

B37571

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

ANNUAL FINANCIAL REPORT

2009

TOWN OF SANTA CLAUS

SPENCER COUNTY, INDIANA



FILED
09/27/2010

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Kim M. Christensen	01-01-08 to 12-31-11
President of the Town Council	Ronald L. Smith	01-01-09 to 12-31-10
Chairman of the Water Board	Scot Elliott	01-01-09 to 12-31-10
Superintendent of Utilities	Russell L. Luthy	01-01-09 to 12-31-10



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

TO: THE OFFICIALS OF THE TOWN OF SANTA CLAUS, SPENCER COUNTY, INDIANA

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Santa Claus (Town), as of and for the year ended December 31, 2009, which collectively comprise the Town's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the Town's management. 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 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 statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note I, the Town prepares its financial statements on the prescribed basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash and investment balances of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town as of December 31, 2009, and the respective cash receipts and cash disbursements during the year then ended on the basis of accounting described in Note I.

In accordance with Government Auditing Standards, we have also issued a report dated August 25, 2010, on our consideration of the Town'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 and should be considered in assessing the results of our audit.

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(Continued)

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The Town has not presented Management's Discussion and Analysis, or Budgetary Comparison Schedules that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The Combining Schedules, as listed in the Table of Contents, Schedule of Capital Assets, and Schedule of Long-Term Debt are presented for additional analysis and are not required parts of the basic financial statements. The Combining Schedules, as listed in the Table of Contents, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The Schedule of Capital Assets and Schedule of Long-Term Debt have not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

August 25, 2010



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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

TO: THE OFFICIALS OF THE TOWN OF SANTA CLAUS, SPENCER COUNTY, INDIANA

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Santa Claus (Town), as of and for the year ended December 31, 2009, which collectively comprise the Town's basic financial statements and have issued our report thereon dated August 25, 2010. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be significant deficiencies or material weaknesses, as defined above.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are 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.

This report is intended solely for the information and use of the Town's management, Town Council, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

August 25, 2010

TOWN OF SANTA CLAUS
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For The Year Ended December 31, 2009

Functions/Programs	Program Receipts				Net (Disbursement) Receipt and Changes in Net Assets		
	Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Totals
Primary government:							
Governmental activities:							
General government	\$ 312,494	\$ 7,367	\$ -	\$ -	\$ (305,127)	\$ -	\$ (305,127)
Public safety	459,340	25,460	-	-	(433,880)	-	(433,880)
Highways and streets	108,784	-	53,569	8,342	(46,873)	-	(46,873)
Economic development	119,156	-	-	-	(119,156)	-	(119,156)
Culture and recreation	132,683	8,090	-	-	(124,593)	-	(124,593)
Urban redevelopment and housing	3,754	-	-	-	(3,754)	-	(3,754)
Total governmental activities	<u>1,136,211</u>	<u>40,917</u>	<u>53,569</u>	<u>8,342</u>	<u>(1,033,383)</u>	<u>-</u>	<u>(1,033,383)</u>
Business-type activities:							
Wastewater Utility	971,443	1,229,245	-	-	-	257,802	257,802
Water Utility	3,446,091	1,592,227	-	481,181	-	(1,372,683)	(1,372,683)
Total business-type activities	<u>4,417,534</u>	<u>2,821,472</u>	<u>-</u>	<u>481,181</u>	<u>-</u>	<u>(1,114,881)</u>	<u>(1,114,881)</u>
Total primary government	<u>\$ 5,553,745</u>	<u>\$ 2,862,389</u>	<u>\$ 53,569</u>	<u>\$ 489,523</u>	<u>(1,033,383)</u>	<u>(1,114,881)</u>	<u>(2,148,264)</u>
General receipts:							
Property taxes					553,035	-	553,035
Intergovernmental					256,415	-	256,415
Other local sources					180,125	1,486,039	1,666,164
Investment earnings					9,252	15,256	24,508
Total general receipts					<u>998,827</u>	<u>1,501,295</u>	<u>2,500,122</u>
Change in net assets					(34,556)	386,414	351,858
Net assets - beginning					1,299,702	1,528,681	2,828,383
Net assets - ending					<u>\$ 1,265,146</u>	<u>\$ 1,915,095</u>	<u>\$ 3,180,241</u>
<u>Assets</u>							
Cash and investments					\$ 352,274	\$ 1,149,045	\$ 1,501,319
Restricted assets:							
Cash and investments					912,872	766,050	1,678,922
Total assets					<u>\$ 1,265,146</u>	<u>\$ 1,915,095</u>	<u>\$ 3,180,241</u>
<u>Net Assets</u>							
Restricted for:							
General government					\$ 1,192	\$ -	\$ 1,192
Public safety					17,565	-	17,565
Highways and streets					43,907	-	43,907
Economic development					171,650	-	171,650
Culture and recreation					73,300	-	73,300
Capital outlay					605,258	-	605,258
Debt service					-	448,705	448,705
Other purposes					-	317,345	317,345
Unrestricted					352,274	1,149,045	1,501,319
Total net assets					<u>\$ 1,265,146</u>	<u>\$ 1,915,095</u>	<u>\$ 3,180,241</u>

