

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

ANNUAL FINANCIAL REPORT

2010

CITY OF CROWN POINT

LAKE COUNTY, INDIANA



FILED
06/07/2011

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Patti Olson	01-01-08 to 12-31-11
Mayor	David D. F. Uran	01-01-08 to 12-31-11
City Judge	Kent A. Jeffirs	01-01-08 to 12-31-11
President of the Board of Public Works and Safety	David D. F. Uran	01-01-10 to 12-31-11
President of the Common Council	Carol Drasga	01-01-10 to 12-31-11
Superintendent of Utilities	Kent Swinehart	01-01-10 to 12-31-11
Director of Public Works	Jay Olson	01-01-10 to 12-31-11
Plant Superintendent	Ron Henley	01-01-10 to 12-31-11



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

TO: THE OFFICIALS OF THE CITY OF CROWN POINT, LAKE COUNTY, INDIANA

We have audited the accompanying financial statement(s) of the City of Crown Point (City), for the year ended December 31, 2010. These financial statement(s) are the responsibility of the City's management. Our responsibility is to express opinions on these financial statement(s) 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(s) are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing 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 over reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement(s). An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement(s) presentation. We believe that our audit provides a reasonable basis for our opinion(s).

As discussed in Note 1, the City prepares its financial statement(s) on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the State Board of Accounts as allowed by 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 noted above is a different basis than that used in the prior year.

In our opinion, the financial statement(s) 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, 2010, on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued a report dated March 24, 2011, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the City's financial statement(s). 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,

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

Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the financial statement(s). Such information has been subjected to the auditing procedures applied in the audit of the financial statement(s) and, in our opinion, is fairly stated, in all material respects, in relation to the financial statement(s) taken as a whole.

Included in the financial statement(s) are the receipts and disbursements activity from emergency telephone system fees (IC 36-8-16) and enhanced wireless emergency telephone fees (IC 36-8-16.5). In accordance with Indiana Code 36-8-16-14 and Indiana Code 36-8-16.5-41 these fees have been subject to an annual audit performed by the State Board of Accounts and, in our opinion, are fairly stated, in all material respects, in relation to the financial statement(s) taken as a whole.

Our audit was conducted for the purpose of forming an opinion on the financial statement(s) that collectively comprise the City's financial statement(s). The Combining Schedule(s) of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis and Schedule of Long-Term Debt are presented for additional analysis and are not required parts of the financial statement(s). The Combining Schedule(s) of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis and Schedule of Long-Term Debt have not been subjected to the auditing procedures applied by us in the audit of the financial statement(s) and, accordingly, we express no opinion on them.

The City's response to the Audit Result(s) and Comment(s) identified in our audit is described in the accompanying section of the report entitled Official Response. We did not audit the City's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the City's management, Common 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

March 24, 2011



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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 CITY OF CROWN POINT, LAKE COUNTY, INDIANA

We have audited the financial statement(s) of the City of Crown Point (City), for the year ended December 31, 2010, and have issued our report thereon dated March 24, 2011. 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 City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion(s) on the financial statement(s), but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement(s) will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as item 2010-1, to be material weaknesses.

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 City's financial statement(s) 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(s) amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2010-1.

The City's response to the findings identified in our audit is described in the accompanying section of the report entitled Official Response and Corrective Action Plan. We did not audit the City's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the City's management, Common 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

March 24, 2011

FINANCIAL STATEMENT(S)

CITY OF CROWN POINT
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
REGULATORY BASIS
For The Year Ended December 31, 2010

	Cash and Investments		Cash and Investments	
	01-01-10	Receipts	Disbursements	12-31-10
General Fund	\$ 1,815,031	\$ 17,224,526	\$ 18,702,329	\$ 337,228
Motor Vehicle	447,387	2,348,035	2,444,339	351,083
Local Road & Street	1,645	235,150	209,829	26,966
Non Reverting Park Fund	220,114	137,737	110,646	247,205
Dog Supply/Maintenance Donation	5,440	4,415	8,475	1,380
Non-Reverting-Economic Development	40,288	2,450	-	42,738
Firefighter's Grant Fund	1,718	3,954	-	5,672
Local Law Enforcement Continuing Education	39,824	24,948	25,899	38,873
Court Record Perpetuation	71,471	15,416	2,964	83,923
Deferral Program Fund	92,638	60,217	48,574	104,281
Riverboat Admission Tax Fund	831,418	288,909	551,510	568,817
911 Equipment Fund	34,880	17,746	22,531	30,095
Lake County Drug Free Alliance Grant	-	4,850	3,740	1,110
Grant-Lake County Drunk Driving Task	-	-	(186)	186
Tourism Fund	2,438	4,725	2,973	4,190
Adult Probation Service Fund	83,162	44,161	56,369	70,954
Cemetery Non-Reverting Fund	22,746	19,045	-	41,791
Fire Department Donations	10,458	24,518	31,384	3,592
Sauerman Woods Restoration Donation	1,250	-	-	1,250
Non Reverting Park Gift Fund	1,889	-	-	1,889
Great Program Donations	-	-	-	-
Recycling & Solid Waste	247,224	175,042	66,388	355,878
Civil Defense Donations	22,990	6,699	8,700	20,989
Homestead Restoration Donation	100	-	-	100
Donation-Crown Point Beautification	2,926	-	-	2,926
Lake County Hidta Program	16,152	2,853,545	2,853,918	15,779
Non Reverting Hazardous Materials	9,950	-	1,207	8,743
Senior Discount (Hidta) Fund	-	90,000	81,301	8,699
Law Enforcement Liaison Grant	209	-	-	209
Dare Fund Donations	17,137	21,591	21,129	17,599
Escrow-Excess Levy Fund	-	26,328	-	26,328
4Th Friday Arts Grant	85	2,646	254	2,477
Opo Grant Fund (Dui)	4,000	-	4,000	-
Major Moves Construction Fund	148,535	-	12,418	136,117
St. Tree Inventory Grant	-	-	-	-
Police Donations Escrow	20,584	8,385	12,572	16,397
Non-Reverting Specical Events Fund	22,856	25,862	40,667	8,051
Community Character Non-Reverting	-	-	-	-
Non Reverting Police State Seizure	183	-	168	15
Non Reverting Police Federal Seizure	10,233	10,395	7,097	13,531
Public Safety-Excess Welfare	169,786	31,386	23,994	177,178
Crown Point Redevelopment Debt Service Reserve	-	658,924	325,293	333,631
Lease Rental,Ems Building	2,612	248,001	250,613	-
St Anthony Tif Bond Fund	-	97,107	-	97,107
Barrett Law	38,374	-	-	38,374
Cumulative Capital Improvement	85,648	57,991	16,995	126,644
Cumulative Capital Development	181,320	364,507	251,516	294,311
Crown Point Redevelopment Fund	1,344,133	2,190,710	2,879,024	655,819
Crown Point Redevelopment Bond Capital Fund	177,791	-	-	177,791
Cumulative Capital li (Rate-Ems)	164,356	24,522	69,447	119,431
Cumulative Fire	31,609	60,977	75,379	17,207
Cumulative Sewer	985,182	1,013,979	145,872	1,853,289
General Improvement Fund	21,481	10,813	14,902	17,392
Non-Reverting Vehicle/Equipment Purchase	176,083	122,721	112,777	186,027
General Obligation Bond Proceeds Fund	-	1,988,200	32,935	1,955,265

The notes to the financial statement(s) are an integral part of this statement.

