

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

ANNUAL FINANCIAL REPORT

2010

CITY OF ELWOOD

MADISON COUNTY, INDIANA



FILED
08/15/2011

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Independent Auditor's Report on the Financial Statement and Supplementary Schedule of Expenditures of Federal Awards.....	3-4
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	5-6
Financial Statement(s): Statement(s) of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis	8
Notes to Financial Statement(s).....	9-14
Supplementary Information: Combining Schedule(s) of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis	16-23
Schedule of Capital Assets.....	24
Schedule of Long-Term Debt	25
Other Report(s)	26
Audit Result(s) and Comment(s): Time Records	27
Supplemental Audit of Federal Awards: 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.....	30-31
Schedule of Expenditures of Federal Awards	32
Note(s) to Schedule of Expenditures of Federal Awards	33
Schedule of Findings and Questioned Costs	34
Auditee Prepared Schedule(s): Summary Schedule of Prior Audit Findings	35
Exit Conference.....	36

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Sandra R. Brewer	01-01-08 to 12-31-11
Mayor	W. Merrill Taylor	01-01-08 to 12-31-11
President of the Board of Public Works	W. Merrill Taylor	01-01-08 to 12-31-11
President of the Common Council	John K. Wright David J. Savage	01-01-10 to 12-31-10 01-01-11 to 12-31-11
Utility Office Manager	Lenora R. Frye	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 ELWOOD, MADISON COUNTY, INDIANA

We have audited the accompanying financial statement of the City of Elwood (City), for the year ended December 31, 2010. This financial statement is the responsibility of the City's management. Our responsibility is to express opinions on this financial statement 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 is 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. 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 opinion.

As discussed in Note 1, the City prepares its financial statement 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 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 August 1, 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 statement. 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 statement. Such information has been subjected to the auditing procedures applied in the audit of the financial statement and, in our opinion, is fairly stated, in all material respects, in relation to the financial statement taken as a whole.

Our audit was conducted for the purpose of forming an opinion on the City's financial statement. 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 statement. 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 statement and, accordingly, we express no opinion on them.

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

August 1, 2011



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

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 ELWOOD, MADISON COUNTY, INDIANA

We have audited the financial statement of the City of Elwood (City), for the year ended December 31, 2010, and have issued our report thereon dated August 1, 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 on the financial statement, 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 statement 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 statement is 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, 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

August 1, 2011

FINANCIAL STATEMENT(S)