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

TOWN OF SANTA CLAUS
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
GOVERNMENTAL FUNDS
For The Year Ended December 31, 2009

	General	Economic Development Income Tax	Other Governmental Funds	Totals
Receipts:				
Taxes	\$ 387,592	\$ -	\$ 165,443	\$ 553,035
Licenses and permits	7,325	-	-	7,325
Intergovernmental	87,620	122,857	107,849	318,326
Charges for services	9,360	-	14,725	24,085
Fines and forfeits	2,680	-	-	2,680
Other	<u>57,926</u>	<u>54,708</u>	<u>82,055</u>	<u>194,689</u>
Total receipts	<u>552,503</u>	<u>177,565</u>	<u>370,072</u>	<u>1,100,140</u>
Disbursements:				
General government	165,048	-	15,848	180,896
Public safety	258,239	-	1,689	259,928
Highways and streets	-	-	105,303	105,303
Economic development	-	44,516	47,628	92,144
Culture and recreation	63,803	-	68,259	132,062
Capital outlay:				
General government	-	-	131,598	131,598
Public safety	32,726	-	166,686	199,412
Highways and streets	-	-	3,481	3,481
Economic development	-	27,012	-	27,012
Culture and recreation	-	-	621	621
Urban redevelopment and housing	-	-	3,754	3,754
Total disbursements	<u>519,816</u>	<u>71,528</u>	<u>544,867</u>	<u>1,136,211</u>
Excess (deficiency) of receipts over disbursements	<u>32,687</u>	<u>106,037</u>	<u>(174,795)</u>	<u>(36,071)</u>
Other financing sources (uses):				
Other receipts	<u>-</u>	<u>-</u>	<u>1,515</u>	<u>1,515</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>1,515</u>	<u>1,515</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>32,687</u>	<u>106,037</u>	<u>(173,280)</u>	<u>(34,556)</u>
Cash and investment fund balance - beginning	<u>271,877</u>	<u>267,002</u>	<u>760,823</u>	<u>1,299,702</u>
Cash and investment fund balance - ending	<u>\$ 304,564</u>	<u>\$ 373,039</u>	<u>\$ 587,543</u>	<u>\$ 1,265,146</u>
<u>Cash and Investment Assets - Ending</u>				
Cash and investments	\$ 304,564	\$ -	\$ 47,710	\$ 352,274
Restricted assets:				
Cash and investments	<u>-</u>	<u>373,039</u>	<u>539,833</u>	<u>912,872</u>
Total cash and investment assets - ending	<u>\$ 304,564</u>	<u>\$ 373,039</u>	<u>\$ 587,543</u>	<u>\$ 1,265,146</u>
<u>Cash and Investment Fund Balance - Ending</u>				
Restricted for:				
General government	\$ -	\$ -	\$ 1,192	\$ 1,192
Public safety	-	-	17,565	17,565
Highways and streets	-	-	43,907	43,907
Economic development	-	-	171,650	171,650
Culture and recreation	-	-	73,300	73,300
Capital outlay	-	373,039	232,219	605,258
Unrestricted	<u>304,564</u>	<u>-</u>	<u>47,710</u>	<u>352,274</u>
Total cash and investment fund balance - ending	<u>\$ 304,564</u>	<u>\$ 373,039</u>	<u>\$ 587,543</u>	<u>\$ 1,265,146</u>

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

TOWN OF SANTA CLAUS
STATEMENT OF ASSETS AND FUND BALANCES AND
RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
PROPRIETARY FUNDS
As Of And For The Year Ended December 31, 2009

