

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

ANNUAL FINANCIAL REPORT

2010

CITY OF PERU

MIAMI COUNTY, INDIANA



FILED
06/27/2011

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Jackquan E. Gray	01-01-08 to 12-31-11
Mayor	James R. Walker	01-01-08 to 12-31-11
President of the Board of Public Works and Safety	James R. Walker	01-01-08 to 12-31-11
President of the Common Council	James R. Walker	01-01-08 to 12-31-11
General Manager of Utilities	Roger B. Merriman	01-01-10 to 12-31-11
Utility Office Manager	Leah M. Aikman	01-01-10 to 12-31-11



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 CITY OF PERU, MIAMI COUNTY, INDIANA

We have audited the accompanying financial statements of the City of Peru (City), for the year ended December 31, 2010. These financial statements are the responsibility of the City'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 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 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 1, the City prepares its financial statements 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 statements referred to above present 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 June 6, 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.

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 an opinion on the City's 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 financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City's financial statements. The Combining Schedule(s) of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, Schedule of Capital Assets, and Schedule of Long-Term Debt are presented for additional analysis and are not required parts of the financial statements. The Combining Schedule(s) of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, 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 financial statements and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the City's management, the City's Board of Public Works and Safety, the City's 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

June 6, 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 PERU, MIAMI COUNTY, INDIANA

We have audited the financial statements of the City of Peru (City), for the year ended December 31, 2010, and have issued our report thereon dated June 6, 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 opinions on the financial statements, 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.

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 statements will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be 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 City'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 City's management, the City's Board of Public Works and Safety, the City's 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

June 6, 2011

FINANCIAL STATEMENT(S)

CITY OF PERU
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	\$ 575,667	\$ 5,024,858	\$ 4,487,570	\$ 1,112,955
Motor Vehicle Highway	206,628	616,270	674,413	148,485
Local Road & Street	80,535	51,027	61,778	69,784
Aviation Commission	10,122	64,160	65,100	9,182
Parking Meter	1,428	137	-	1,565
Criminal Investigation	5,696	13,706	4,742	14,660
Perpetuation Fund	11,444	7,586	22,195	(3,165)
Unsafe Bldg Fund/Insp/Eng	150,657	-	584	150,073
lu Child Seat Grant	236	-	-	236
Park	31,963	390,804	448,558	(25,791)
C E D I T Fund	489,556	1,022,695	1,285,287	226,964
User Fee Fund	15,347	225	48	15,524
Fire Territory	691,301	2,246,872	2,041,089	897,084
Peru Metro Fire Fund	2,819	135	410	2,544
Riverfront Walkway Fund	3,439	-	-	3,439
Cable Television	146,763	22,489	8,000	161,252
The Rainy Day Fund	408,525	198,025	-	606,550
Local Law Enforce Cont Ed	19,887	11,476	26,000	5,363
Levy Excess Fund	-	18,439	-	18,439
Evidence Trust	10,002	-	-	10,002
Court Cost - Due County	-	3,388	3,388	-
Public Safety Loit	234,027	657,732	495,588	396,171
Fire Territory Debt/Equip	117,297	96,978	86,165	128,110
C C I F	314,488	38,046	-	352,534
Cumulative Capital Development	276,809	106,614	-	383,423
Park Nonreverting Capital	1,211	-	-	1,211
Special Street & San Cci	111,021	10,350	113,500	7,871
Golf Irrigation System	57,487	15,340	48,184	24,643
Debt Service	103,067	214,291	226,906	90,452
Airport Taxiway /Faa Grant	8,218	920,302	906,920	21,600
Bond Proceeds/Project	243,430	-	26,607	216,823
Police Pension	81,985	471,079	519,612	33,452
Fire Pension	82,584	684,440	750,689	16,335
Traffic/Ordinance Violations	90,420	137,081	101,864	125,637
City Court	780	188,792	188,393	1,179
Payroll Fund	104,469	1,534,304	1,638,272	501
Payroll - Federal W/H	-	730,096	730,297	(201)
Payroll-State W/H	-	222,862	191,600	31,262
Payroll-Fica	-	492,413	492,413	-
Payroll-County W/H	-	142,413	121,770	20,643
Payroll-Medicare	-	163,904	163,904	-
Payroll-Police Retirement	-	49,128	31,751	17,377
Payroll-Police Union Dues	-	1,276	1,276	-
Payroll Garnishment-S.F.	-	783	783	-
Payroll-Garnishment-Rls	-	638	638	-
Payroll - Great West Ret	-	-	2,740	(2,740)
Payroll-Aflac 125	-	13,523	11,888	1,635
Payroll-Health Sav. Acct.	-	66,593	66,200	393
Payroll-Vision	-	3,597	3,143	454
Payroll-Direct Deposit	-	3,089,701	3,091,550	(1,849)