CITY OF ELWOOD
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
General Fund	\$ 898,835	\$ 5,332,389	\$ 5,670,260	\$ 560,964
Motor Vehicles Highway Fund	240,691	1,009,800	688,644	561,847
Local Road & Street Fund	14,953	87,781	93,559	9,175
Adult Probation Services Fund	30,534	103,942	129,374	5,102
Sanitation User Fee Fund	161,561	491,803	426,977	226,387
Local Law Enforcement Training	22,879	8,592	5,606	25,865
Clerks Record Perpetuation Fund	101,569	24,137	12,077	113,629
Riverboat Wagering Tax Rev Sharing	49,768	60,935	50,000	60,703
Park & Recreation (Pool) Fund	41,714	237,222	190,555	88,381
User Fee-Law Enf Cont Education	5,787	7,980	8,664	5,103
Fire Dept Restricted Donations	509	761	515	755
Park Dept Restricted Donations	3,262	600	-	3,862
Dog Pound Restricted Donations	77	-	-	77
Economic Development Fund	455	-	455	-
Elwood Grant Fund	2,020	50,000	52,000	20
Industrial Development Grant-13	12	-	12	-
Grants/Police Department	760	5,572	6,332	-
Rainy Day Fund	46,959	28,329	-	75,288
K-9 Restricted Donation Fund	1,310	155	1,088	377
Fema Disaster Fund	-	-	-	-
Mccasa/Substance Abuse Grant	-	7,500	7,378	122
In Criminal Justice Inst Grant	45	-	-	45
Voca Grant 2008 IN Crim Jus Institute	-	36,642	36,469	173
Nspi Grant Fund	-	879,421	879,421	-
Levy Excess Fund	-	9,989	-	9,989
Traffic Enforcement	2,573	3,715	4,062	2,226
Supplemental Pub Def Services Fund	8,967	5,758	4,000	10,725
Police Dept Restricted Donation	1,571	1,175	1,175	1,571
Loit Public Safety	-	361,712	185,003	176,709
Non-Reverting Ins Pensioners	60,275	-	4,133	56,142
Economic Development Project	71,742	95,000	-	166,742
Slot Machine Wagering Fee Fund	-	352,790	270,623	82,167
Municipal Complex Lease Fund	116,671	1,085,626	1,202,200	97
Cumulative Capital Improvement	-	28,509	13,680	14,829
Cumulative Capital Development	240,432	149,463	221,159	168,736
Economic Dev Income Tax Fund	10,971	2,142	-	13,113
Non-Reverting Insurance Fund	98,065	1,311,862	1,316,719	93,208
Police Pension Fund	84,274	426,860	310,666	200,468
Fire Pension Fund	109,340	340,552	267,766	182,126
Court Costs Due County Fund	-	37,453	37,453	-
Payroll Fund	51,770	1,190,055	1,191,296	50,529
City Court	91,033	556,487	558,788	88,732
Self Insurance Reserve	48,500	-	41,391	7,109
Wastewater Revenue Fund	40,278	1,655,425	1,303,789	391,914
Wastewater Bond & Interest Fund	1,375	72,276	72,276	1,375
Wastewater Construction Fund	105,138	-	779	104,359
Wastewater Debt Reserve Fund	30,584	12,351	-	42,935
Water Operating Fund	461,419	3,392,401	2,199,998	1,653,822
Water Bond & Interest Fund	44,782	95,680	65,316	75,146
Water Depreciation Fund	243,469	-	-	243,469
Water Meter Deposit Fund	141,806	22,436	19,266	144,976
Water Cash Reserve Fund	150,000	-	-	150,000
Water Debt Service Reserve	9,650	19,299	-	28,949
Water SRF Construction Fund	-	1,371,597	1,371,597	-
Totals	\$ 3,848,385	\$ 20,974,174	\$ 18,922,521	\$ 5,900,038

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

CITY OF ELWOOD
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 ELWOOD
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 ELWOOD
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 ELWOOD
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 ELWOOD
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 ELWOOD
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.

Note 7. Restatements and Reclassifications

For the year ended December 31, 2009, certain changes have been made to the financial statement to more appropriately reflect financial activity of the City. The following schedule presents a summary of restated beginning balances:

Fund	Balance as Reported December 31, 2009	Prior Period Adjustments	Balance as Restated January 1, 2010
General Fund	\$ 898,937	\$ (102)	\$ 898,835
Wastewater Revenue Fund	40,478	(200)	40,278
Water Operating Fund	462,019	(600)	461,419
Water Bond & Interest Fund	-	44,782	44,782
Water Meter Deposit Fund	142,806	(1,000)	141,806
Water Debt Service Reserve	-	9,650	9,650