	Water Utility	Wastewater Utility	Totals
Operating receipts:			
Unmetered/flat rate	\$ 17,646	\$ 61,327	\$ 78,973
Metered/measured	911,835	1,060,553	1,972,388
Sales for resale	224,321	-	224,321
Fire protection receipts	106,157	-	106,157
Penalties	-	32,681	32,681
Miscellaneous	<u>332,268</u>	<u>74,684</u>	<u>406,952</u>
Total operating receipts	<u>1,592,227</u>	<u>1,229,245</u>	<u>2,821,472</u>
Operating disbursements:			
Salaries and wages	295,147	302,545	597,692
Employee pensions and benefits	-	117,985	117,985
Purchased water	387,864	2,706	390,570
Chemicals	-	8,761	8,761
Material and supplies	62,622	71,243	133,865
Contractual services	590,281	16,000	606,281
Transportation	9,850	8,999	18,849
Insurance claims and expense	-	35	35
Refunds	667,914	5,317	673,231
Equipment and capital improvements	1,290,441	41,414	1,331,855
Miscellaneous	<u>141,972</u>	<u>11,806</u>	<u>153,778</u>
Total operating disbursements	<u>3,446,091</u>	<u>586,811</u>	<u>4,032,902</u>
Excess (deficiency) of operating receipts over operating disbursements	<u>(1,853,864)</u>	<u>642,434</u>	<u>(1,211,430)</u>
Nonoperating receipts (disbursements):			
Investment income	6,098	9,158	15,256
Refunds	1,486,039	-	1,486,039
Debt service of principal	-	(226,000)	(226,000)
Interest disbursements	<u>-</u>	<u>(158,632)</u>	<u>(158,632)</u>
Total nonoperating receipts (disbursements)	<u>1,492,137</u>	<u>(375,474)</u>	<u>1,116,663</u>
Excess (deficiency) of receipts over disbursements and nonoperating receipts (disbursements)	<u>(361,727)</u>	<u>266,960</u>	<u>(94,767)</u>
Capital contributions	481,181	-	481,181
Transfers in	-	380,974	380,974
Transfers out	<u>-</u>	<u>(380,974)</u>	<u>(380,974)</u>
Excess of receipts, contributions and transfers in over disbursements and transfers out	<u>119,454</u>	<u>266,960</u>	<u>386,414</u>
Cash and investment fund balance - beginning	<u>435,573</u>	<u>1,093,108</u>	<u>1,528,681</u>
Cash and investment fund balance - ending	<u>\$ 555,027</u>	<u>\$ 1,360,068</u>	<u>\$ 1,915,095</u>
<u>Cash and Investment Assets - December 31</u>			
Cash and investments	\$ 254,411	\$ 894,634	\$ 1,149,045
Restricted assets:			
Cash and investments	<u>300,616</u>	<u>465,434</u>	<u>766,050</u>
Total cash and investment assets - December 31	<u>\$ 555,027</u>	<u>\$ 1,360,068</u>	<u>\$ 1,915,095</u>
<u>Cash and Investment Fund Balance - December 31</u>			
Restricted for:			
Debt service	\$ -	\$ 448,705	\$ 448,705
Other purposes	300,616	16,729	317,345
Unrestricted	<u>254,411</u>	<u>894,634</u>	<u>1,149,045</u>
Total cash and investment fund balance - December 31	<u>\$ 555,027</u>	<u>\$ 1,360,068</u>	<u>\$ 1,915,095</u>

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

TOWN OF SANTA CLAUS
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
FIDUCIARY FUNDS
For The Year Ended December 31, 2009

	<u>Agency Funds</u>
Cash and investment fund balance - ending	<u>\$ (32)</u>

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

TOWN OF SANTA CLAUS
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

The Town was established under the laws of the State of Indiana. The Town operates under a Town Council form of government and provides 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, and urban redevelopment.

The Town's financial reporting entity is composed of the following:

Primary Government: Town of Santa Claus

In determining the financial reporting entity, the Town complies with the provisions of GASB Statement No. 14, *The Financial Reporting Entity*.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The Statement of Activities and Net Assets – Cash and Investment Basis displays information about the reporting government as a whole. It includes all funds of the reporting entity except for fiduciary funds. The statement distinguishes between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, fund equity, receipts, and disbursements. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The Town reports the following major governmental funds:

The general fund is the primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The economic development income tax (EDIT) fund is used to account for economic development income tax receipts and disbursements.

The Town reports the following major enterprise funds:

The water utility fund accounts for the operation of the water distribution system.