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

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

	Cash and Investments 01-01-10	Receipts	Disbursements	Cash and Investments 12-31-10
Payroll-Deferred Comp.	-	55,190	55,190	-
Payroll-Civil Perf	-	30,570	19,639	10,931
Payroll-Volunt.Civil Perf	-	3,233	2,100	1,133
Payroll-Fire Retirement	-	53,304	34,646	18,658
Payroll-Aflac Not 125	-	2,519	2,210	309
Payroll-Ret. Anthem Life	-	36	-	36
Payroll-Back Taxes	-	4,015	4,015	-
Payroll-Boston Mutual	-	2,874	2,482	392
Payroll-Colonial Life	-	272	245	27
Payroll-Golf Membership	-	1,005	1,005	-
Payroll-Prudential Life	-	532	473	59
Payroll-Support	-	35,061	35,061	-
Payroll-Fire Union Dues	-	4,072	4,072	-
Payroll-United Way	-	1,274	1,274	-
Payroll-Washington Nation	-	171	152	19
Payroll-Ymca	-	4,159	3,859	300
Payroll-Garnishment-AI	-	950	950	-
Payroll-Garnishment - Wp	-	657	657	-
Payroll-Garnishment - Rdm	-	2,780	2,780	-
Uniform Buy Out	-	55	55	-
Electric Operating	3,443,820	22,163,851	22,020,909	3,586,762
Electric Depreciation	3,314,454	3,149,440	2,269,544	4,194,350
Electric Deposits	166,850	86,380	76,780	176,450
Stormwater	271,278	366,668	279,569	358,377
Stormwater Improvement	394,600	67,415	335,142	126,873
Wastewater Operating	889,147	2,438,245	2,439,971	887,421
Wastewater Bond	304,257	1,212,939	1,240,845	276,351
Grissom Wastewater Dep	14,200	8,355	7,350	15,205
Wastewater Construction	332,753	2,084	-	334,837
Wastewater Depreciation	1,759,992	1,100,212	1,538,592	1,321,612
Wastewater Deposits	25,655	12,340	10,570	27,425
Grissom Wastewater Oper	830,011	1,190,861	663,806	1,357,066
Wastewater Debt Svc Res	1,245,530	-	-	1,245,530
Grissom Wastewater Imp	841,302	165,283	541,697	464,888
Water Operating	148,939	1,633,843	1,672,815	109,967
Water Depreciation	658,590	386,381	281,587	763,384
Water Deposits	27,745	13,170	10,855	30,060
Grissom Water Deprec	166,253	108,376	42,666	231,963
Grissom Water Operating	236,832	608,836	541,893	303,775
Grissom Water Deposits	16,735	9,690	8,845	17,580
Electric Health Account	183,942	674,878	615,066	243,754
Electric Flex Spending Account	660	7,546	6,803	1,403
Grissom Wastewater Bond and Interest - BNY	132,195	302,002	51,471	382,726
Grissom Wastewater Debt Service Reserve - BNY	46,354	79,484	-	125,838
Grissom Wastewater Construction Retainage	255,842	367,575	-	623,417
Peru Wastewater Construction Retainage	152,192	20,079	78,400	93,871
Totals	<u>\$ 20,549,436</u>	<u>\$ 56,123,230</u>	<u>\$ 54,047,856</u>	<u>\$ 22,624,810</u>

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

CITY OF PERU
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 PERU
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 PERU
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 PERU
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 PERU
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 PERU
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 Peru's Annual Report(s) can be found on the Indiana Transparency Portal website: www.in.gov/itp/annual_reports/.