CITY OF CROWN POINT
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
REGULATORY BASIS
For The Year Ended December 31, 2010
(Continued)

	Cash and Investments		Cash and Investments	
	01-01-10	Receipts	Disbursements	12-31-10
Non Reverting Employee's Health Insurance	39,667	1,583,053	1,622,720	-
Non Reverting Retiree's Insurance	842,638	55,200	897,838	-
Employee's/Retiree's Non-Reverting Insurance	-	1,826,107	1,608,879	217,228
Police Pension	695,092	479,656	350,600	824,148
Fire Pension	205,180	114,940	83,056	237,064
County Court Costs Escrow	911	33,652	33,652	911
Payroll Withholding-Perf	40,109	149,913	149,417	40,605
State Income Tax	42,035	349,907	348,840	43,102
Payroll Withholding-American Bankers Insurance	158	-	-	158
Unum/Cigna Volunteer Insurance Escrow	1,515	16,513	16,337	1,691
Payroll Withholding-Colonial Life & Accident	371	276	276	371
Payroll Withholding-Municipal Insurance	487	517	517	487
Payroll Withholding-Vision Insurance	1,729	9,507	9,502	1,734
Credit Card Fees	54	5,609	5,257	406
Payroll Withholding-Aflac	7,678	77,216	76,946	7,948
High Meadows Escrow Fund	18,933	-	1,687	17,246
User Fee Fund	-	61,534	61,534	-
Police Pension - Indiana Gross	1,231	14,774	14,774	1,231
Payroll Withholding-Fire Pension li	18,092	71,910	71,910	18,092
Payroll Withholding-Special Insurance	95	-	-	95
Payroll Withholding-Voluntary Perf Deduction	1,545	7,731	5,742	3,534
Fire Pension - Indiana Gross	193	2,321	2,321	193
Payroll Withholding-Police Pension li	29,429	115,680	115,684	29,425
Mayor's Roundtable Escrow	1	-	-	1
Tank Improvement Escrow	144	-	-	144
Miscellaneous Refunds Escrow	-	10,149	9,689	460
Escrow-Edc	1,489	-	-	1,489
Parks/Playgrounds Escrow	2,800	40,000	-	42,800
Prepaid Legal Escrow	407	2,404	2,404	407
Greenview Recovery Agreement	9,600	-	-	9,600
Miscellaneous Sales Tax	69	4,017	3,844	242
Escrow-Perpetual Building Improvement Fund	199,270	97,325	106,975	189,620
Crown Point City Court	376,604	702,757	724,066	355,295
Cash-Operating & Maintenance Fund	336,495	9,848,340	9,547,478	637,357
Cash-Bond & Interest Sinking Fund	4,484	1,054,794	1,059,278	-
Cash-Improvement Other Fund	131,724	679,695	182,997	628,422
Cash-Utility Construction Account	-	6,681,000	3,580,614	3,100,386
Cash-Improvement Replacement Fund	352	182,997	182,997	352
Cash On Hand-Petty Cash	800	-	-	800
Cash-Debt Service Reserve Account	1,047,005	240,240	-	1,287,245
Cash - Stormwater Operating & Maintenance	429,512	1,112,832	1,197,635	344,709
Cash - Stormwater Depreciation	-	-	-	-
Cash-Stormwater Debt Service	-	-	-	-
Cash-Operating & Maintenance Fund	405,207	5,719,642	5,522,111	602,738
Cash-Bond & Interest Sinking Fund	316,862	696,588	695,681	317,769
Cash-Depreciation/Improvement Fund	3,462,803	2,597,554	3,000,000	3,060,357
Cash-New Consumer Deposits	25,252	875	2,625	23,502
Cash-2007 Water Construction Fund	67	-	-	67
Cash On Hand-Petty Cash	600	-	-	600
Cash-Hydrant Deposits	1,168	2,000	990	2,178
Cash-Debt Service Reserve Account	-	-	-	-
Totals	\$ 16,325,193	\$ 65,200,358	\$ 60,826,815	\$ 20,698,736

The notes to the financial statement(s) are an integral part of this statement.

CITY OF CROWN POINT
NOTES TO FINANCIAL STATEMENT(S)

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(s) present(s) the financial information for the City (primary government), and does not include financial information for any of the City's legally separate component units, which accounting principles generally accepted in the United States of America require to be reported with the financial information of the City (primary government).

B. Basis of Accounting

The financial statements are reported on a regulatory basis of accounting prescribed by the 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. Receipts are recorded when received and disbursements are recorded when paid.

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 statements. The aggregate receipts may include, but are not limited to, the following sources:

Taxes which can include one or more of the following: property taxes, certified shares (local option tax), property tax replacement credit (local option tax), county option income tax, wheel tax, innkeepers tax, food and beverage tax, county economic development income tax, boat and trailer excise tax, county adjusted gross income tax, and other taxes that are set by the City.

Licenses and permits which include amounts received from businesses, occupations, or nonbusinesses that must be licensed before doing business within the government's jurisdiction or permits levied according to the benefits presumably conferred by the permit. Examples of licenses and permits include: peddler licenses, dog tax licenses, auctioneer license, building and planning permits, demolition permits, electrical permits, sign permits, and gun permits.

CITY OF CROWN POINT
NOTES TO FINANCIAL STATEMENT(S)
(Continued)

Intergovernmental receipts which include receipts from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of this type of receipts include, but are not limited to: federal grants, state grants, cigarette tax distributions received from the state, motor vehicle highway distribution received from the state, local road and street distribution received from the state, financial institution tax received from the state, auto excise surtax received from the state, commercial vehicle excise tax received from the state, major moves distributions received from the state, and riverboat receipts received from the county.

Charges for services which can include, but are not limited to the following: planning commission charges, building department charges, copies of public records, copy machine charges, accident report copies, gun permit applications, 911 telephone services, recycling fees, dog pound fees, emergency medical service fees, park rental fees, swimming pool receipts, cable tv receipts, ordinance violations, fines and fees, bond forfeitures, court costs, and court receipts.

Fines and forfeits which include receipts derived from fines and penalties imposed for the commission of statutory offenses, violation of lawful administrative rules and regulations (fines), and for the neglect of official duty and monies derived from confiscating deposits held as performance guarantees (forfeitures).

Utility fees which are comprised mostly of charges for current services.

Other receipts which include amounts received from various sources which can include, but are 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 statements. The aggregate disbursements may include, but are not limited to, the following uses:

Personal services include outflows for salaries, wages, and related employee benefits provided for all persons employed. In those units where sick leave, vacation leave, overtime compensation, and other such benefits are appropriated separately, such payments would also be included.

Supplies which include articles and commodities that are entirely consumed and materially altered when used and/or show rapid depreciation after use for a short period of time. Examples of supplies include office supplies, operating supplies, and repair and maintenance supplies.

Other services and charges which include, but are not limited to: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

Debt service principal and interest which include 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 CROWN POINT
NOTES TO FINANCIAL STATEMENT(S)
(Continued)

Capital outlay which include all outflows for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

Utility operating expenses which include all outflows for operating the utilities.

Other disbursements which include, but are not limited to the following: interfund loan payments, loans made to other funds, internal service disbursements, and transfers out that are authorized by statute, ordinance, resolution, or court order.

F. Interfund Transfers

The City may, from time to time, transfer money from one fund to another. These transfers, if any, are included as a part of the receipts and disbursements of the affected funds and as a part of total receipts and disbursements. The transfers are used for cash flow purposes as provided by various statutory provisions.

G. Fund Accounting

Separate funds are established, maintained, and reported by the City. Each fund is used to account for money received from and used for specific sources and uses as determined by various regulations. Restrictions on some funds are set by statute while other funds are internally restricted by the City. The money accounted for in a specific fund may only be available for use for certain, legally restricted purposes. Additionally, some funds are used to account for assets held by the City in a trustee capacity as an agent of individuals, private organizations, other funds, or other governmental units and therefore the funds cannot be used for any expenditures of the unit itself.