The wastewater utility fund accounts for the operation of the wastewater treatment plant, pumping stations, and collection systems.

TOWN OF SANTA CLAUS
NOTES TO FINANCIAL STATEMENTS
(Continued)

Additionally, the Town reports the following fund types:

Agency funds account for assets held by the City as an agent for federal and state revenue agencies and serve as control of accounts for cash transactions during the time they are a liability to the City.

C. Measurement Focus and Basis of Accounting

The government-wide, governmental fund, proprietary fund, and fiduciary fund financial statements are reported using the basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when received and disbursements are recorded when paid.

The cash and investment 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. Investment transactions are not presented on the financial statements.

If the Town utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the fund financial statements for proprietary fund types would use the accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the enterprise fund statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their enterprise funds, subject to this same limitation. The Town has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the Town and its enterprise funds. Elimination of these charges would distort the direct costs and program receipts reported for the various functions concerned.

Enterprise funds distinguish operating receipts and disbursements from nonoperating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal ongoing operations. The principal operating receipts of the enterprise funds are charges to customers for sales and services. Operating disbursements for enterprise funds include the cost of sales and services and administrative costs. All receipts and disbursements not meeting this definition are reported as nonoperating receipts and disbursements. Internal service funds are used to account for activities provided to other departments or agencies primarily with the government. The Town does not have any internal service funds.

When both restricted and unrestricted resources are available for use, the Town's policy is to use restricted resources first, then unrestricted resources as they are needed.

TOWN OF SANTA CLAUS
NOTES TO FINANCIAL STATEMENTS
(Continued)

D. Assets and Cash and Investment Balances

1. Restricted Assets

All restricted assets, as presented in the accompanying financial statements, are restricted due to enabling legislation.

2. Cash and Investments

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

3. Property Taxes

Normally, property taxes levied are collected by the County Treasurer and are distributed to the Town in June and in 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. 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 may 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 Town on or prior to December 31 of the year collected.

4. Capital Assets

Capital assets arising from cash transactions acquired for use in governmental or proprietary fund operations are accounted for as capital outlay disbursements of the fund upon acquisition.

5. Long-Term Debt

Long-term debt arising from cash basis transactions of governmental and proprietary funds is not reported as a liability in the basic financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as disbursements.

6. Equity Classification

Government-Wide Statements

Equity is classified as net assets and displayed in two components:

- a. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or (2) law through constitutional provisions or enabling legislation.
- b. Unrestricted net assets – All other net assets that do not meet the definition of "restricted."

TOWN OF SANTA CLAUS
NOTES TO FINANCIAL STATEMENTS
(Continued)

Fund Financial Statements

Governmental fund equity is classified as fund balance. Proprietary fund equity is classified the same as in the government-wide statements.

E. Receipts and Disbursements

1. Program Receipts

Amounts reported as program receipts include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general receipts rather than as program receipts. Likewise, general receipts include all taxes.

2. Operating Receipts and Disbursements

Operating receipts and disbursements for proprietary funds result from providing services and producing and delivering goods and/or services. They also include all receipts and disbursements not related to capital and related financing, noncapital financing, or investing activities.

F. Internal and Interfund Activities

In the process of aggregating the financial information for the government-wide Statement of Activities and Net Assets – Cash and Investment Basis, some amounts reported as interfund activity in the fund financial statements have been eliminated or reclassified.

Fund Financial Statements

1. Interfund services – Sales or purchases of goods and services between funds are reported as receipts and disbursements.
2. Interfund reimbursements – Repayments from funds responsible for certain disbursements to the funds that initially paid for them are not reported as reimbursements but as adjustments to disbursements in the respective funds.
3. Interfund transfers – Flow of assets from one fund to another where repayment is not expected is reported as transfers in and out.
4. Interfund loans – Flow of assets from one fund to another where repayment is expected is reported as interfund loans.

TOWN OF SANTA CLAUS
NOTES TO FINANCIAL STATEMENTS
(Continued)

Government-Wide Financial Statements

Interfund activity, if any, is eliminated or reclassified in the government-wide financial statements as follows:

1. Internal activities – Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis except for the net amount of transfers between governmental and business-type activities, which are reported as Transfers – Internal Activities. The effects of interfund loans and services between funds, if any, are not eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis.
2. Primary government and component unit activity – Resource flows between the primary government and the discretely-presented component unit(s) are reported as if they were external transactions and are classified separately from internal activities within the primary government.