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

	General	Motor Vehicle Highway	Local Road & Street	Aviation Commission	Parking Meter	Criminal Investigation	Perpetuation Fund
Cash and investments - beginning	\$ 575,667	\$ 206,628	\$ 80,535	\$ 10,122	\$ 1,428	\$ 5,696	\$ 11,444
Receipts:							
Taxes	2,070,346	257,240	-	54,156	-	-	-
Licenses and permits	29,084	-	-	-	-	-	-
Intergovernmental	1,550,544	358,819	51,027	4,695	-	-	-
Charges for services	458,087	-	-	-	137	-	-
Fines and forfeits	5,219	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	911,578	211	-	5,309	-	13,706	7,586
Total receipts	<u>5,024,858</u>	<u>616,270</u>	<u>51,027</u>	<u>64,160</u>	<u>137</u>	<u>13,706</u>	<u>7,586</u>
Disbursements:							
Personal services	2,881,582	569,004	-	-	-	-	-
Supplies	189,742	74,895	61,778	-	-	-	-
Other services and charges	808,472	30,514	-	64,585	-	4,742	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	150,815	-	-	515	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	456,959	-	-	-	-	-	22,195
Total disbursements	<u>4,487,570</u>	<u>674,413</u>	<u>61,778</u>	<u>65,100</u>	<u>-</u>	<u>4,742</u>	<u>22,195</u>
Excess (deficiency) of receipts over disbursements	<u>537,288</u>	<u>(58,143)</u>	<u>(10,751)</u>	<u>(940)</u>	<u>137</u>	<u>8,964</u>	<u>(14,609)</u>
Cash and investments - ending	<u>\$ 1,112,955</u>	<u>\$ 148,485</u>	<u>\$ 69,784</u>	<u>\$ 9,182</u>	<u>\$ 1,565</u>	<u>\$ 14,660</u>	<u>\$ (3,165)</u>

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

	Unsafe Bldg Fund/Insp/Eng	Iu Child Seat Grant	Park	CEDIT Fund	User Fee Fund	Fire Territory	Peru Metro Fire Fund
Cash and investments - beginning	\$ 150,657	\$ 236	\$ 31,963	\$ 489,556	\$ 15,347	\$ 691,301	\$ 2,819
Receipts:							
Taxes	-	-	177,969	-	-	2,057,404	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	15,427	91,158	-	178,319	-
Charges for services	-	-	192,596	45,579	-	-	-
Fines and forfeits	-	-	-	-	225	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	-	4,812	885,958	-	11,149	135
Total receipts	-	-	390,804	1,022,695	225	2,246,872	135
Disbursements:							
Personal services	-	-	260,402	-	-	1,808,066	-
Supplies	-	-	84,495	-	-	31,000	-
Other services and charges	-	-	75,520	762,246	-	197,587	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	25,607	-	-	4,436	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	584	-	2,534	523,041	48	-	410
Total disbursements	584	-	448,558	1,285,287	48	2,041,089	410
Excess (deficiency) of receipts over disbursements	(584)	-	(57,754)	(262,592)	177	205,783	(275)
Cash and investments - ending	\$ 150,073	\$ 236	\$ (25,791)	\$ 226,964	\$ 15,524	\$ 897,084	\$ 2,544

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

	Riverfront Walkway Fund	Cable Television	The Rainy Day Fund	Local Law Enforce Cont Ed	Levy Excess Fund	Evidence Trust	Court Cost - Due County
Cash and investments - beginning	\$ 3,439	\$ 146,763	\$ 408,525	\$ 19,887	\$ -	\$ 10,002	\$ -
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	5,951	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	22,489	-	1,609	-	-	-
Fines and forfeits	-	-	-	718	-	-	3,388
Utility fees	-	-	-	-	-	-	-
Other receipts	-	-	198,025	3,198	18,439	-	-
Total receipts	-	22,489	198,025	11,476	18,439	-	3,388
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	21,000	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	5,000	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	8,000	-	-	-	-	3,388
Total disbursements	-	8,000	-	26,000	-	-	3,388
Excess (deficiency) of receipts over disbursements	-	14,489	198,025	(14,524)	18,439	-	-
Cash and investments - ending	\$ 3,439	\$ 161,252	\$ 606,550	\$ 5,363	\$ 18,439	\$ 10,002	\$ -

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

	Public Safety Loit	Fire Territory Debt/Equip	CCIF	Cumulative Capital Development	Park Nonreverting Capital	Special Street & San Cci	Golf Irrigation System
Cash and investments - beginning	\$ 234,027	\$ 117,297	\$ 314,488	\$ 276,809	\$ 1,211	\$ 111,021	\$ 57,487
Receipts:							
Taxes	657,732	89,252	-	98,109	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	7,726	38,046	8,505	-	-	-
Charges for services	-	-	-	-	-	-	15,340
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	10,350	-
Total receipts	657,732	96,978	38,046	106,614	-	10,350	15,340
Disbursements:							
Personal services	492,969	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	86,165	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	2,619	-	-	-	-	113,500	48,184
Total disbursements	495,588	86,165	-	-	-	113,500	48,184
Excess (deficiency) of receipts over disbursements	162,144	10,813	38,046	106,614	-	(103,150)	(32,844)
Cash and investments - ending	\$ 396,171	\$ 128,110	\$ 352,534	\$ 383,423	\$ 1,211	\$ 7,871	\$ 24,643