Note 2. Budgets

The operating budget is initially prepared and approved at the local level. The fiscal officer of the City submits a proposed operating budget to the governing board for the following calendar year. The budget is advertised as required by law. Prior to adopting the budget, the governing board conducts public hearings and obtains taxpayer comments. Prior to November 1, the governing board approves the budget for the next year. The budget for funds for which property taxes are levied or highway use taxes are received is subject to final approval by the Indiana Department of Local Government Finance.

Note 3. Property Taxes

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

CITY OF CROWN POINT
NOTES TO FINANCIAL STATEMENT(S)
(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, 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 statements. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks. These risks may also be mitigated by the City by recording as a disbursement and replacement items purchased.

Note 6. Pension Plan(s)

A. Public Employees' Retirement Fund

Plan Description

The Indiana Public Employees' Retirement Fund (PERF) is 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 this 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 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.

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. That report may be obtained by contacting:

CITY OF CROWN POINT
NOTES TO FINANCIAL STATEMENT(S)
(Continued)

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

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 Public Employees' Retirement Fund 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 Public Employees' Retirement Fund as provided under Indiana Code 5-10.3-11.

CITY OF CROWN POINT
NOTES TO FINANCIAL STATEMENT(S)
(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 Employees' Retirement Plan (PERF) 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.

PERF 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:

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

Funding Policy

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

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SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the City of Crown Point's Annual Report(s) can be found on the Indiana Transparency Portal website: www.in.gov/itp/annual_reports/.

CITY OF CROWN POINT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010

	General Fund	Motor Vehicle	Local Road & Street	Non Reverting Park Fund	Dog Supply/Maintenance Donation	Non-Reverting-Economic Development	Firefighter's Grant Fund
Cash and investments - beginning	\$ 1,815,031	\$ 447,387	\$ 1,645	\$ 220,114	\$ 5,440	\$ 40,288	\$ 1,718
Receipts:							
Taxes	5,894,479	1,117,185	-	-	-	2,450	-
Licenses and permits	602,163	-	-	-	-	-	-
Intergovernmental	711,510	651,450	234,655	-	-	-	3,930
Charges for services	2,335,643	2,802	-	137,737	-	-	-
Fines and forfeits	115,010	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	7,565,721	576,598	495	-	4,415	-	24
Total receipts	<u>17,224,526</u>	<u>2,348,035</u>	<u>235,150</u>	<u>137,737</u>	<u>4,415</u>	<u>2,450</u>	<u>3,954</u>
Disbursements:							
Personal services	8,187,367	1,207,889	-	-	-	-	-
Supplies	303,765	405,655	-	18,192	-	-	-
Other services and charges	3,512,151	210,824	209,829	78,658	8,475	-	-
Debt service - principal and interest	6,395,773	-	-	-	-	-	-
Capital outlay	303,273	119,971	-	13,796	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	500,000	-	-	-	-	-
Total disbursements	<u>18,702,329</u>	<u>2,444,339</u>	<u>209,829</u>	<u>110,646</u>	<u>8,475</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(1,477,803)</u>	<u>(96,304)</u>	<u>25,321</u>	<u>27,091</u>	<u>(4,060)</u>	<u>2,450</u>	<u>3,954</u>
Cash and investments - ending	<u>\$ 337,228</u>	<u>\$ 351,083</u>	<u>\$ 26,966</u>	<u>\$ 247,205</u>	<u>\$ 1,380</u>	<u>\$ 42,738</u>	<u>\$ 5,672</u>

CITY OF CROWN POINT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Local Law Enforcement Continuing Education	Court Record Perpetuation	Deferral Program Fund	Riverboat Admission Tax Fund	911 Equipment Fund	Lake County Drug Free Alliance Grant	Grant-Lake County Drunk Driving Task
Cash and investments - beginning	\$ 39,824	\$ 71,471	\$ 92,638	\$ 831,418	\$ 34,880	\$ -	\$ -
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	288,909	17,746	4,850	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	24,948	15,416	60,217	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	<u>24,948</u>	<u>15,416</u>	<u>60,217</u>	<u>288,909</u>	<u>17,746</u>	<u>4,850</u>	<u>-</u>
Disbursements:							
Personal services	-	-	28,000	-	-	-	-
Supplies	14,914	2,085	4,599	-	-	-	-
Other services and charges	10,985	879	5,977	428,253	-	3,740	(186)
Debt service - principal and interest	-	-	-	123,257	-	-	-
Capital outlay	-	-	9,998	-	22,531	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	<u>25,899</u>	<u>2,964</u>	<u>48,574</u>	<u>551,510</u>	<u>22,531</u>	<u>3,740</u>	<u>(186)</u>
Excess (deficiency) of receipts over disbursements	<u>(951)</u>	<u>12,452</u>	<u>11,643</u>	<u>(262,601)</u>	<u>(4,785)</u>	<u>1,110</u>	<u>186</u>
Cash and investments - ending	<u>\$ 38,873</u>	<u>\$ 83,923</u>	<u>\$ 104,281</u>	<u>\$ 568,817</u>	<u>\$ 30,095</u>	<u>\$ 1,110</u>	<u>\$ 186</u>

CITY OF CROWN POINT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Tourism Fund	Adult Probation Service Fund	Cemetery Non-Reverting Fund	Fire Department Donations	Sauerman Woods Restoration Donation	Non Reverting Park Gift Fund	Great Program Donations
Cash and investments - beginning	\$ 2,438	\$ 83,162	\$ 22,746	\$ 10,458	\$ 1,250	\$ 1,889	\$ -
Receipts:							
Taxes	4,725	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	19,045	-	-	-	-
Fines and forfeits	-	44,161	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	-	-	-	24,518	-	-	-
Total receipts	<u>4,725</u>	<u>44,161</u>	<u>19,045</u>	<u>24,518</u>	<u>-</u>	<u>-</u>	<u>-</u>
Disbursements:							
Personal services	-	51,450	-	-	-	-	-
Supplies	-	3,174	-	-	-	-	-
Other services and charges	2,973	1,745	-	31,384	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	<u>2,973</u>	<u>56,369</u>	<u>-</u>	<u>31,384</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>1,752</u>	<u>(12,208)</u>	<u>19,045</u>	<u>(6,866)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ 4,190</u>	<u>\$ 70,954</u>	<u>\$ 41,791</u>	<u>\$ 3,592</u>	<u>\$ 1,250</u>	<u>\$ 1,889</u>	<u>\$ -</u>

CITY OF CROWN POINT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Recycling & Solid Waste	Civil Defense Donations	Homestead Restoration Donation	Donation-Crown Point Beautification	Lake County Hidta Program	Non Reverting Hazardous Materials	Senior Discount (Hidta) Fund
Cash and investments - beginning	\$ 247,224	\$ 22,990	\$ 100	\$ 2,926	\$ 16,152	\$ 9,950	\$ -
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	2,853,482	-	-
Charges for services	175,042	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	-	6,699	-	-	63	-	90,000
Total receipts	<u>175,042</u>	<u>6,699</u>	<u>-</u>	<u>-</u>	<u>2,853,545</u>	<u>-</u>	<u>90,000</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	66,388	8,700	-	-	2,853,918	1,207	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	81,301
Total disbursements	<u>66,388</u>	<u>8,700</u>	<u>-</u>	<u>-</u>	<u>2,853,918</u>	<u>1,207</u>	<u>81,301</u>
Excess (deficiency) of receipts over disbursements	<u>108,654</u>	<u>(2,001)</u>	<u>-</u>	<u>-</u>	<u>(373)</u>	<u>(1,207)</u>	<u>8,699</u>
Cash and investments - ending	<u>\$ 355,878</u>	<u>\$ 20,989</u>	<u>\$ 100</u>	<u>\$ 2,926</u>	<u>\$ 15,779</u>	<u>\$ 8,743</u>	<u>\$ 8,699</u>