II. Stewardship, Compliance and Accountability

Budgetary Information

Annual budgets are adopted on the cash basis, which is not consistent with accounting principles generally accepted in the United States of America. All annual appropriations lapse at calendar year end.

Prior to the first required publication, the fiscal officer of the Town submits to the governing board a proposed operating budget for the year commencing the following January 1. Prior to adoption, the budget is advertised and public hearings are conducted by the governing board to obtain taxpayer comments. Prior to November 1, the governing board, through the passage of a resolution/ordinance, approves the budget for the next year. Copies of the budget resolution/ordinance and the advertisement for funds for which property taxes are levied or highway use taxes are received are sent to the Indiana Department of Local Government Finance. The budget becomes legally enacted after the fiscal officer of the Town receives approval of the Indiana Department of Local Government Finance.

The Town's management cannot transfer budgeted appropriations between object classifications of a budget without approval of the governing board. The Indiana Department of Local Government Finance must approve any revisions to the appropriations for any fund or any department of the General Fund. The legal level of budgetary control is by object and department within the fund for the General Fund and by object within the fund for all other budgeted funds.

III. Detailed Notes on All Funds

Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. IC 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state

TOWN OF SANTA CLAUS
NOTES TO FINANCIAL STATEMENTS
(Continued)

funds and has a principal office or branch that qualifies to receive public funds of the political sub-division. The Town does not have a deposit policy for custodial credit risk. At December 31, 2009, the Town had deposit balances in the amount of \$3,180,008.

The bank balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

IV. Other Information

A. Risk Management

The Town is 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, and dependents; and natural disasters.

The risks of torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; medical benefits to employees, and dependents; and natural disasters are covered by commercial insurance from independent third parties.

Settled claims from risks covered by commercial insurance have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance by major category of risk.

During 1996, the Town joined with other governmental entities in the Indiana Public Employers' Plan, Inc., a public entity risk pool currently operating as a common risk management and insurance program for over 700 member governmental entities. This risk pool was formed in the 1989. The purpose of the risk pool is to provide a medium for the funding and administration of workers' compensation claims. The Town pays an annual premium to the risk pool for its workers' compensation claims coverage. The risk pool is considered a self-sustaining risk pool that will provide coverage for its members for up to \$1,000,000 per insured event.

B. Rate Structure – Enterprise Funds

Water Utility

On September 13, 1993, the Town Council adopted Ordinance 1993-21 to withdraw from the jurisdiction of the Indiana Utility Regulatory Commission. The current rate structure was approved by the Council on May 11, 2009.

Wastewater Utility

The current rate structure was approved by the Town Council on February 9, 2000.

TOWN OF SANTA CLAUS
NOTES TO FINANCIAL STATEMENTS
(Continued)

C. Receipts Pledged

Wastewater Utility Receipts Pledged

The Town has pledged future receipts, net of specified operating expenditures, receipts, net of specified operating expenditures, to repay revenue bonds issued in 1970 (Series A and B). Proceeds from the bonds provided financing for wastewater improvements. The bonds are payable solely from future receipts, net of specified operating expenditures, net receipts and are payable through 2010. Annual principal and interest payments are expected to require less than 10 percent of net receipts.

The Town has pledged future receipts, net of specified operating expenditures, receipts, net of specified operating expenditures, to repay revenue bonds issued in 1974. Proceeds from the bonds provided financing for wastewater improvements. The bonds are payable solely from future receipts, net of specified operating expenditures, net receipts and are payable through 2010. Annual principal and interest payments are expected to require less than 10 percent of net receipts.

The Town has pledged future receipts, net of specified operating expenditures, receipts, net of specified operating expenditures, to repay revenue bonds issued in 1981. Proceeds from the bonds provided financing for wastewater improvements. The bonds are payable solely from future receipts, net of specified operating expenditures, net receipts and are payable through 2014. Annual principal and interest payments are expected to require less than 10 percent of net receipts.