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

	Debt Service	Airport Taxiway /Faa Grant	Bond Proceeds/Project	Police Pension	Fire Pension	Traffic/Ordinance Violations	City Court
Cash and investments - beginning	\$ 103,067	\$ 8,218	\$ 243,430	\$ 81,985	\$ 82,584	\$ 90,420	\$ 780
Receipts:							
Taxes	197,197	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	17,094	920,302	-	471,079	684,440	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	188,792
Utility fees	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	137,081	-
Total receipts	<u>214,291</u>	<u>920,302</u>	<u>-</u>	<u>471,079</u>	<u>684,440</u>	<u>137,081</u>	<u>188,792</u>
Disbursements:							
Personal services	-	-	-	3,850	4,850	-	-
Supplies	-	-	-	-	98	51,104	-
Other services and charges	-	-	-	515,762	744,741	26,364	-
Debt service - principal and interest	226,906	-	-	-	-	-	-
Capital outlay	-	-	26,607	-	1,000	6,598	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	906,920	-	-	-	17,798	188,393
Total disbursements	<u>226,906</u>	<u>906,920</u>	<u>26,607</u>	<u>519,612</u>	<u>750,689</u>	<u>101,864</u>	<u>188,393</u>
Excess (deficiency) of receipts over disbursements	<u>(12,615)</u>	<u>13,382</u>	<u>(26,607)</u>	<u>(48,533)</u>	<u>(66,249)</u>	<u>35,217</u>	<u>399</u>
Cash and investments - ending	<u>\$ 90,452</u>	<u>\$ 21,600</u>	<u>\$ 216,823</u>	<u>\$ 33,452</u>	<u>\$ 16,335</u>	<u>\$ 125,637</u>	<u>\$ 1,179</u>

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

	Payroll Fund	Payroll Federal W/H	Payroll-State W/H	Payroll-Fica	Payroll-County W/H	Payroll-Medicare	Payroll-Police Retirement
Cash and investments - beginning	\$ 104,469	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	1,534,304	730,096	222,862	492,413	142,413	163,904	49,128
Total receipts	1,534,304	730,096	222,862	492,413	142,413	163,904	49,128
Disbursements:							
Personal services	1,638,272	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	730,297	191,600	492,413	121,770	163,904	31,751
Total disbursements	1,638,272	730,297	191,600	492,413	121,770	163,904	31,751
Excess (deficiency) of receipts over disbursements	(103,968)	(201)	31,262	-	20,643	-	17,377
Cash and investments - ending	\$ 501	\$ (201)	\$ 31,262	\$ -	\$ 20,643	\$ -	\$ 17,377

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

	Payroll-Police Union Dues	Payroll Garnishment S.F.	Payroll Garnishment Ris	Payroll Great West Ret	Payroll-Aflac 125	Payroll-Health Sav. Acct.	Payroll-Vision
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	1,276	783	638	-	13,523	66,593	3,597
Total receipts	1,276	783	638	-	13,523	66,593	3,597
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	1,276	783	638	2,740	11,888	66,200	3,143
Total disbursements	1,276	783	638	2,740	11,888	66,200	3,143
Excess (deficiency) of receipts over disbursements	-	-	-	(2,740)	1,635	393	454
Cash and investments - ending	\$ -	\$ -	\$ -	\$ (2,740)	\$ 1,635	\$ 393	\$ 454

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

	Payroll-Direct Deposit	Payroll-Deferred Comp.	Payroll-Civil Perf	Payroll Volunt. Civil Perf	Payroll-Fire Retirement	Payroll-Affac Not 125
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	3,089,701	55,190	30,570	3,233	53,304	2,519
Total receipts	3,089,701	55,190	30,570	3,233	53,304	2,519
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	3,091,550	55,190	19,639	2,100	34,646	2,210
Total disbursements	3,091,550	55,190	19,639	2,100	34,646	2,210
Excess (deficiency) of receipts over disbursements	(1,849)	-	10,931	1,133	18,658	309
Cash and investments - ending	\$ (1,849)	\$ -	\$ 10,931	\$ 1,133	\$ 18,658	\$ 309