SUPPLEMENTARY INFORMATION – UNAUDITED

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

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

	General Fund	Motor Vehicles Highway Fund	Local Road & Street Fund	Adult Probation Services Fund	Sanitation User Fee Fund	Local Law Enforcement Training	Clerks Record Perpetuation Fund
Cash and investments - beginning	\$ 898,835	\$ 240,691	\$ 14,953	\$ 30,534	\$ 161,561	\$ 22,879	\$ 101,569
Receipts:							
Taxes	2,571,271	508,294	-	-	-	-	-
Licenses and permits	25,915	-	-	-	-	3,960	-
Intergovernmental	1,484,963	491,401	87,781	-	-	-	-
Charges for services	600,110	2,430	-	-	491,803	1,684	-
Fines and forfeits	81,733	-	-	103,838	-	2,948	24,137
Utility fees	-	-	-	-	-	-	-
Other receipts	568,397	7,675	-	104	-	-	-
Total receipts	<u>5,332,389</u>	<u>1,009,800</u>	<u>87,781</u>	<u>103,942</u>	<u>491,803</u>	<u>8,592</u>	<u>24,137</u>
Disbursements:							
Personal services	2,908,503	435,782	-	98,994	-	-	-
Supplies	109,548	34,366	-	1,559	-	2,479	3,345
Other services and charges	740,707	201,713	93,559	28,390	-	1,210	3,540
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	11,167	16,783	-	431	-	1,370	5,192
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	1,900,335	-	-	-	426,977	547	-
Total disbursements	<u>5,670,260</u>	<u>688,644</u>	<u>93,559</u>	<u>129,374</u>	<u>426,977</u>	<u>5,606</u>	<u>12,077</u>
Excess (deficiency) of receipts over disbursements	<u>(337,871)</u>	<u>321,156</u>	<u>(5,778)</u>	<u>(25,432)</u>	<u>64,826</u>	<u>2,986</u>	<u>12,060</u>
Cash and investments - ending	<u>\$ 560,964</u>	<u>\$ 561,847</u>	<u>\$ 9,175</u>	<u>\$ 5,102</u>	<u>\$ 226,387</u>	<u>\$ 25,865</u>	<u>\$ 113,629</u>

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

	Riverboat Wagering Tax Rev Sharing	Park & Recreation (Pool) Fund	User Fee-Law Enf Cont Education	Fire Dept Restricted Donations	Park Dept Restricted Donations	Dog Pound Restricted Donations	Economic Development Fund
Cash and investments - beginning	\$ 49,768	\$ 41,714	\$ 5,787	\$ 509	\$ 3,262	\$ 77	\$ 455
Receipts:							
Taxes	-	216,961	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	60,935	17,847	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	7,980	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	2,414	-	761	600	-	-
Total receipts	<u>60,935</u>	<u>237,222</u>	<u>7,980</u>	<u>761</u>	<u>600</u>	<u>-</u>	<u>-</u>
Disbursements:							
Personal services	50,000	67,765	-	-	-	-	-
Supplies	-	8,291	-	-	-	-	-
Other services and charges	-	24,269	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	200	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	90,030	8,664	515	-	-	455
Total disbursements	<u>50,000</u>	<u>190,555</u>	<u>8,664</u>	<u>515</u>	<u>-</u>	<u>-</u>	<u>455</u>
Excess (deficiency) of receipts over disbursements	<u>10,935</u>	<u>46,667</u>	<u>(684)</u>	<u>246</u>	<u>600</u>	<u>-</u>	<u>(455)</u>
Cash and investments - ending	<u>\$ 60,703</u>	<u>\$ 88,381</u>	<u>\$ 5,103</u>	<u>\$ 755</u>	<u>\$ 3,862</u>	<u>\$ 77</u>	<u>\$ -</u>

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

	Elwood Grant Fund	Industrial Developmnt Grant-13	Grants/Police Department	Rainy Day Fund	K-9 Restricted Donation Fund	Fema Disaster Fund	Mccasa/Substance Abuse Grant
Cash and investments - beginning	\$ 2,020	\$ 12	\$ 760	\$ 46,959	\$ 1,310	\$ -	\$ -
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	50,000	-	5,572	28,329	-	-	7,500
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	-	-	-	155	-	-
Total receipts	<u>50,000</u>	<u>-</u>	<u>5,572</u>	<u>28,329</u>	<u>155</u>	<u>-</u>	<u>7,500</u>
Disbursements:							
Personal services	-	-	-	-	-	-	7,378
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	6,332	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	52,000	12	-	-	1,088	-	-
Total disbursements	<u>52,000</u>	<u>12</u>	<u>6,332</u>	<u>-</u>	<u>1,088</u>	<u>-</u>	<u>7,378</u>
Excess (deficiency) of receipts over disbursements	<u>(2,000)</u>	<u>(12)</u>	<u>(760)</u>	<u>28,329</u>	<u>(933)</u>	<u>-</u>	<u>122</u>
Cash and investments - ending	<u>\$ 20</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 75,288</u>	<u>\$ 377</u>	<u>\$ -</u>	<u>\$ 122</u>