TOWN OF SANTA CLAUS
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2009

	Motor Vehicle Highway	Local Road And Street	Law Enforcement Continuing Education	Unsafe Building	Riverboat Gaming	Parks And Recreation	Fire Donation
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 87,862	\$ -
Intergovernmental	53,569	8,342	-	-	12,772	7,047	-
Charges for services	-	-	2,000	-	-	8,090	-
Other	10,324	-	-	-	-	5,679	-
Total receipts	63,893	8,342	2,000	-	12,772	108,678	-
Disbursements:							
General government	-	-	-	-	-	-	-
Public safety	-	-	127	-	-	-	-
Highways and streets	94,303	11,000	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	68,259	-
Capital outlay:							
General government	-	-	-	-	39,644	-	-
Public safety	-	-	-	-	-	-	-
Highways and streets	3,481	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	621	-
Urban redevelopment and housing	-	-	-	-	-	-	-
Total disbursements	97,784	11,000	127	-	39,644	68,880	-
Excess (deficiency) of receipts over disbursements	(33,891)	(2,658)	1,873	-	(26,872)	39,798	-
Other financing sources (uses):							
Other receipts	1,515	-	-	-	-	-	-
Total other financing sources (uses)	1,515	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(32,376)	(2,658)	1,873	-	(26,872)	39,798	-
Cash and investment fund balance - beginning	66,562	12,379	4,681	1,025	57,634	13,232	408
Cash and investment fund balance - ending	<u>\$ 34,186</u>	<u>\$ 9,721</u>	<u>\$ 6,554</u>	<u>\$ 1,025</u>	<u>\$ 30,762</u>	<u>\$ 53,030</u>	<u>\$ 408</u>
Cash and Investment Assets - Ending							
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ 30,762	\$ -	\$ -
Restricted assets:							
Cash and investments	34,186	9,721	6,554	1,025	-	53,030	408
Total cash and investment assets - ending	<u>\$ 34,186</u>	<u>\$ 9,721</u>	<u>\$ 6,554</u>	<u>\$ 1,025</u>	<u>\$ 30,762</u>	<u>\$ 53,030</u>	<u>\$ 408</u>
Cash and Investment Fund Balance - Ending							
Restricted for:							
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	-	-	6,554	1,025	-	-	408
Highways and streets	34,186	9,721	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	53,030	-
Capital outlay	-	-	-	-	-	-	-
Unrestricted	-	-	-	-	30,762	-	-
Total cash and investment fund balance - ending	<u>\$ 34,186</u>	<u>\$ 9,721</u>	<u>\$ 6,554</u>	<u>\$ 1,025</u>	<u>\$ 30,762</u>	<u>\$ 53,030</u>	<u>\$ 408</u>

TOWN OF SANTA CLAUS
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2009
 (Continued)

	Rainy Day	Town Marshal Special	Parks & Recreation Donation	Community Center Donation	Industrial Development	Edit Reserve
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	13,638	-	-	-	-	-
Charges for services	-	4,635	-	-	-	-
Other	-	-	17,744	994	2,797	-
Total receipts	13,638	4,635	17,744	994	2,797	-
Disbursements:						
General government	-	-	13,828	2,020	-	-
Public safety	-	1,562	-	-	-	-
Highways and streets	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Capital outlay:						
General government	40,000	-	1,800	-	-	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	3,754	-
Total disbursements	40,000	1,562	15,628	2,020	3,754	-
Excess (deficiency) of receipts over disbursements	(26,362)	3,073	2,116	(1,026)	(957)	-
Other financing sources (uses):						
Other receipts	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(26,362)	3,073	2,116	(1,026)	(957)	-
Cash and investment fund balance - beginning	43,310	6,505	18,154	2,218	118,847	50,050
Cash and investment fund balance - ending	<u>\$ 16,948</u>	<u>\$ 9,578</u>	<u>\$ 20,270</u>	<u>\$ 1,192</u>	<u>\$ 117,890</u>	<u>\$ 50,050</u>
Cash and Investment Assets - Ending						
Cash and investments	\$ 16,948	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted assets:						
Cash and investments	-	9,578	20,270	1,192	117,890	50,050
Total cash and investment assets - ending	<u>\$ 16,948</u>	<u>\$ 9,578</u>	<u>\$ 20,270</u>	<u>\$ 1,192</u>	<u>\$ 117,890</u>	<u>\$ 50,050</u>
Cash and Investment Fund Balance - Ending						
Restricted for:						
General government	\$ -	\$ -	\$ -	\$ 1,192	\$ -	\$ -
Public safety	-	9,578	-	-	-	-
Highways and streets	-	-	-	-	-	-
Economic development	-	-	-	-	117,890	50,050
Culture and recreation	-	-	20,270	-	-	-
Capital outlay	-	-	-	-	-	-
Unrestricted	16,948	-	-	-	-	-
Total cash and investment fund balance - ending	<u>\$ 16,948</u>	<u>\$ 9,578</u>	<u>\$ 20,270</u>	<u>\$ 1,192</u>	<u>\$ 117,890</u>	<u>\$ 50,050</u>