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

	Payroll-Ret. Anthem Life	Payroll-Back Taxes	Payroll-Boston Mutual	Payroll-Colonial Life	Payroll-Golf Membership	Payroll-Prudential Life
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	36	4,015	2,874	272	1,005	532
Total receipts	36	4,015	2,874	272	1,005	532
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	4,015	2,482	245	1,005	473
Total disbursements	-	4,015	2,482	245	1,005	473
Excess (deficiency) of receipts over disbursements	36	-	392	27	-	59
Cash and investments - ending	\$ 36	\$ -	\$ 392	\$ 27	\$ -	\$ 59

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

	Payroll-Support	Payroll-Fire Union Dues	Payroll-United Way	Payroll Washington Nation	Payroll-Ymca	Payroll Garnishment AI
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	35,061	4,072	1,274	171	4,159	950
Total receipts	35,061	4,072	1,274	171	4,159	950
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	35,061	4,072	1,274	152	3,859	950
Total disbursements	35,061	4,072	1,274	152	3,859	950
Excess (deficiency) of receipts over disbursements	-	-	-	19	300	-
Cash and investments - ending	\$ -	\$ -	\$ -	\$ 19	\$ 300	\$ -

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

	Payroll Garnishment Wp	Payroll Garnishment Rdm	Uniform Buy Out	Electric Operating	Electric Depreciation	Electric Deposits
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ 3,443,820	\$ 3,314,454	\$ 166,850
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	22,138,724	-	86,380
Other receipts	657	2,780	55	25,127	3,149,440	-
Total receipts	<u>657</u>	<u>2,780</u>	<u>55</u>	<u>22,163,851</u>	<u>3,149,440</u>	<u>86,380</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	22,020,909	-	76,780
Other disbursements	657	2,780	55	-	2,269,544	-
Total disbursements	<u>657</u>	<u>2,780</u>	<u>55</u>	<u>22,020,909</u>	<u>2,269,544</u>	<u>76,780</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>-</u>	<u>-</u>	<u>142,942</u>	<u>879,896</u>	<u>9,600</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,586,762</u>	<u>\$ 4,194,350</u>	<u>\$ 176,450</u>

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

	Stormwater	Stormwater Improvement	Wastewater Operating	Wastewater Bond	Grissom Wastewater Dep	Wastewater Construction
Cash and investments - beginning	\$ 271,278	\$ 394,600	\$ 889,147	\$ 304,257	\$ 14,200	\$ 332,753
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	365,014	-	2,437,870	-	-	-
Other receipts	1,654	67,415	375	1,212,939	8,355	2,084
Total receipts	<u>366,668</u>	<u>67,415</u>	<u>2,438,245</u>	<u>1,212,939</u>	<u>8,355</u>	<u>2,084</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	2,439,971	1,240,845	-	-
Other disbursements	279,569	335,142	-	-	7,350	-
Total disbursements	<u>279,569</u>	<u>335,142</u>	<u>2,439,971</u>	<u>1,240,845</u>	<u>7,350</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>87,099</u>	<u>(267,727)</u>	<u>(1,726)</u>	<u>(27,906)</u>	<u>1,005</u>	<u>2,084</u>
Cash and investments - ending	<u>\$ 358,377</u>	<u>\$ 126,873</u>	<u>\$ 887,421</u>	<u>\$ 276,351</u>	<u>\$ 15,205</u>	<u>\$ 334,837</u>

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

	Wastewater Depreciation	Wastewater Deposits	Grissom Wastewater Oper	Wastewater Debt Svc Res	Grissom Wastewater Imp	Water Operating
Cash and investments - beginning	\$ 1,759,992	\$ 25,655	\$ 830,011	\$ 1,245,530	\$ 841,302	\$ 148,939
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	12,340	1,184,728	-	-	1,632,855
Other receipts	1,100,212	-	6,133	-	165,283	988
Total receipts	<u>1,100,212</u>	<u>12,340</u>	<u>1,190,861</u>	<u>-</u>	<u>165,283</u>	<u>1,633,843</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	10,570	663,806	-	-	1,672,815
Other disbursements	1,538,592	-	-	-	541,697	-
Total disbursements	<u>1,538,592</u>	<u>10,570</u>	<u>663,806</u>	<u>-</u>	<u>541,697</u>	<u>1,672,815</u>
Excess (deficiency) of receipts over disbursements	<u>(438,380)</u>	<u>1,770</u>	<u>527,055</u>	<u>-</u>	<u>(376,414)</u>	<u>(38,972)</u>
Cash and investments - ending	<u>\$ 1,321,612</u>	<u>\$ 27,425</u>	<u>\$ 1,357,066</u>	<u>\$ 1,245,530</u>	<u>\$ 464,888</u>	<u>\$ 109,967</u>