CITY OF CROWN POINT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Law Enforcement Liaison Grant	Dare Fund Donations	Escrow-Excess Levy Fund	4Th Friday Arts Grant	Opo Grant Fund (Dui)	Major Moves Construction Fund	St. Tree Inventory Grant
Cash and investments - beginning	\$ 209	\$ 17,137	\$ -	\$ 85	\$ 4,000	\$ 148,535	\$ -
Receipts:							
Taxes	-	-	26,328	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	-	21,591	-	2,646	-	-	-
Total receipts	-	21,591	26,328	2,646	-	-	-
Disbursements:							
Personal services	-	-	-	-	2,000	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	21,129	-	254	-	12,418	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	2,000	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	-	21,129	-	254	4,000	12,418	-
Excess (deficiency) of receipts over disbursements	-	462	26,328	2,392	(4,000)	(12,418)	-
Cash and investments - ending	<u>\$ 209</u>	<u>\$ 17,599</u>	<u>\$ 26,328</u>	<u>\$ 2,477</u>	<u>\$ -</u>	<u>\$ 136,117</u>	<u>\$ -</u>

CITY OF CROWN POINT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Police Donations Escrow	Non-Reverting Special Events Fund	Community Character Non-Reverting	Non Reverting Police State Seizure	Non Reverting Police Federal Seizure	Public Safety-Excess Welfare	Crown Point Redevelopment Debt Service Reserve
Cash and investments - beginning	\$ 20,584	\$ 22,856	\$ -	\$ 183	\$ 10,233	\$ 169,786	\$ -
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	658,924
Charges for services	-	25,862	-	-	-	-	-
Fines and forfeits	-	-	-	-	10,394	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	8,385	-	-	-	1	31,386	-
Total receipts	<u>8,385</u>	<u>25,862</u>	<u>-</u>	<u>-</u>	<u>10,395</u>	<u>31,386</u>	<u>658,924</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	12,572	40,667	-	168	7,097	23,994	-
Debt service - principal and interest	-	-	-	-	-	-	325,293
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	<u>12,572</u>	<u>40,667</u>	<u>-</u>	<u>168</u>	<u>7,097</u>	<u>23,994</u>	<u>325,293</u>
Excess (deficiency) of receipts over disbursements	<u>(4,187)</u>	<u>(14,805)</u>	<u>-</u>	<u>(168)</u>	<u>3,298</u>	<u>7,392</u>	<u>333,631</u>
Cash and investments - ending	<u>\$ 16,397</u>	<u>\$ 8,051</u>	<u>\$ -</u>	<u>\$ 15</u>	<u>\$ 13,531</u>	<u>\$ 177,178</u>	<u>\$ 333,631</u>

CITY OF CROWN POINT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Lease Rental,Ems Building	St Anthony Tif Bond Fund	Barrett Law	Cumulative Capital Improvement	Cumulative Capital Development	Crown Point Redevelopment Fund	Crown Point Redevelopment Bond Capital Fund
Cash and investments - beginning	\$ 2,612	\$ -	\$ 38,374	\$ 85,648	\$ 181,320	\$ 1,344,133	\$ 177,791
Receipts:							
Taxes	236,441	-	-	-	172,602	459,915	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	11,560	97,107	-	57,991	45,785	654,147	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	-	-	-	-	146,120	1,076,648	-
Total receipts	<u>248,001</u>	<u>97,107</u>	<u>-</u>	<u>57,991</u>	<u>364,507</u>	<u>2,190,710</u>	<u>-</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	16,995	251,516	1,648,287	-
Debt service - principal and interest	250,613	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	1,230,737	-
Total disbursements	<u>250,613</u>	<u>-</u>	<u>-</u>	<u>16,995</u>	<u>251,516</u>	<u>2,879,024</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(2,612)</u>	<u>97,107</u>	<u>-</u>	<u>40,996</u>	<u>112,991</u>	<u>(688,314)</u>	<u>-</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ 97,107</u>	<u>\$ 38,374</u>	<u>\$ 126,644</u>	<u>\$ 294,311</u>	<u>\$ 655,819</u>	<u>\$ 177,791</u>

CITY OF CROWN POINT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Cumulative Capital li (Rate-Ems)	Cumulative Fire	Cumulative Sewer	General Improvement Fund	Non-Reverting Vehicle/Equipment Purchase	General Obligation Bond Proceeds Fund	Non Reverting Employee's Health Insurance
Cash and investments - beginning	\$ 164,356	\$ 31,609	\$ 985,182	\$ 21,481	\$ 176,083	\$ -	\$ 39,667
Receipts:							
Taxes	22,462	43,742	213,979	10,813	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	2,060	4,235	-	-	-	-	-
Charges for services	-	-	-	-	122,721	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	-	13,000	800,000	-	-	1,988,200	1,583,053
Total receipts	<u>24,522</u>	<u>60,977</u>	<u>1,013,979</u>	<u>10,813</u>	<u>122,721</u>	<u>1,988,200</u>	<u>1,583,053</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	145,872	-	-	32,935	-
Debt service - principal and interest	-	49,079	-	-	-	-	-
Capital outlay	69,447	26,300	-	14,902	112,777	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	1,622,720
Total disbursements	<u>69,447</u>	<u>75,379</u>	<u>145,872</u>	<u>14,902</u>	<u>112,777</u>	<u>32,935</u>	<u>1,622,720</u>
Excess (deficiency) of receipts over disbursements	<u>(44,925)</u>	<u>(14,402)</u>	<u>868,107</u>	<u>(4,089)</u>	<u>9,944</u>	<u>1,955,265</u>	<u>(39,667)</u>
Cash and investments - ending	<u>\$ 119,431</u>	<u>\$ 17,207</u>	<u>\$ 1,853,289</u>	<u>\$ 17,392</u>	<u>\$ 186,027</u>	<u>\$ 1,955,265</u>	<u>\$ -</u>

CITY OF CROWN POINT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Non Reverting Retiree's Insurance	Employee's/Retiree's Non-Reverting Insurance	Police Pension	Fire Pension	County Court Costs Escrow	Payroll Withholding-Perf	State Income Tax
Cash and investments - beginning	\$ 842,638	\$ -	\$ 695,092	\$ 205,180	\$ 911	\$ 40,109	\$ 42,035
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	375,700	114,940	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	55,200	1,826,107	103,956	-	33,652	149,913	349,907
Total receipts	<u>55,200</u>	<u>1,826,107</u>	<u>479,656</u>	<u>114,940</u>	<u>33,652</u>	<u>149,913</u>	<u>349,907</u>
Disbursements:							
Personal services	-	-	350,600	83,056	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	897,838	1,608,879	-	-	33,652	149,417	348,840
Total disbursements	<u>897,838</u>	<u>1,608,879</u>	<u>350,600</u>	<u>83,056</u>	<u>33,652</u>	<u>149,417</u>	<u>348,840</u>
Excess (deficiency) of receipts over disbursements	<u>(842,638)</u>	<u>217,228</u>	<u>129,056</u>	<u>31,884</u>	<u>-</u>	<u>496</u>	<u>1,067</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ 217,228</u>	<u>\$ 824,148</u>	<u>\$ 237,064</u>	<u>\$ 911</u>	<u>\$ 40,605</u>	<u>\$ 43,102</u>

CITY OF CROWN POINT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Payroll Withholding-American Bankers Insurance	Unum/Cigna Volunteer Insurance Escrow	Payroll Withholding-Colonial Life & Accident	Payroll Withholding-Municipal Insurance	Payroll Withholding-Vision Insurance	Credit Card Fees	Payroll Withholding-Aflac
Cash and investments - beginning	\$ 158	\$ 1,515	\$ 371	\$ 487	\$ 1,729	\$ 54	\$ 7,678
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	-	16,513	276	517	9,507	5,609	77,216
Total receipts	-	16,513	276	517	9,507	5,609	77,216
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	16,337	276	517	9,502	5,257	76,946
Total disbursements	-	16,337	276	517	9,502	5,257	76,946
Excess (deficiency) of receipts over disbursements	-	176	-	-	5	352	270
Cash and investments - ending	\$ 158	\$ 1,691	\$ 371	\$ 487	\$ 1,734	\$ 406	\$ 7,948