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

	In Criminal Justice Inst Grant	Voca Grant 2008 In Crim Jus In	Nspi Grant Fund	Levy Excess Fund	Traffic Enforcement	Supplmntal Pub Def Services Fd	Police Dept Restricted Donatio
Cash and investments - beginning	\$ 45	\$ -	\$ -	\$ -	\$ 2,573	\$ 8,967	\$ 1,571
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	32,372	879,421	9,989	3,715	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	5,758	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	4,270	-	-	-	-	1,175
Total receipts	-	36,642	879,421	9,989	3,715	5,758	1,175
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	879,421	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	36,469	-	-	4,062	4,000	1,175
Total disbursements	-	36,469	879,421	-	4,062	4,000	1,175
Excess (deficiency) of receipts over disbursements	-	173	-	9,989	(347)	1,758	-
Cash and investments - ending	\$ 45	\$ 173	\$ -	\$ 9,989	\$ 2,226	\$ 10,725	\$ 1,571

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

	Loit Public Safety	Non-Reverting Ins Pensioners	Economic Development Project	Slot Machine Wagering Fee Fund	Municipal Complex Lease Fund	Cumulative Capital Improvement	Cumulative Capital Development
Cash and investments - beginning	\$ -	\$ 60,275	\$ 71,742	\$ -	\$ 116,671	\$ -	\$ 240,432
Receipts:							
Taxes	-	-	95,000	-	459,750	-	45,493
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	361,712	-	-	352,790	38,876	28,509	3,970
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	-	-	-	587,000	-	100,000
Total receipts	<u>361,712</u>	<u>-</u>	<u>95,000</u>	<u>352,790</u>	<u>1,085,626</u>	<u>28,509</u>	<u>149,463</u>
Disbursements:							
Personal services	141,160	-	-	270,623	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	11,528	-	-	-	602,200	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	32,315	-	-	-	-	-	221,159
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	4,133	-	-	600,000	13,680	-
Total disbursements	<u>185,003</u>	<u>4,133</u>	<u>-</u>	<u>270,623</u>	<u>1,202,200</u>	<u>13,680</u>	<u>221,159</u>
Excess (deficiency) of receipts over disbursements	<u>176,709</u>	<u>(4,133)</u>	<u>95,000</u>	<u>82,167</u>	<u>(116,574)</u>	<u>14,829</u>	<u>(71,696)</u>
Cash and investments - ending	<u>\$ 176,709</u>	<u>\$ 56,142</u>	<u>\$ 166,742</u>	<u>\$ 82,167</u>	<u>\$ 97</u>	<u>\$ 14,829</u>	<u>\$ 168,736</u>

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

	Economic Dev Income Tax Fund	Non-Reverting Insurance Fund	Police Pension Fund	Fire Pension Fund	Court Costs Due County Fund	Payroll Fund	City Court
Cash and investments - beginning	\$ 10,971	\$ 98,065	\$ 84,274	\$ 109,340	\$ -	\$ 51,770	\$ 91,033
Receipts:							
Taxes	-	-	15,166	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	1,687	-	311,694	240,552	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	455	1,311,862	100,000	100,000	37,453	1,190,055	556,487
Total receipts	2,142	1,311,862	426,860	340,552	37,453	1,190,055	556,487
Disbursements:							
Personal services	-	-	310,522	267,740	-	-	-
Supplies	-	-	-	26	-	-	-
Other services and charges	-	-	144	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	1,316,719	-	-	37,453	1,191,296	558,788
Total disbursements	-	1,316,719	310,666	267,766	37,453	1,191,296	558,788
Excess (deficiency) of receipts over disbursements	2,142	(4,857)	116,194	72,786	-	(1,241)	(2,301)
Cash and investments - ending	\$ 13,113	\$ 93,208	\$ 200,468	\$ 182,126	\$ -	\$ 50,529	\$ 88,732