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

	Water Depreciation	Water Deposits	Grissom Water Deprec	Grissom Water Operating	Grissom Water Deposits	Electric Health Account
Cash and investments - beginning	\$ 658,590	\$ 27,745	\$ 166,253	\$ 236,832	\$ 16,735	\$ 183,942
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	13,170	-	607,211	9,690	-
Other receipts	386,381	-	108,376	1,625	-	674,878
Total receipts	<u>386,381</u>	<u>13,170</u>	<u>108,376</u>	<u>608,836</u>	<u>9,690</u>	<u>674,878</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	10,855	-	541,893	8,845	-
Other disbursements	281,587	-	42,666	-	-	615,066
Total disbursements	<u>281,587</u>	<u>10,855</u>	<u>42,666</u>	<u>541,893</u>	<u>8,845</u>	<u>615,066</u>
Excess (deficiency) of receipts over disbursements	<u>104,794</u>	<u>2,315</u>	<u>65,710</u>	<u>66,943</u>	<u>845</u>	<u>59,812</u>
Cash and investments - ending	<u>\$ 763,384</u>	<u>\$ 30,060</u>	<u>\$ 231,963</u>	<u>\$ 303,775</u>	<u>\$ 17,580</u>	<u>\$ 243,754</u>

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

	Electric Flex Spending Account	Grissom Wastewater Bond & Interest BNY	Grissom Wastewater Debt Service Reserve BNY	Grissom Wastewater Construction Retainage	Peru Wastewater Construction Retainage	Totals
Cash and investments - beginning	\$ 660	\$ 132,195	\$ 46,354	\$ 255,842	\$ 152,192	\$ 20,549,436
Receipts:						
Taxes	-	-	-	-	-	5,659,405
Licenses and permits	-	-	-	-	-	35,035
Intergovernmental	-	-	-	-	-	4,397,181
Charges for services	-	-	-	-	-	735,837
Fines and forfeits	-	-	-	-	-	198,342
Utility fees	-	-	-	-	-	28,487,982
Other receipts	7,546	302,002	79,484	367,575	20,079	16,609,448
Total receipts	7,546	302,002	79,484	367,575	20,079	56,123,230
Disbursements:						
Personal services	-	-	-	-	-	7,658,995
Supplies	-	-	-	-	-	493,112
Other services and charges	-	-	-	-	-	3,337,698
Debt service - principal and interest	-	-	-	-	-	226,906
Capital outlay	-	-	-	-	-	220,578
Utility operating expenses	-	-	-	-	-	28,687,289
Other disbursements	6,803	51,471	-	-	78,400	13,423,278
Total disbursements	6,803	51,471	-	-	78,400	54,047,856
Excess (deficiency) of receipts over disbursements	743	250,531	79,484	367,575	(58,321)	2,075,374
Cash and investments - ending	\$ 1,403	\$ 382,726	\$ 125,838	\$ 623,417	\$ 93,871	\$ 22,624,810

CITY OF PERU
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 December 31, 2010

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 (those reported by governmental activities) are included regardless of their acquisition date or amount. The government was able to estimate the historical cost for the initial reporting of these assets through backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). As the government constructs or acquires additional capital assets each period, including infrastructure assets, they are reported at historical cost.

<u>Primary Government</u>	<u>Year 2010 Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 626,488
Infrastructure	85,298,781
Buildings	10,679,449
Improvements other than buildings	5,591,121
Machinery and equipment	<u>8,168,503</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 110,364,342</u>
Business-type activities:	
Electric Utility:	
Capital assets, not being depreciated:	
Land	\$ 273,770
Construction in progress	1,395,270
Capital assets being depreciated:	
Buildings	3,871,272
Improvements other than buildings	42,724,675
Machinery and equipment	1,860,941
Less accumulated depreciation	<u>(33,262,440)</u>
Total Electric Utility capital assets	<u>16,863,488</u>
Water Utility:	
Capital assets, not being depreciated:	
Land	68,266
Capital assets being depreciated:	
Buildings	3,081,922
Improvements other than buildings	13,142,780
Machinery and equipment	2,423,756
Less accumulated depreciation	<u>(5,363,378)</u>
Total Water Utility capital assets	<u>13,353,346</u>
Wastewater Utility:	
Capital assets, not being depreciated:	
Land	305,307
Capital assets being depreciated:	
Buildings	15,680,557
Improvements other than buildings	18,692,715
Machinery and equipment	12,265,099
Less accumulated depreciation	<u>(7,517,698)</u>
Total Wastewater Utility capital assets	<u>39,425,980</u>
Storm Water Utility:	
Capital assets, not being depreciated:	
Land	216,376
Capital assets being depreciated:	
Buildings	639
Improvements other than buildings	1,553,139
Machinery and equipment	85,287
Less accumulated depreciation	<u>(109,567)</u>
Total Storm Water Utility capital assets	<u>1,745,874</u>
Total business-type activities capital assets	<u>\$ 71,388,688</u>