CITY OF CROWN POINT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	High Meadows Escrow Fund	User Fee Fund	Police Pension - Indiana Gross	Payroll Withholding-Fire Pension li	Payroll Withholding-Special Insurance	Payroll Withholding-Voluntary Perf Deduction	Fire Pension - Indiana Gross
Cash and investments - beginning	\$ 18,933	\$ -	\$ 1,231	\$ 18,092	\$ 95	\$ 1,545	\$ 193
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	-	61,534	14,774	71,910	-	7,731	2,321
Total receipts	-	61,534	14,774	71,910	-	7,731	2,321
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	1,687	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	61,534	14,774	71,910	-	5,742	2,321
Total disbursements	1,687	61,534	14,774	71,910	-	5,742	2,321
Excess (deficiency) of receipts over disbursements	(1,687)	-	-	-	-	1,989	-
Cash and investments - ending	\$ 17,246	\$ -	\$ 1,231	\$ 18,092	\$ 95	\$ 3,534	\$ 193

CITY OF CROWN POINT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Payroll Withholding-Police Pension li	Mayor's Roundtable Escrow	Tank Improvement Escrow	Miscellaneous Refunds Escrow	Escrow-Edc	Parks/Playgrounds Escrow
Cash and investments - beginning	\$ 29,429	\$ 1	\$ 144	\$ -	\$ 1,489	\$ 2,800
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	115,680	-	-	10,149	-	40,000
Total receipts	<u>115,680</u>	<u>-</u>	<u>-</u>	<u>10,149</u>	<u>-</u>	<u>40,000</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	115,684	-	-	9,689	-	-
Total disbursements	<u>115,684</u>	<u>-</u>	<u>-</u>	<u>9,689</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(4)</u>	<u>-</u>	<u>-</u>	<u>460</u>	<u>-</u>	<u>40,000</u>
Cash and investments - ending	<u>\$ 29,425</u>	<u>\$ 1</u>	<u>\$ 144</u>	<u>\$ 460</u>	<u>\$ 1,489</u>	<u>\$ 42,800</u>

CITY OF CROWN POINT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Prepaid Legal Escrow	Greenview Recovery Agreement	Miscellaneous Sales Tax	Escrow-Perpetual Building Improvement Fund	Crown Point City Court	Cash-Operating & Maintenance Fund
Cash and investments - beginning	\$ 407	\$ 9,600	\$ 69	\$ 199,270	\$ 376,604	\$ 336,495
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	5,955,920
Penalties	-	-	-	-	-	93,835
Other receipts	2,404	-	4,017	97,325	702,757	3,798,585
Total receipts	<u>2,404</u>	<u>-</u>	<u>4,017</u>	<u>97,325</u>	<u>702,757</u>	<u>9,848,340</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	294,278
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	4,817,003
Other disbursements	2,404	-	3,844	106,975	724,066	4,436,197
Total disbursements	<u>2,404</u>	<u>-</u>	<u>3,844</u>	<u>106,975</u>	<u>724,066</u>	<u>9,547,478</u>
Excess (deficiency) of receipts over disbursements	-	-	173	(9,650)	(21,309)	300,862
Cash and investments - ending	<u>\$ 407</u>	<u>\$ 9,600</u>	<u>\$ 242</u>	<u>\$ 189,620</u>	<u>\$ 355,295</u>	<u>\$ 637,357</u>

CITY OF CROWN POINT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Cash-Bond & Interest Sinking Fund	Cash-Improvement Other Fund	Cash-Utility Construction Account	Cash-Improvement Replacement Fund	Cash On Hand-Petty Cash	Cash-Debt Service Reserve Account
Cash and investments - beginning	\$ 4,484	\$ 131,724	\$ -	\$ 352	\$ 800	\$ 1,047,005
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	1,054,794	679,695	6,681,000	182,997	-	240,240
Total receipts	<u>1,054,794</u>	<u>679,695</u>	<u>6,681,000</u>	<u>182,997</u>	<u>-</u>	<u>240,240</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	1,059,278	182,997	3,580,614	182,997	-	-
Total disbursements	<u>1,059,278</u>	<u>182,997</u>	<u>3,580,614</u>	<u>182,997</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(4,484)</u>	<u>496,698</u>	<u>3,100,386</u>	<u>-</u>	<u>-</u>	<u>240,240</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ 628,422</u>	<u>\$ 3,100,386</u>	<u>\$ 352</u>	<u>\$ 800</u>	<u>\$ 1,287,245</u>

CITY OF CROWN POINT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Cash - Stormwater Operating & Maintenance	Cash - Stormwater Depreciation	Cash-Stormwater Debt Service	Cash-Operating & Maintenance Fund	Cash-Bond & Interest Sinking Fund	Cash-Depreciation/Improvement Fund
Cash and investments - beginning	\$ 429,512	\$ -	\$ -	\$ 405,207	\$ 316,862	\$ 3,462,803
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	5,360,592	-	-
Penalties	-	-	-	26,215	-	-
Other receipts	1,112,832	-	-	332,835	696,588	2,597,554
Total receipts	<u>1,112,832</u>	<u>-</u>	<u>-</u>	<u>5,719,642</u>	<u>696,588</u>	<u>2,597,554</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	228,254	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	5,297,695	-	-
Other disbursements	1,197,635	-	-	(3,838)	695,681	3,000,000
Total disbursements	<u>1,197,635</u>	<u>-</u>	<u>-</u>	<u>5,522,111</u>	<u>695,681</u>	<u>3,000,000</u>
Excess (deficiency) of receipts over disbursements	<u>(84,803)</u>	<u>-</u>	<u>-</u>	<u>197,531</u>	<u>907</u>	<u>(402,446)</u>
Cash and investments - ending	<u>\$ 344,709</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 602,738</u>	<u>\$ 317,769</u>	<u>\$ 3,060,357</u>

CITY OF CROWN POINT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Cash-New Consumer Deposits	Cash-2007 Water Construction Fund	Cash On Hand-Petty Cash	Cash-Hydrant Deposits	Cash-Debt Service Reserve Account	Totals
Cash and investments - beginning	\$ 25,252	\$ 67	\$ 600	\$ 1,168	\$ -	\$ 16,325,193
Receipts:						
Taxes	-	-	-	-	-	8,205,121
Licenses and permits	-	-	-	-	-	602,163
Intergovernmental	-	-	-	-	-	6,788,981
Charges for services	-	-	-	-	-	2,818,852
Fines and forfeits	-	-	-	-	-	270,146
Utility fees	-	-	-	-	-	11,316,512
Penalties	-	-	-	-	-	120,050
Other receipts	875	-	-	2,000	-	35,078,533
Total receipts	<u>875</u>	<u>-</u>	<u>-</u>	<u>2,000</u>	<u>-</u>	<u>65,200,358</u>
Disbursements:						
Personal services	-	-	-	-	-	9,910,362
Supplies	-	-	-	-	-	752,384
Other services and charges	-	-	-	-	-	9,651,491
Debt service - principal and interest	-	-	-	-	-	7,666,547
Capital outlay	-	-	-	-	-	694,995
Utility operating expenses	-	-	-	-	-	10,114,698
Other disbursements	2,625	-	-	990	-	22,036,338
Total disbursements	<u>2,625</u>	<u>-</u>	<u>-</u>	<u>990</u>	<u>-</u>	<u>60,826,815</u>
Excess (deficiency) of receipts over disbursements	<u>(1,750)</u>	<u>-</u>	<u>-</u>	<u>1,010</u>	<u>-</u>	<u>4,373,543</u>
Cash and investments - ending	<u>\$ 23,502</u>	<u>\$ 67</u>	<u>\$ 600</u>	<u>\$ 2,178</u>	<u>\$ -</u>	<u>\$ 20,698,736</u>