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

	Self- Insurance Reserve Fund	Wastewater Revenue Fund	Wastewater Bond & Interest Fund	Wastewater Construction Fund	Wastewater Debt Reserve Fund	Water Operating Fund	Water Bond & Interest Fund
Cash and investments - beginning	\$ 48,500	\$ 40,278	\$ 1,375	\$ 105,138	\$ 30,584	\$ 461,419	\$ 44,782
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	1,649,521	-	-	-	1,085,768	-
Other receipts	-	5,904	72,276	-	12,351	2,306,633	95,680
Total receipts	-	1,655,425	72,276	-	12,351	3,392,401	95,680
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	72,276	-	-	987,000	65,316
Capital outlay	-	61,426	-	-	-	3,056	-
Utility operating expenses	-	1,054,904	-	-	-	985,997	-
Other disbursements	41,391	187,459	-	779	-	223,945	-
Total disbursements	41,391	1,303,789	72,276	779	-	2,199,998	65,316
Excess (deficiency) of receipts over disbursements	(41,391)	351,636	-	(779)	12,351	1,192,403	30,364
Cash and investments - ending	\$ 7,109	\$ 391,914	\$ 1,375	\$ 104,359	\$ 42,935	\$ 1,653,822	\$ 75,146

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

	Water Depreciation Fund	Water Meter Deposit Fund	Water Cash Reserve Fund	Water Debt Service Reserve	Water Construction Fund	Totals
Cash and investments - beginning	\$ 243,469	\$ 141,806	\$ 150,000	\$ 9,650	\$ -	\$ 3,848,385
Receipts:						
Taxes	-	-	-	-	-	3,911,935
Licenses and permits	-	-	-	-	-	29,875
Intergovernmental	-	-	-	-	1,363,861	5,863,476
Charges for services	-	-	-	-	-	1,096,027
Fines and forfeits	-	-	-	-	-	226,394
Utility fees	-	-	-	-	-	2,735,289
Other receipts	-	22,436	-	19,299	7,736	7,111,178
Total receipts	-	22,436	-	19,299	1,371,597	20,974,174
Disbursements:						
Personal services	-	-	-	-	-	4,558,467
Supplies	-	-	-	-	-	159,614
Other services and charges	-	-	-	-	-	2,586,681
Debt service - principal and interest	-	-	-	-	-	1,124,592
Capital outlay	-	-	-	-	1,363,861	1,723,292
Utility operating expenses	-	19,217	-	-	-	2,060,118
Other disbursements	-	49	-	-	7,736	6,709,757
Total disbursements	-	19,266	-	-	1,371,597	18,922,521
Excess (deficiency) of receipts over disbursements	-	3,170	-	19,299	-	2,051,653
Cash and investments - ending	\$ 243,469	\$ 144,976	\$ 150,000	\$ 28,949	\$ -	\$ 5,900,038

CITY OF ELWOOD
 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>Ending Balance</u>
City:	
Capital assets, not being depreciated:	
Land	\$ 742,960
Infrastructure	12,683,771
Buildings	8,191,032
Improvements other than buildings	775,351
Machinery and equipment	22,657
Vehicles	<u>2,396,497</u>
 Total City Capital Assets	 <u>\$ 24,812,268</u>
Water Utility:	
Capital assets, not being depreciated:	
Land	\$ 86,904
Infrastructure	8,699,765
Buildings	5,202,127
Machinery and equipment	402,940
Vehicles	<u>220,691</u>
 Total Water Utility capital assets	 <u>14,612,427</u>
Wastewater Utility:	
Capital assets, not being depreciated:	
Land	8,298
Infrastructure	8,883,063
Buildings	7,130,000
Machinery and equipment	23,000
Vehicles	<u>197,714</u>
 Total Wastewater Utility capital assets	 <u>16,242,075</u>
 Total Capital Assets	 <u>\$ 55,666,770</u>