TOWN OF SANTA CLAUS
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2009
 (Continued)

	Edit Bond & Interest	Cumulative Capital Improvement Cigarette Tax	Cumulative Capital Development	Cumulative Building	Cumulative Fire	Totals
Receipts:						
Taxes	\$ -	\$ -	\$ 22,277	\$ 23,368	\$ 31,936	\$ 165,443
Intergovernmental	-	6,259	1,787	1,874	2,561	107,849
Charges for services	-	-	-	-	-	14,725
Other	44,517	-	-	-	-	82,055
Total receipts	44,517	6,259	24,064	25,242	34,497	370,072
Disbursements:						
General government	-	-	-	-	-	15,848
Public safety	-	-	-	-	-	1,689
Highways and streets	-	-	-	-	-	105,303
Economic development	44,995	2,633	-	-	-	47,628
Culture and recreation	-	-	-	-	-	68,259
Capital outlay:						
General government	-	-	49,000	1,154	-	131,598
Public safety	-	-	-	-	166,686	166,686
Highways and streets	-	-	-	-	-	3,481
Culture and recreation	-	-	-	-	-	621
Urban redevelopment and housing	-	-	-	-	-	3,754
Total disbursements	44,995	2,633	49,000	1,154	166,686	544,867
Excess (deficiency) of receipts over disbursements	(478)	3,626	(24,936)	24,088	(132,189)	(174,795)
Other financing sources (uses):						
Other receipts	-	-	-	-	-	1,515
Total other financing sources (uses)	-	-	-	-	-	1,515
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(478)	3,626	(24,936)	24,088	(132,189)	(173,280)
Cash and investment fund balance - beginning	4,188	15,774	86,986	67,440	191,430	760,823
Cash and investment fund balance - ending	<u>\$ 3,710</u>	<u>\$ 19,400</u>	<u>\$ 62,050</u>	<u>\$ 91,528</u>	<u>\$ 59,241</u>	<u>\$ 587,543</u>
Cash and Investment Assets - Ending						
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 47,710
Restricted assets:						
Cash and investments	3,710	19,400	62,050	91,528	59,241	539,833
Total cash and investment assets - ending	\$ 3,710	\$ 19,400	\$ 62,050	\$ 91,528	\$ 59,241	\$ 587,543
Cash and Investment Fund Balance - Ending						
Restricted for:						
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,192
Public safety	-	-	-	-	-	17,565
Highways and streets	-	-	-	-	-	43,907
Economic development	3,710	-	-	-	-	171,650
Culture and recreation	-	-	-	-	-	73,300
Capital outlay	-	19,400	62,050	91,528	59,241	232,219
Unrestricted	-	-	-	-	-	47,710
Total cash and investment fund balance - ending	\$ 3,710	\$ 19,400	\$ 62,050	\$ 91,528	\$ 59,241	\$ 587,543

TOWN OF SANTA CLAUS
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 For The Year Ended December 31, 2009

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.

General infrastructure assets completed in the current and prior years have been reported.

<u>Town of Santa Claus</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 283,250
Infrastructure	1,615,609
Buildings	751,388
Improvements other than buildings	1,350,010
Machinery and equipment	805,694
 Total governmental activities, capital assets not being depreciated	 \$ 4,805,951
<u>Santa Claus Water and Wastewater Utilities</u>	<u>Ending Balance</u>
Business-type activities:	
Water Utility:	
Capital assets, not being depreciated:	
Land	\$ 111,776
Capital assets, being depreciated:	
Buildings	655,818
Improvements other than buildings	2,581,854
Machinery and equipment	174,829
 Total Water Utility capital assets, being depreciated	 3,412,501
 Total Water Utility capital assets	 3,524,277
Wastewater Utility:	
Capital assets, not being depreciated:	
Land	17,103
Capital assets, being depreciated:	
Buildings	503,678
Improvements other than buildings	9,771,705
Machinery and equipment	389,363
 Total Wastewater Utility capital assets, being depreciated	 10,664,746
 Total Wastewater Utility capital assets	 10,681,849
 Total business-type activities capital assets	 \$ 14,206,126