CITY OF CROWN POINT
SUPPLEMENTARY INFORMATION
SCHEDULE OF LONG-TERM DEBT
December 31, 2010

The City has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:		
Capital leases:		
911 Dispatch Equipment	\$ 143,776	\$ 35,492
Ambulance	174,108	73,799
Notes and loans payable	92,805	49,079
General Obligation Bonds of 2008	1,580,000	170,306
General Obligation Bonds of 2010	2,000,000	209,678
Redevelopment Revenue Bonds of 2007	<u>3,175,000</u>	<u>327,060</u>
Total governmental activities debt	<u>\$ 7,165,689</u>	<u>\$ 865,414</u>
Business-type activities:		
Water Utility:		
Revenue bonds:		
Waterworks Revenue Bonds of 2002	\$ 2,095,000	\$ 208,339
Waterworks Revenue Bonds of 2007	<u>3,320,000</u>	<u>484,300</u>
Total Water Utility	<u>5,415,000</u>	<u>692,639</u>
Wastewater Utility:		
Capital leases:		
Sewer Vactor	198,693	61,927
Revenue bonds:		
Sewage Works Revenue Bonds of 2006	3,235,000	269,400
Sewage Works Revenue Bonds of 2010	3,400,000	238,020
State Revolving Fund Loan of 1994	<u>3,505,000</u>	<u>777,675</u>
Total Wastewater Utility	<u>10,338,693</u>	<u>1,347,022</u>
Total business-type activities debt	<u>\$ 15,753,693</u>	<u>\$ 2,039,661</u>

CITY OF CROWN POINT
AUDIT RESULT(S) AND COMMENT(S)

INTERNAL CONTROL OVER FEDERAL SCHEDULE

The City did not have controls in place to account or track federal grants for reporting on the federal schedule of expenditures. The City prepared a federal schedule of expenditures which in some cases reported amounts received instead of amounts disbursed during the year. Furthermore, the City omitted expenditures from the Federal Equity Sharing, Highway Planning and Construction, and Recreation Trails Programs totaling \$710,731. The expenditures for High Intensity Drug Trafficking Area (HIDTA) were over stated by \$2,617,422. The HIDTA grant included the cumulative total of grant expenditures for each grant year instead of the grant expenditures for only 2010.

Grant files were not maintained in one centralized location; some files were maintained by the various departments of the City and were provided based upon our request. By not having a centralized location for grant file maintenance, officials were not aware of all grants awarded and of requirements to maintain a separate accounting of grant receipt and disbursement activity. Thus, separate grant activity was not identifiable in the funds or accounts within the funds (i.e. Highway Planning and Construction grants were commingled in the Redevelopment Capital Fund). This also affected the City's ability to accurately report the federal expenditures.

Auditee Responsibilities:

Responsibilities placed on the recipient of federal awards. The unit is required to do the following [Sec. 300];

- (a) Identify, in its accounts, all Federal awards received and expended and the Federal programs under which they were received. Federal program and award identification shall include, as applicable, the CFDA title and number, award number and year, name of the Federal agency, and name of the pass-through entity.
- (b) Maintain internal control over Federal programs that provides reasonable assurance that the unit 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.
- (c) Comply with laws, regulations, and the provisions of contracts or grant agreements related to each of its Federal programs. (d) Prepare appropriate financial statements, including the Schedule of Expenditures of Federal Awards. (e) Follow up and take corrective action on audit findings, including preparation of a Summary Schedule of Prior Audit Findings and Corrective Action Plan. (Cities and Town Bulletin and Uniform Compliance Guidelines, March 2005)

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

Controls over the receipting, disbursing, recording and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

CITY OF CROWN POINT
AUDIT RESULT(S) AND COMMENT(S)
(Continued)

BANK RECONCILEMENT - CITY COURT

Officials are diligent about preparing monthly bank reconcilements in a timely fashion. However, differences have occurred that have not been resolved. Reconcilements have been troublesome since the inception of a new computer system in 2007. Currently officials use both the old "Court Works" and the new "Court View" computer systems to record transactions. At December 31, 2010, the adjusted bank balance is \$8,007.37 greater than the record balance in the "City Court Daily/Monthly Balance Record." In testing the month of December 2010, we noted that fees collected for City of Crown Point civil cases for fines and interest from customers were not recorded in the "City Court Daily/Monthly Balance Record."

Financial records of a city or town court shall be reconciled with the balance statements provided by the respective depository (or depositories) at least monthly. [IC 5-13-6-1(e)]

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. (Accounting and Uniform Compliance Guidelines Manual for City and Town Courts, Chapter 4)

The Form No. 219CT City/Town Court Daily/Monthly Balance Record is a summary of the court cash book. It can be kept daily or monthly and is posted from the court cash book. It is a record that should reveal a cumulative total of all funds received and disbursed, the depository balance at the end of each day or month and the amount of cash in the office at the close of each day or month. It is a very valuable aid in bookkeeping procedures. Courts that do not properly use this record usually experience difficulty in making a cash reconciliation and balancing the records at the end of the month. (Accounting and Uniform Compliance Guidelines Manual for City and Town Courts, Chapter 1)

CASH BONDS - CITY COURT

The cash bond register includes bonds held by the Court since 1961. We estimated approximately \$43,000 of cash bonds on hand are over ten years old. Officials have been working on disposing of old bonds which have been reduced from the prior audit by approximately \$7,000.

Indiana Code 35-33-8-7 states:

"(a) If a defendant:

- (1) was admitted to bail under section 3.2(a)(2) of this chapter; and
- (2) has failed to appear before the court as ordered;

the court shall, except as provided in subsection (b) or section 8(b) of this chapter, declare the bond forfeited not earlier than one hundred twenty (120) days after the defendant's failure to appear and issue a warrant for the defendant's arrest.

(b) In a criminal case, if the court having jurisdiction over the criminal case receives written notice of a pending civil action or unsatisfied judgment against the criminal defendant arising out of the same transaction or occurrence forming the basis of the criminal case, funds deposited with the clerk of the court under section 3.2(a)(2) of this chapter may not be declared forfeited by the court, and the court shall order the deposited funds to be held by the

CITY OF CROWN POINT
AUDIT RESULT(S) AND COMMENT(S)
(Continued)

clerk. If there is an entry of final judgment in favor of the plaintiff in the civil action, and if the deposit and the bond are subject to forfeiture, the criminal court shall order payment of all or any part of the deposit to the plaintiff in the action, as is necessary to satisfy the judgment. The court shall then order the remainder of the deposit, if any, and the bond forfeited.

(c) Any proceedings concerning the bond, or its forfeiture, judgment, or execution of judgment, shall be held in the court that admitted the defendant to bail.

(d) After a bond has been forfeited under subsection (a) or (b), the clerk shall mail notice of forfeiture to the defendant. In addition, unless the court finds that there was justification for the defendant's failure to appear, the court shall immediately enter judgment, without pleadings and without change of judge or change of venue, against the defendant for the amount of the bail bond, and the clerk shall record the judgment.

(e) If a bond is forfeited and the court has entered a judgment under subsection (d), the clerk shall transfer to the state common school fund:

- (1) Any amount remaining on deposit with the court (less the fees retained by the clerk); and
- (2) Any amount collected in satisfaction of the judgment.