CITY OF PERU
 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:	\$ 3,971,234	\$ 657,339
Notes and loans payable	416,439	151,682
Bonds payable:		
General obligation bonds:		
Buildings, infrastructure and equipment bonds of 2004	<u>535,000</u>	<u>226,164</u>
Total governmental activities debt	<u>\$ 4,922,673</u>	<u>\$ 1,035,185</u>
Business-type activities:		
Wastewater Utility:		
Notes and Loans:		
Wastewater treatment plant project - Peru	\$ 12,450,000	\$ 1,241,050
Wastewater treatment plant project - Grissom	<u>4,905,197</u>	<u>397,186</u>
Total Wastewater Utility	17,355,197	1,638,236
Storm Water Utility:		
Notes and Loans:		
Infrastructure	<u>458,789</u>	<u>62,361</u>
Total business-type activities debt	<u>\$ 17,813,986</u>	<u>\$ 1,700,597</u>

CITY OF PERU
AUDIT RESULT(S) AND COMMENT(S)

APPROPRIATIONS

The records presented for audit indicated the following expenditures in excess of budgeted appropriations:

<u>Fund</u>	<u>Year</u>	<u>Excess Amount Expended</u>
Perpetuation	2010	<u>\$ 22,195</u>

A similar comment was contained in the prior Report B37164.

Indiana Code 6-1.1-18-4 states in part: ". . . the proper officers of a political subdivision shall appropriate funds in such a manner that the expenditures for a year do not exceed its budget for that year as finally determined under this article."

OVERDRAWN CASH BALANCES

The cash balances of the Perpetuation, Park, Payroll – Federal W/H, Payroll – Great West Ret and the Payroll – Direct Deposit Funds were overdrawn in 2010.

The cash balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

COURT COSTS

City of Peru Ordinance 20-2008 amended their traffic code and updated the fines prescribed by the codes. The City processed moving traffic violations under their code as ordinance violations according to Indiana Code 33-36. The City did not levy and collect court costs for these violations.

Fees should only be collected as specifically authorized by statute or properly authorized resolutions or ordinances, as applicable, which are not contrary to statutory or Constitutional provisions. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Indiana Code 36-1-6-3(c) states: "An ordinance defining a moving traffic violation may not be enforced under IC 33-36 and must be enforced in accordance with IC 34-28-5, section 4 of this chapter, or both."

Indiana Code 34-28-5-5(a) states in part: "A defendant against whom a judgment is entered is liable for costs. Costs are part of the judgment and may not be suspended . . ."

CITY OF PERU
OTHER REPORT(S)

The annual report presented herein was prepared in addition to another official report prepared for the individual City office listed below:

Peru Municipal Utilities

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 CITY OF PERU, MIAMI COUNTY, INDIANA

Compliance

We have audited the compliance of the City of Peru (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.

In our opinion, the City 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, 2010. The results of our auditing procedures also disclosed other instances of noncompliance with those requirements which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2010-1.

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 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.

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 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.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the accompanying Schedule of Findings and Questioned Costs as item 2010-1. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

The City's response to the findings identified in our audit is described in the accompanying 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, the City's Board of Public Works and Safety, the City's 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

June 6, 2011

CITY OF PERU
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>U.S. DEPARTMENT OF JUSTICE</u>			
Pass-Through the City of Kokomo Edward Byrne Memorial Justice Assistance Grant Program	16.738	FY2010	\$ 2,839
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
Pass-Through the Indiana Department of Natural Resources Highway Planning and Construction Cluster Recreational Trails Program	20.219	DES #0401032	6,999
ARRA - Recreational Trails Program	20.219	ARRA - DES #0901663	387,733
Total for cluster			394,732
Direct Grant Airport Improvement Program	20.106	AIP 3-18-0066-09 AIP 3-18-0066-10 AIP 3-18-0066-11 AIP 3-18-0066-12 AIP 3-18-0066-13 AIP 3-18-0066-14	29,381 55,572 27,711 708,014 79,355 6,886
Total for program			906,919
Pass-Through the Indiana Criminal Justice Institute Highway Safety Cluster Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	OP-10-02-01-27	11,000
Total for federal grantor agency			1,312,651
<u>U.S. ENVIRONMENTAL PROTECTION AGENCY</u>			
Pass-Through the Indiana Finance Authority Capitalization Grants for Clean Water State Revolving Funds	66.458	WW08085203	1,259,263
ARRA - Capitalization Grants for Clean Water State Revolving Funds	66.458	ARRA - WW08085203	1,387,611
Total for federal grantor agency			2,646,874
Total federal awards expended			\$ 3,962,364

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

CITY OF PERU
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 Peru (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.