TOWN OF SANTA CLAUS
SUPPLEMENTARY INFORMATION
SCHEDULE OF LONG-TERM DEBT
December 31, 2009

The Town has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:		
State revolving loans payable:		
2002 State revolving loan (Payable from EDIT)	\$ 440,000	\$ 48,920
Total governmental activities debt	<u>\$ 440,000</u>	<u>\$ 48,920</u>
Business-type activities:		
Water Utility:		
State revolving loans payable:		
2008 state revolving loan	\$ 6,094,000	\$ 440,272
Total Water Utility	<u>6,094,000</u>	<u>440,272</u>
Wastewater Utility:		
State revolving loans payable:		
2000 State revolving loan	2,525,000	183,475
2001 State revolving loan	625,000	66,875
Revenue bonds:		
1981 Improvement Revenue Bonds	72,000	9,600
1974 Improvement Revenue Bonds	351,000	81,550
1970 Improvement Revenue Bonds (Series A)	22,000	23,045
1970 Improvement Revenue Bonds (Series B)	<u>20,000</u>	<u>21,000</u>
Total Wastewater Utility	<u>3,615,000</u>	<u>385,545</u>
Total business-type activities debt	<u>\$ 9,709,000</u>	<u>\$ 825,817</u>

SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

TO: THE OFFICIALS OF THE TOWN OF SANTA CLAUS, SPENCER COUNTY, INDIANA

Compliance

We have audited the compliance of the Town of Santa Claus (Town) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended December 31, 2009. The Town's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Town's management. Our responsibility is to express an opinion on the Town's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town'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. Our audit does not provide a legal determination of the Town's compliance with those requirements.

In our opinion, the Town complied in all material respects with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2009.

Internal Control Over Compliance

The management of the Town is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Town's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 Town's internal control over compliance.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133
(Continued)

A control deficiency in a Town's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be significant deficiencies or material weaknesses, as defined above.

This report is intended solely for the information and use of the Town's management, Town Council, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

August 25, 2010

TOWN OF SANTA CLAUS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended December 31, 2009

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<u>U.S. DEPARTMENT OF COMMERCE</u>			
Direct Grant			
Public Works and Economic Development Cluster			
Investments for Public Works and Economic Development Facilities	11.300		
Water Line to Ohio River Grant Award No. 06-01-05094		06-01-05094	\$ 1,798,320
Total for federal grantor agency			<u>1,798,320</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
Pass-Through Indiana Department of Transportation			
Highway Planning and Construction Cluster			
Highway Planning and Construction	20.205		
Water Line Relocation on S. R. 245		STP 4974 (005)	384,199
Water and Wastewater Line Relocation on U. S. 231		NH-0753(018)	<u>1,754</u>
Total for federal grantor agency			<u>385,953</u>
<u>U.S. ENVIRONMENTAL PROTECTION AGENCY</u>			
Pass-Through Indiana Finance Authority			
Capitalization Grants for Drinking Water State Revolving Fund	66.468		
Water Line to Ohio River		DW 0607401	<u>2,480,000</u>
Total for federal grantor agency			<u>2,480,000</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>			
Pass-Through Indiana Department of Homeland Security			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036		
		DR-1795	1,302
		DR-1828	<u>10,325</u>
Total for federal grantor agency			<u>11,627</u>
Total federal awards expended			<u>\$ 4,675,900</u>

The accompanying note is an integral part of the Schedule of Expenditures of Federal Awards.

TOWN OF SANTA CLAUS
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Town of Santa Claus (Town) and is presented in accordance with the cash and investment basis of accounting used in the preparation of the financial statements. Accordingly, the amount of federal awards expended is based on when the disbursement related to the award occurs except when the federal award is received on a reimbursement basis. In these instances the federal awards are considered expended when the reimbursement is received.

TOWN OF SANTA CLAUS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified?	no
Significant deficiencies identified that are not considered to be material weaknesses?	none reported

Noncompliance material to financial statements noted? no

Federal Awards:

Internal control over major programs:

Material weaknesses identified?	no
Significant deficiencies identified that are not considered to be material weaknesses?	none reported

Type of auditor's report issued on compliance for major programs: Unqualified

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

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
66.468	Public Works and Economic Development Cluster Highway Planning and Construction Cluster Capitalization Grants for Drinking Water State Revolving Fund

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? no

Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

TOWN OF SANTA CLAUS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

TOWN OF SANTA CLAUS
EXIT CONFERENCE

The contents of this report were discussed on August 25, 2010, with Kim M. Christensen, Clerk-Treasurer; and Ronald L. Smith, President of the Town Council. Our audit disclosed no material items that warrant comment at this time.