(f) The clerk shall return a deposit, less the administrative fee, made under section 3.2(a)(2) of this chapter to the defendant, if the defendant appeared at trial and the other critical stages of the legal proceedings."

REMITTANCES - CITY COURT

The City Court collects various fees that are to be remitted to the Lake County Auditor and the City of Crown Point Clerk-Treasurer on a monthly basis. We noted that fees were remitted from 19 to 55 days after the due date in nine instances during our audit period.

All State Fines and Forfeitures, Infraction Judgments, Overweight Vehicle Fines, State User Fees, Special Death Benefit Fees, Marijuana Eradication Fees, and Jury Fees are to be sent to the county auditor by the court on a monthly basis. (Accounting and Uniform Compliance Guidelines Manual for City and Town Courts, Chapter 1)

The county's and city's/town's share of court costs, any city/town fines, document fees, administrative fees, facsimile fees, document storage fees, late payment fees, probation fees, credit card service fees, user fees or other items shall be remitted to the city/town fiscal officer on a monthly basis. (Accounting and Uniform Compliance Guidelines Manual for City and Town Courts, Chapter 1)

UNCLAIMED TRUST ITEMS - CITY COURT

The City Court has trust funds with balances on hand that date back to 1985. Trust funds on hand in excess of five years at December 31, 2010, totaled \$3,872.36. Officials have been working on disposing of old trust funds, which have been reduced from the prior audit by \$881.57.

CITY OF CROWN POINT
AUDIT RESULT(S) AND COMMENT(S)
(Continued)

All items that can be legally disbursed should be paid immediately to the person or persons entitled thereto. All fees and funds ten or more years old, including old outstanding checks, should be scheduled on forms provided by the Attorney General and paid over to the Attorney General as required by IC 32-34-1-20(c)(7). Items should not be allowed to accumulate beyond the five year anniversary date. (Accounting and Uniform Compliance Guidelines Manual for City and Town Courts, Chapter 4)

OLD OUTSTANDING CHECKS - CITY COURT

Our review of the bank reconciliements of the City Court, as of December 31, 2010, noted checks outstanding in excess of two years. Checks totaling \$2,768.62 have been outstanding in excess of two years. Officials have been working to dispose of old outstanding checks, which have been reduced from the prior audit by \$8,478.38.

Indiana Code 5-11-10.5-2 states in part:

"All warrants or checks drawn upon public funds of a political subdivision that are outstanding and unpaid for a period of two (2) or more years as of the last day of December of each year are void."

Indiana Code 5-11-10.5-3 states in part:

"Not later than March 1 of each year, the treasurer of each political subdivision shall prepare or cause to be prepared a list in triplicate of all warrants or checks that have been outstanding for a period of two (2) or more years as of December 31 of the preceding year. The original copy of each list shall be filed with the: (1) board of finance of the political subdivision; or (2) the fiscal body of a city or town. The duplicate copy shall be transmitted to the disbursing officer of the political subdivision. The triplicate copy of each list shall be filed in the office of the treasurer of the political subdivision. If the treasurer serves also as the disbursing officer of the political subdivision, only two (2) copies of each list need be prepared or caused to be prepared by the treasurer."

Indiana Code 5-11-10.5-5 states:

"(a) Upon the preparation and transmission of the copies of the list of the outstanding warrants or checks, the treasurer of the political subdivision shall enter the amounts so listed as a receipt into the fund or funds from which they were originally drawn and shall also remove the warrants or checks from the record of outstanding warrants or checks.

(b) If the disbursing officer does not serve also as treasurer of the political subdivision, the disbursing officer shall also enter the amounts so listed as a receipt into the fund or funds from which the warrants or checks were originally drawn. If the fund from which the warrant or check was originally drawn is not in existence, or cannot be ascertained, the amount of the outstanding warrant or check shall be receipted into the general fund of the political subdivision."

SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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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 CITY OF CROWN POINT, LAKE COUNTY, INDIANA

Compliance

We have audited the compliance of the City of Crown Point (City) 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, 2010. The City'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 City's management. Our responsibility is to express an opinion on the City'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 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. Our audit does not provide a legal determination of the City's compliance with those requirements.

As described in item 2010-2 in the accompanying Schedule of Findings and Questioned Costs, the City did not comply with requirements regarding Special Test and Provisions that are applicable to its ARRA Highway Planning and Construction. Compliance with such requirements is necessary, in our opinion, for the City to comply with requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, the City complied, in all material respects, with the requirements referred to above that are applicable to each of its other major federal programs for the year ended December 31, 2010.

Internal Control Over Compliance

Management of the City 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 City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to

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)

determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there is no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

A deficiency in 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 and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2010-2, to be material weaknesses.

The City's response to the findings identified in our audit is described in the accompanying Official Response and Corrective Action Plan. We did not audit the City's response and, accordingly, we express no opinion on the response.

This report is intended solely for the information and use of the City's management, Common Council others within the entity, 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

March 24, 2011

CITY OF CROWN POINT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended December 31, 2010

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>EXECUTIVE OFFICE OF THE PRESIDENT - OFFICE OF NATIONAL DRUG CONTROL POLICY</u>			
Direct Grant			
High Intensity Drug Trafficking Area (HIDTA)	07.XXX	I8PLCP502Z G09LC0003A G10LC0003A	\$ 234,482 1,506,619 <u>1,105,548</u>
Total for program			<u>2,846,649</u>
Total for federal grantor agency			<u>2,846,649</u>
<u>U.S. DEPARTMENT OF JUSTICE</u>			
Direct Grant			
Federal Equity Sharing	16.XXX		<u>10,394</u>
Pass-Through Indiana Department of Justice			
Edward Byrne Memorial Justice Assistance (JAG) Program Evidence Rule 167	16.738	2009-DJ-BX-0049	<u>10,000</u>
Total for federal grantor agency			<u>20,394</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
Pass-Through Indiana Department of Transportation			
Highway Planning and Construction Cluster			
Highway Planning and Construction			
I-65 and 109th Avenue Interchange	20.205	EDS A249-7-320605	<u>554,217</u>
ARRA-Highway Planning and Construction Cluster	20.205		<u>83,403</u>
Recreational Trails Program			
Recreational Trails Program	20.219		<u>62,717</u>
Total for cluster			<u>700,337</u>
Total for federal grantor agency			<u>700,337</u>
Total federal awards expended			<u>\$ 3,567,380</u>

The accompanying note(s) are an integral part of the Schedule of Expenditures of Federal Awards.

CITY OF CROWN POINT
NOTE(S) TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Crown Point (City) 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.

CITY OF CROWN POINT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statement(s):

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
Material weaknesses identified?	yes
Significant deficiency identified?	yes
Noncompliance material to financial statements noted?	yes

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	yes
Significant deficiency identified?	yes
Type of auditor's report issued on compliance for major programs:	Qualified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	
	yes

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
07.XXX	High Intensity Drug Trafficking Area (HIDTA) Highway Planning and Construction Cluster

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

FINDING 2010-1 - INTERNAL CONTROL OVER FEDERAL SCHEDULE

The City did not have controls in place to account or track federal grants for reporting on the federal schedule of expenditures. The City prepared a federal schedule of expenditures which in some cases reported amounts received instead of amounts disbursed during the year. Furthermore, the City omitted expenditures from the Federal Equity Sharing, Highway Planning and Construction, and Recreation Trails Programs totaling \$710,731. The expenditures for High Intensity Drug Trafficking Area (HIDTA) were over stated by \$2,617,422. The HIDTA grant included the cumulative total of grant expenditures for each grant year instead of the grant expenditures for only 2010.