Note 2. Subrecipients

Of the federal expenditures presented in the schedule, the City provided federal awards to subrecipients as follows for the year ended December 31, 2010:

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>2010</u>
ARRA - Recreational Trails Program	20.219	<u>\$ 394,732</u>

CITY OF PERU
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 deficiency identified?	no
Noncompliance material to financial statements noted?	no

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	no
Significant deficiency identified?	yes
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?	yes

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
20.219	ARRA – Recreational Trails Program
20.106	Airport Improvement Program
66.458	Capitalization Grants for Clean Water State Revolving Funds
66.458	ARRA – Capitalization Grants for Clean Water State Revolving Funds

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.

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

Section III – Federal Award Findings and Questioned Costs

FINDING 2010-1 - CASH MANAGEMENT

Federal Agency: U.S. Department of Transportation
Federal Program: Airport Improvement Program
CFDA Number: 20.106
Federal Award Number: AIP 3-18-0066-12

The City did not expend grant proceeds within a reasonable time. We noted instances where grant proceeds were held for up to 35 days before being disbursed to the appropriate vendors.

The City did not have adequate internal control procedures in place to monitor this compliance requirement and to ensure the timely disbursing of federal funds.

49 CFR 18.20 (b)(7) states, in part: "Procedures for minimizing the time elapsing between the transfer of funds from the U.S. Treasury and disbursement by grantees and subgrantees must be followed whenever advance payment procedures are used. . . . When advances are made by letter-of-credit or electronic transfer of funds methods, the grantee must make drawdowns as close as possible to the time of making disbursements."

Failure to expend grant funds within a reasonable time could lead to the loss of future funding to the City of Peru.

We recommended that the officials of the City of Peru design and implement internal control procedures that will ensure proper monitoring of and adherence to cash management compliance requirements.

CITY OF PERU
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

CITY OF PERU
CORRECTIVE ACTION PLAN

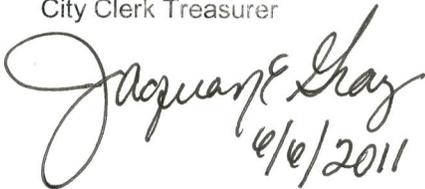
Finding No. 2010-1

Federal Agency: U.S. Department of Transportation
Federal Program: Airport Improvement Program
CFDA Number: 20.106
Federal Award Number: AIP 3-18-0066-12
Auditee Contact Person: Jackquan E. Gray
Title of Contact Person: Clerk-Treasurer
Phone Number: 765-472-2344
Expected Completion Date: Spring 2011

Corrective Action Planned:

The City of Peru Aviation Board has contracted with NGC Corp to handle the logistics of the Airport Improvement Projects. However, there are changes which need to be made in the "handling" process. There are a number of issues which will be addressed with the Aviation Board and NGC Corp. One issue will be the fact that there are a number of forms which require signatures from multiple parties and the signatures are not in place. I did ask the Treasurer of the board to ensure that all signatures are in place and accurate information is on the request forms when they are brought to me for processing payments. Another issue that I spoke to the Treasurer of the board about was the timeliness of processing. I informed him that when dollars are requested, claims are processed and approved by the board; they should bring those forms to me immediately so that when I check my bank statements online, the claim form is in my hands so that I can process payments to the requesting agencies immediately. There should not be a lapse of large amounts of time from the point when dollars are requested and when the claim form is given to me for payment. The final issue that needs to be resolved is the notification of EFT payments made to me. Currently, NGC Corp is being notified when EFT deposits are being made to our bank account. I also need to be notified by email when EFT deposits are made, and the claim needs to be in my office so that payment can be made. This will make the process of reconciliation run much smoother.

Jackquan E. Gray
City Clerk Treasurer



Jackquan E. Gray
4/6/2011

CITY OF PERU
EXIT CONFERENCE

The contents of this report were discussed on June 6, 2011, with James R. Walker, Mayor, and Jackquan E. Gray, Clerk-Treasurer. The officials concurred with our audit findings.