

B30070

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

EXAMINATION REPORT
OF
CITY OF ELWOOD
MADISON COUNTY, INDIANA
January 1, 2006 to December 31, 2006



FILED
07/05/2007

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Sandra R. Brewer	01-01-04 to 12-31-07
Mayor	Hon. W. Merrill Taylor	01-01-04 to 12-31-07
President of the Board of Public Works and Safety	Hon. W. Merrill Taylor	01-01-04 to 12-31-07
President of the Common Council	James E. Davis	01-01-06 to 12-31-07
Utility Office Manager	Lenora R. Frye	01-01-06 to 12-31-07



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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE CITY OF ELWOOD, MADISON COUNTY, INDIANA

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

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

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

STATE BOARD OF ACCOUNTS

June 7, 2007

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

	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
Governmental Funds:				
General	\$ 922,124	\$ 4,244,836	\$ 4,209,351	\$ 957,609
Motor Vehicle Highway	205,215	859,221	707,981	356,455
Local Road and Street	80,857	96,119	112,140	64,836
Park and Recreation	227,691	159,038	154,540	232,189
Law Enforcement Continuing Education	5,452	5,553	2,737	8,268
Riverboat	184,368	61,273	100,000	145,641
Cumulative Capital Improvement	-	34,786	34,786	-
Cumulative Capital Development	269,887	62,282	14,619	317,550
County Economic Development Income Tax	4,379	1,377	-	5,756
Municipal Complex Lease Fund	147,990	573,113	580,740	140,363
K-9 Restricted Donation Fund	3,724	2,274	2,600	3,398
Economic Development Project	85,887	81,000	20,015	146,872
Park Department Restricted Donations	1,890	3,500	3,697	1,693
Probation Restricted Donations	321	-	-	321
Police Department Restricted Donations	982	53,620	53,547	1,055
Traffic Enforcement Grant	606	23,432	21,042	2,996
Clerks Record Perpetuation Fund	50,805	23,390	10,660	63,535
Economic Development Fund	455	-	-	455
Adult Probation Services	76,374	226,309	232,101	70,582
Public Defender Services	-	9,030	-	9,030
Fire Department Restricted Donations	2,073	276	1,716	633
Elwood Grant	19,193	38,859	58,032	20
Industrial Development Grant	12	-	-	12
Grants/Police Dept	-	6,512	2,652	3,860
CPTF Grant Police Department	69	4,718	4,785	2
IN Housing Community Development Authority Grant	-	5,000	5,000	-
IN Criminal Justice Institute Grant	45	-	-	45
FEMA Disaster	45,815	-	1,082	44,733
Proprietary Funds:				
Water Utility - Operating	842,388	1,115,755	848,767	1,109,376
Water Utility - Depreciation	243,469	-	-	243,469
Water Utility - Customer Deposit	123,019	24,127	17,725	129,421
Wastewater Utility - Operating	18,545	1,794,303	1,787,812	25,036
Wastewater Utility - Bond and Interest	-	14,819	12,265	2,554
Wastewater Utility - Debt Reserve	-	1,614	-	1,614
Nonreverting Insurance	9,244	1,356,018	1,365,036	226
Nonreverting Insurance - Pension	74,616	5,085	16,792	62,909
Self-Insurance Plan	48,500	-	-	48,500
Fiduciary Funds:				
Court Costs Due County	-	42,907	42,907	-
User Fee Law Enforcement Continuing Education	5,962	6,391	6,423	5,930
City Court	183,381	756,177	824,276	115,282
Police Officers' Pension	389,608	175,299	303,677	261,230
Firefighters' Pension	330,773	207,839	289,536	249,076
Payroll	59,958	1,155,358	1,150,838	64,478
Totals	\$ 4,665,677	\$ 13,231,210	\$ 12,999,877	\$ 4,897,010

The accompanying notes are an integral part of the financial information.

CITY OF ELWOOD
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

The City was established under the laws of the State of Indiana. The City provides the following services: public safety, highways and streets, health and social services, culture and recreation, public improvements, planning and zoning, water, wastewater, urban redevelopment and housing, and general administrative.

Note 2. Fund Accounting

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

Note 3. Budgets

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

Note 4. Property Taxes

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

Note 5. Deposits and Investments

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

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

CITY OF ELWOOD
NOTES TO FINANCIAL INFORMATION
(Continued)

Note 6. Pension Plan

Public Employees' Retirement Fund

Plan Description

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

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

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

Funding Policy and Annual Pension Cost

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

CITY OF ELWOOD
EXAMINATION RESULT AND COMMENT

CAPITAL ASSET RECORDS

The City records capital asset additions and disposals on a capital asset ledger using prescribed City and Town Form No. 211. The activity on the ledger is difficult to quantify or verify because there are no recent inventories. Disposals are not removed from the ledger. Instead, adjustments are made in the capital asset ledger, removing the values of disposed assets from the cumulative totals. The disposal reduction adjustments are sometimes carried into the cumulative capital asset balance individually and sometimes there is a single reduction adjustment made for the disposal of several capital assets. Therefore, verifying that the capital assets which have been disposed of have been properly subtracted from the cumulative capital asset totals (as complied by the City) is not practical.

There were also some assets owned by the City, which we discovered were not recorded in the City's capital asset ledger, and it was conveyed by City Officials that no updates to the capital asset ledgers have been made since June 2006.

The City's capital asset ledger is arranged primarily by City department with each department carrying a separate balance. The capital assets included on the various department pages in the ledger have been recently inventoried but most of the items on the inventory do not include values, tag numbers or other information which could be used to uniquely identify the assets. The City's inventory does not include totals.

The Water and Wastewater Utilities also record capital asset activity on a capital asset ledger Form No. 211. The items on the Utility capital asset ledger have not all been recently inventoried and many of the items on the Utility ledger do not include tag numbers or other information which could be used to uniquely identify the assets. A similar comment appeared in prior Report B27544.

Every governmental unit should have a complete inventory of all capital assets owned which reflect their acquisition value. Such inventory should be recorded in the Capital Assets Ledger form. A complete inventory should be taken every year for good internal control and for verifying account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

CITY OF ELWOOD
EXIT CONFERENCE

The contents of this report were discussed on June 7, 2007, with Hon. W. Merrill Taylor, Mayor; and Sandra R. Brewer, Clerk-Treasurer. The officials concurred with our finding.