CITY OF CROWN POINT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Grant files were not maintained in one centralized location; some files were maintained by the various departments of the City and were provided based upon our request. By not having a centralized location for grant file maintenance, officials were not aware of all grants awarded and of requirements to maintain a separate accounting of grant receipt and disbursement activity. Thus, separate grant activity was not identifiable in the funds or accounts within the funds (i.e. Highway Planning and Construction grants were commingled in the Redevelopment Capital Fund). This also affected the City's ability to accurately report the federal expenditures.

Auditee Responsibilities:

Responsibilities placed on the recipient of federal awards. The unit is required to do the following [Sec. 300];

- (a) Identify, in its accounts, all Federal awards received and expended and the Federal programs under which they were received. Federal program and award identification shall include, as applicable, the CFDA title and number, award number and year, name of the Federal agency, and name of the pass-through entity.
- (b) Maintain internal control over Federal programs that provides reasonable assurance that the unit 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.
- (c) Comply with laws, regulations, and the provisions of contracts or grant agreements related to each of its Federal programs. (d) Prepare appropriate financial statements, including the Schedule of Expenditures of Federal Awards. (e) Follow up and take corrective action on audit findings, including preparation of a Summary Schedule of Prior Audit Findings and Corrective Action Plan. (Cities and Town Bulletin and Uniform Compliance Guidelines, March 2005)

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

Controls over the receipting, disbursing, recording and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

We recommended that the City establish controls to ensure federal grants are properly identified and accounted for in the records of the City, which should assist officials in their ability to report the federal expenditures in their financial reports.

CITY OF CROWN POINT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Section III – Federal Award Findings and Questioned Costs

FINDING 2010-2 - SPECIAL TESTS AND PROVISIONS

Federal Agency: U.S. Department of Transportation
Pass-Through Agency: Indiana Department of Transportation
Cluster: Highway Planning and Construction Cluster
Federal Program: ARRA Highway Planning and Construction - Recreational Trails Program
CFDA Number: 20.205

Controls were not established to account for and track the grant funds under the American Reinvestment and Recovery Act (ARRA) Highway Planning and Construction - Recreational Trails Grant. The City has comingled ARRA Highway Planning and Construction - Recreation Trails Grant with other (non-ARRA) Recreation Trails Grant funds. In the official records of the City, the Recreation Trails Grant (both ARRA and non-ARRA funds), is accounted for in the Cumulative Capital Development Fund (Fund 16). The computer software in use does not allow for the separate identification of grant funds within a fund. The federal funds received from this grant award were posted under the heading "miscellaneous clearing account." (Only the federal grant receipts were posted under this heading.) The related grant disbursements were posted under the heading "Crown Point bike path" which included other disbursements not reimbursed by the grant. The federal government requires ARRA grants to have separate accountability and transparency. The City was not aware of the requirement to account for the grant funds separately due to the lack of information provided by the state regarding this grant award. The state did not identify the ARRA and non-ARRA funding in the grant agreement, the grant award, or in the reimbursement request documents.

Failure to maintain official records that track the source (receipts) and application (disbursements) of each grant individually may hinder the City's ability to provide transparency for the federal awards.

49 CFR§ 18.20 (b) states:

"The financial management systems of other grantees and subgrantees must meet the following standards:

- (1) *Financial reporting.* Accurate, current, and complete disclosure of the financial results of financially assisted activities must be made in accordance with the financial reporting requirements of the grant or subgrant.
- (2) *Accounting records.* Grantees and subgrantees must maintain records which adequately identify the source and application of funds provided for financially-assisted activities. These records must contain information pertaining to grant or subgrant awards and authorizations, obligations, unobligated balances, assets, liabilities, outlays or expenditures, and income.
- (3) *Internal control.* Effective control and accountability must be maintained for all grant and subgrant cash, real and personal property, and other assets. Grantees and subgrantees must adequately safeguard all such property and must assure that it is used solely for authorized purposes."

We recommended the City establish controls to allow for grant funds to be separately identified and accounted for in the records.

CITY OF CROWN POINT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.



CITY OF CROWN POINT

CLERK-TREASURER

CORRECTIVE ACTION PLAN

Patti Olson, IAMC, CMC
Clerk-Treasurer

Section II-Federal Statement Finding

Finding 2010-1 Internal Control over Federal Schedule

Information requested by the Auditor regarding Grants for Federal Equity Sharing was retrieved by the Department Head immediately. Better controls will be maintained by the Clerk-Treasurer to work with the Department Heads regarding their grants and the necessary backup should be held in the Clerk's Office at the time of receipts being received. Any grants pertaining to the Federal equity Sharing, Highway Planning and Construction and Recreation Trails Program will be included on any future schedules. The High Intensity Drug Trafficking Area (HIDTA) totals were cumulative; in the future HIDTA totals will only be for fiscal year being audited.

Additional grant information was held by different city departments and available to the Auditor's upon request; in the future all grant information will be held and maintained In the Clerk-Treasurer's Office.

In the future Federal program and award identification shall include CFDA title and number, award number and year, name of Federal agency and pass-through entity.

Section III-Federal Award Findings and Question Costs

Finding 2010-2 Special Tests and Provisions

Federal Agency: U.S. Department of Transportation

CFDA Number: 20.205

Cluster: Highway Planning and Construction Cluster

Pass-Through Agency: Indiana Department of Transportation

Program Title: ARRA Recreations Trails

As discussed with the Auditor this particular grant thru INDOT did not identify any ARRA funds for the Federal Program ARRA Recreation Trails. The State did not identify the ARRA and Non-ARRA funding in the grant agreement. The City was not aware of the requirement to account for the grant funds separately due to the lack of information provided by the State regarding this grant award. In the future grants such as this should be tracked immediately with the assistance of the particular Department Head especially if a separate fund is required.

Patti Olson
Clerk Treasurer
March 22, 2011

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CITY OF CROWN POINT
EXIT CONFERENCE

The contents of this report were discussed on March 3, 2011, with Kent A. Jeffirs, City Judge; Lori Mauk, City Court Clerk; and, Sally Baran, City Court Clerk. The officials concurred with our audit findings.

The contents of this report were discussed on March 24, 2011, with Patti Olson, Clerk-Treasurer; David D. F. Uran, Mayor; Peggy Lurtz, Chief Deputy; Mark A. Schweitzer, City Council member; Keith W. Stevens, Chief of Staff; and David H. Nicholls, City Attorney. The official response has been made a part of this report and may be found on page 50.



CITY OF CROWN POINT

CLERK-TREASURER

Patti Olson, IAMC, CMC
Clerk-Treasurer

March 24, 2011

State Board of Accounts
302 West Washington St., Room E 418
Indianapolis, IN 46204-2765

THE CITY OF CROWN POINT'S OFFICIAL RESPONSE TO SECTION III, FINDING 2010-2

To Whom it May Concern,

The City of Crown Point through its Clerk/Treasurer and Mayor has transparency in all matters as one of its ultimate goals. The Project and the funding that resulted in the Finding has been in existence for approximately ten years long before the enactment of the ARRA. The Northwest Indiana Regional Planning Commission disbursed the grants to the City. At no time prior to the audit was the City notified by any Local, State or Federal agency of the enhanced reporting requirements for ARRA funding. At no time prior to the audit was the City aware that a portion of the actual funding source was recently provided by the ARRA. There was no documentation provided to the City from any agency that would have guided the Clerk/Treasurer in the segregation and special recordation requirements for said funds.

The City takes note that the Findings do indicate the City was unaware of the requirements and also state that the State failed to provide information regarding this grant award including but not limited to its total failure to identify ARRA and Non-ARRA funding in the grant agreement, the grant award or the re-imbusement request documents. The Clerk/Treasurer and the City Administration through its Mayor feel it important to note that no grant funds were misused and all are accounted for and the Clerk/Treasurer has taken the appropriate steps to remediate this previously unknown situation and be in compliance in all future audits.

Patti Olson, Clerk/Treasurer

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