CITY OF ELWOOD
 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
City Debt:		
Capital leases:		
Municipal Building	\$ 6,291,260	\$ 600,573
Water Utility Debt:		
Loans:		
Maint Bldg/Plant Improvements	1,091,556	87,883
Wastewater Utility Debt:		
Loans:		
Wastewater Extension&/Flow Meters	141,000	1,339
Plant Improvements	518,000	12,950
Total Wastewater Utility	659,000	14,289
Total Debt	\$ 8,041,816	\$ 702,745

CITY OF ELWOOD
OTHER REPORT(S)

The annual report presented herein was prepared in addition to other official report(s) prepared for the individual City office(s) listed below:

City Court

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

TIME RECORDS

Controls over the Sanitation Department time records were insufficient. Hourly employees in the Sanitation Department have a time clock that is to be used to record the time an employee arrives at work and leaves from work, in order to determine the number of hours entitled to be paid for each day. The sanitation employees used the time clock to record their arrival time, but the time clock was not used for clocking out; the departure time was handwritten on the timecards by the department supervisor. The City should follow the control procedures put in place, using the time clock for both arrival and departure time, to ensure that these employees get the appropriate payment for their services at the hourly rate approved by the governing board.

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. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

(This page intentionally left blank.)

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 ELWOOD, MADISON COUNTY, INDIANA

Compliance

We have audited the compliance of the City of Elwood (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 program(s) 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.

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.

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

August 1, 2011

CITY OF ELWOOD
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 HOUSING AND URBAN DEVELOPMENT</u>			
Pass-Through Indiana Housing and Community Development Authority State - Administered CDBG Cluster Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii Neighborhood Stabilization Program	14.228	NP1-009-022	\$ 879,421
Pass-Through Indiana Office of Community and Rural Affairs Planning Grant		PL-09-008	10,173
Pass-Through Madison County Program Income		PL-09-005	<u>39,827</u>
Total for cluster			<u>929,421</u>
Total for federal grantor agency			<u>929,421</u>
<u>U.S. DEPARTMENT OF JUSTICE</u>			
Direct			
Bulletproof Vest Partnership Program	16.607	FY2010	<u>6,332</u>
Pass-Through Madison County Crime Victims Assistance Madison County Coalition Against Substance Abuse (MCCASA)	16.575	FY2010	<u>7,378</u>
Total for program			<u>13,710</u>
Pass-Through Indiana Criminal Justice Institute Violence Against Women Formula Grants	16.588	09ST008 10STLE004	25,892 <u>6,480</u>
Total for program			<u>32,372</u>
Total for federal grantor agency			<u>46,082</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
Pass-Through Madison County Highway Safety Cluster State and Community Highway Safety	20.600	OPO-09-01-01-10	<u>1,345</u>
Alcohol Impaired Driving Countermeasures - Incentive Grants I	20.601	K-4-2009-08-01-12	<u>2,718</u>
Total for Cluster			<u>4,063</u>
Total for federal grantor agency			<u>4,063</u>
<u>U.S. ENVIRONMENTAL PROTECTION AGENCY</u>			
Pass-Through Indiana Finance Authority Capitalization Grants for Clean Water - State Revolving Funds	66.458	2F-00E7-29010-0	339,439
ARRA - Capitalization Grants for Clean Water - State Revolving Funds	66.458	2F-00E7-29010-0	<u>455,600</u>
Total for program			<u>795,039</u>
Total for federal grantor agency			<u>795,039</u>
Total federal awards expended			<u>\$ 1,774,605</u>

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

CITY OF ELWOOD
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 Elwood (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 ELWOOD
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?	no
Significant deficiencies identified?	none reported
Noncompliance material to financial statements noted?	no

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	no
Significant deficiencies identified?	none reported
Type of auditor's report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	no

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
66.458	Community Development Block Grants/State's Program and Non-Entitlement Grants Cluster 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.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

CITY OF ELWOOD
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

CITY OF ELWOOD
EXIT CONFERENCE

The contents of this report were discussed on August 1, 2011, with Sandra R. Brewer, Clerk-Treasurer; W. Merrill Taylor, Mayor; and David J. Savage, President of Common Council.