

INDEPENDENT AUDITOR'S REPORT

Members of Borough Council
Borough of Greencastle
Greencastle, Pennsylvania

Report on the Financial Statements

We have audited the accompanying financial statements of the Borough of Greencastle, Pennsylvania (the "Borough"), which comprise of the governmental activities, the business-type activity, the discretely-presented component unit, each major fund, and the aggregate remaining fund information, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity'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 statements.

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

Basis for Qualified Opinion on Governmental Activities

The Borough has declined to adopt Governmental Accounting Standards Board (GASB) Statement No. 75, “*Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions*”. The liability and expense recognition and related disclosures mandated by GASB Statement No. 75 are required by accounting principles generally accepted in the United States of America, as applied to the Borough’s modified cash basis of accounting. The effects of this omission on the Borough’s financial statements are not reasonably determined.

Qualified Opinion

In our opinion, except for the effects of the matter described in the “Basis for Qualified Opinion on Governmental Activities” paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of the Borough of Greencastle, Pennsylvania, as of December 31, 2020, and the respective changes in financial position thereof for the year then ended in conformity with the modified cash basis of accounting described in Note 1.

Unmodified Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activity, the discretely-presented component unit, each major fund, and the aggregate remaining fund information, of the Borough of Greencastle, Pennsylvania, as of December 31, 2020, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the major governmental funds for the year then ended in accordance with the modified cash basis of accounting as described in Note 1.

Basis of Accounting

We draw attention to Note 1 to the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Other Matters

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough of Greencastle’s basic financial statements. The schedules and related notes listed in the table of contents as other information and supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The General Fund - Schedules of Revenues and Expenditures - Budget and Actual are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The pension schedules and related notes, listed in the table of contents as other information have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

A handwritten signature in cursive script that reads "Boyer & Ritten". The signature is written in black ink and is centered on the page.

Chambersburg, Pennsylvania
July 22, 2021

BOROUGH OF GREENCASTLE

STATEMENT OF NET POSITION - MODIFIED CASH BASIS

Year Ended December 31, 2020

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activity	Total	
ASSETS				
Cash and cash equivalents				
Unrestricted	\$ 1,606,941	\$ 1,190,507	\$ 2,797,448	\$ 2,477,813
Restricted	-	50,000	50,000	-
Receivable from fiduciary fund	1	-	1	-
Capital assets, net of depreciation	3,369,890	6,737,258	10,107,148	12,237,217
Prepaid insurance, net of amortization	-	3,006	3,006	-
Net pension asset	538,439	-	538,439	-
Total assets	5,515,271	7,980,771	13,496,042	14,715,030
DEFERRED OUTFLOWS OF RESOURCES				
Deferred amounts from pensions	13,052	-	13,052	-
Deferred amounts on refunding debts	-	18,380	18,380	-
Total deferred outflows of resources	13,052	18,380	31,432	-
Total assets and deferred outflows of resources	\$ 5,528,323	\$ 7,999,151	\$ 13,527,474	\$ 14,715,030
LIABILITIES				
Payroll tax liabilities and other current liabilities	\$ 14,888	\$ -	\$ 14,888	\$ 3,206
Long-term liabilities:				
Due within 1 year	18,500	110,000	128,500	328,088
Due in more than 1 year	19,328	466,450	485,778	343,206
Net pension liability	157,934	-	157,934	-
Total liabilities	210,650	576,450	787,100	674,500
DEFERRED INFLOWS OF RESOURCES				
Deferred amounts from pensions	197,767	-	197,767	-
NET POSITION				
Net investment in capital assets	3,332,062	6,160,808	9,492,870	11,565,923
Restricted for:				
Capital improvements	225,677	-	225,677	-
Specified purposes	533,248	-	533,248	-
Unrestricted	1,028,919	1,261,893	2,290,812	2,474,607
Total net position	5,119,906	7,422,701	12,542,607	14,040,530
Total liabilities, deferred inflows of resources and net position	\$ 5,528,323	\$ 7,999,151	\$ 13,527,474	\$ 14,715,030

See Notes to Financial Statements.