery, equipment, and vehicles	3,510,727
Construction in progress	<u>85,000</u>
Total Water	<u>13,653,845</u>
Total capital assets	<u><u>\$ 69,967,245</u></u>

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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 *OMB Compliance Supplement* that could have a direct and material effect on its major federal program for the year ended December 31, 2016. 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, 2016.

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 a 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 a 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 2016-001, 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

September 20, 2018

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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, 2016

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	Passed 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 IHCDA Parking Lot Project	Indiana Housing & Community Development Authority	14.228	DR2SC-013-002	\$ -	\$ 30,000
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii Facades II	Indiana Office of Community & Rural Affairs	14.228	ST-12-102	-	500,000
Total - Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii				-	530,000
Total - Department of Housing and Urban Development				-	530,000
<u>Department of the Interior</u>					
Outdoor Recreation Acquisition, Development and Planning LWCG-2011	Indiana Department of Natural Resources	15.916	LWCF Grant #18-00578	-	27,488
Total - Department of the Interior				-	27,488
<u>Department of Justice</u>					
Missing Children's Assistance ICAC Grant 2013	Indiana State Police	16.543	2011-MC-CX-K005	-	6,983
ICAC Grant 2014			A2-15-100-023A	-	8,963
Total - Missing Children's Assistance				-	15,946
Total - Department of Justice				-	15,946
<u>Department of Transportation</u>					
Highway Planning and Construction Cluster Highway Planning and Construction South Street	Indiana Department of Transportation	20.205	A249-09-320826	-	175,927
Vine Street/Streetscapes			A249-12-320655	-	74,611
Total - Highway Planning and Construction				-	250,538
Total - Highway Planning and Construction Cluster				-	250,538
Total - Department of Transportation				-	250,538
Total federal awards expended				\$ -	\$ 823,972

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, 2016. 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 minimis 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 weakness identified?	no
Significant deficiency identified?	none reported
Noncompliance material to financial statement noted?	no

Federal Awards:

Internal control over major program:	
Material weakness identified?	yes
Significant deficiency identified?	none reported
Any audit finding disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)?	yes

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

No matters are reportable.

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

Section III - Federal Award Findings and Questioned Costs

FINDING 2016-001

Subject: Community Development Block Grants/State's Program and
Non-Entitlement Grants in Hawaii - Internal Controls

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, ST-12-102

Pass-Through Entity: Indiana Housing and Community Development Authority

Compliance Requirements: Procurement and Suspension and Debarment, Special Tests and Provisions -
Environmental Reviews, Special Tests and Provisions - Citizen Participation

Audit Finding: Material Weakness

Repeat Finding

This is a repeat finding from the immediately prior audit. The prior audit finding number was 2015-002.

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, Special Tests and Provisions - Environmental Reviews, and Special Tests and Provisions - Citizen Participation.

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 ST-12-102)

The Environmental Reviews and Citizen Participation 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 requirements. The City Attorney also had a high level of participation in the grant. However, there was no evidence of internal controls over the compliance requirements listed above or the grant agreement. The lack of controls was pervasive throughout the audit period.

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

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. . . ."

2 CFR 200.303 states in part:

"The non-Federal entity must:

(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

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 the 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 related to the grant agreement and the 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 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
765-653-3100



SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2015-001

Fiscal year in which the finding initially occurred: 2015
Contact Person Responsible for Corrective Action: Lynda Dunbar
Contact Phone Number: 765-848-1510

Status of Audit Findings:

The 2016 Annual Report reflected the corrections in the funds that were not reported in the previous year.

FINDING 2015-002

Fiscal year in which the finding initially occurred: 2015
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Housing and Community Development Authority
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 at the end of 2016 which resulted in the same audit findings we are being sighted for in our 2016 audit. The 2016 contracts were already completed before our audit in 2016 which made us aware we had any finding in 2014 and 2015.

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)

9/14/18

(Date)

City of Greencastle

City Hall
One North Locust Street, P.O. Box 607
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CORRECTIVE ACTION PLAN

FINDING 2016-001

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

Views of Responsible Official:

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

We concur with the Special Test 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, the funding agency, 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 also notified the applicable State agencies and informed 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: Contracts after 2016.



(Signature)

Clerk - Treasurer

(Title)

9/18/18

(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/>.