

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

TOWN OF GLENWOOD
RUSH COUNTY, INDIANA

January 1, 2010 to December 31, 2011



FILED
08/20/2012

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Mary Richardson	01-01-08 to 12-31-15
President of the Town Council	Ramona Turner	01-01-10 to 12-31-12
Superintendent of Water and Wastewater Utilities	Paul Sembach	01-01-10 to 12-31-12



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE TOWN OF GLENWOOD, RUSH COUNTY, INDIANA

We have audited the accompanying financial statements of the Town of Glenwood (Town), for the years ended December 31, 2010 and 2011. These financial statements are the responsibility of the Town's management. Our responsibility is to express opinions on the 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 Town'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 opinion.

As discussed in Note 1, the Town 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the Town for the years ended December 31, 2010 and 2011, on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued a report dated July 30, 2012, on our consideration of the Town's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the Town'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.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Our audit was conducted for the purpose of forming an opinion on the Town's financial statements. The Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, Schedule of Leases and Debt, and Schedule of Capital Assets are presented for additional analysis and are not required parts of the financial statements. They 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 Town's management, Town 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

July 30, 2012



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

TO: THE OFFICIALS OF THE TOWN OF GLENWOOD, RUSH COUNTY, INDIANA

We have audited the financial statements of the Town of Glenwood (Town), for the years ended December 31, 2010 and 2011, and have issued our report thereon dated July 30, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as item 2011-1 to be material weaknesses.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

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

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

July 30, 2012

FINANCIAL STATEMENTS

The financial statements and accompanying notes were prepared by management of the Town. The financial statements and notes are presented as intended by the Town.

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

Fund	Cash and Investments 01-01-10	Receipts	Disbursements	Cash and Investments 12-31-10
General Fund	\$ 318,198	\$ 137,230	\$ 184,679	\$ 270,749
Motor Vehicle Highway	60,575	10,896	6,250	65,221
Local Road & Street	6,970	975	-	7,945
Economic Development	10,020	2,917	-	12,937
Riverboat Wagering Tax	14,013	1,990	-	16,003
Local Law Enf Cont Ed	231	-	-	231
Cum Cap Imp - Cig Tax	3,432	932	-	4,364
Payroll	-	50,444	50,444	-
Sewage Utility Operating	104,116	65,042	48,057	121,101
Sewage Utility Bond & Interest	4,477	25,170	24,900	4,747
Sewage Utility Debt Reserve	5,774	-	-	5,774
Water Utility Operating	59,139	187,910	185,895	61,154
Water Utility Bond & Interest	-	1,200	-	1,200
Water Utility Meter Deposit	2,320	730	520	2,530
Water Construction In Progress	-	107,278	96,278	11,000
Water Utility Debt Reserve	-	849	-	849
Totals	<u>\$ 589,265</u>	<u>\$ 593,563</u>	<u>\$ 597,023</u>	<u>\$ 585,805</u>

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

TOWN OF GLENWOOD
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For The Year Ended December 31, 2011

Fund	Cash and Investments 01-01-11	Receipts	Disbursements	Cash and Investments 12-31-11
General Fund	\$ 270,749	\$ 60,937	\$ 113,554	\$ 218,132
Motor Vehicle Highway	65,221	12,087	3,806	73,502
Local Road & Street	7,945	947	-	8,892
Economic Development	12,937	1,464	-	14,401
Riverboat Wagering Tax	16,003	1,989	-	17,992
Park & Recreation	-	13,159	5,713	7,446
Cum Cap Imp - Cig Tax	4,364	913	3,500	1,777
Local Law Enf Cont Ed	231	-	-	231
Payroll	-	55,035	55,035	-
Sewage Depreciation	-	15,000	-	15,000
Sewage Utility Operating	121,101	59,348	66,621	113,828
Sewage Utility Bond & Interest	4,747	24,630	24,630	4,747
Sewage Utility Debt Reserve	5,774	900	-	6,674
Water Construction In Process	11,000	777,420	788,420	-
Water Utility Operating	61,154	129,165	125,416	64,903
Water Utility Bond & Interest	1,200	16,800	13,762	4,238
Water Utility Meter Deposit	2,530	1,600	890	3,240
Water Utility Debt Reserve	849	3,396	-	4,245
Totals	<u>\$ 585,805</u>	<u>\$ 1,174,790</u>	<u>\$ 1,201,347</u>	<u>\$ 559,248</u>

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

TOWN OF GLENWOOD
NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The Town was established under the laws of the State of Indiana. The Town operates under a Town Council form of government and provides some or all of the following services: public safety (police and fire), highways and streets, health and social services, culture and recreation, public improvements, general administrative services, water and wastewater.

The accompanying financial statements present the financial information for the Town.

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 include 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, county economic development income tax, boat and trailer excise tax, county adjusted gross income tax, and other taxes that are set by the Town.

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: rental fees, cable tv receipts, ordinance violations, and fines and fees.

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

TOWN OF GLENWOOD
NOTES TO FINANCIAL STATEMENTS
(Continued)

Penalties which include fees received for late payments.

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 include the following uses:

Personal services include outflows for salaries, wages, and related employee benefits provided for all persons employed.

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 Town. It includes all expenditures for the reduction of the principal and interest of the Town's general obligation indebtedness.

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 Town 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 Town. 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 Town. 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

TOWN OF GLENWOOD
NOTES TO FINANCIAL STATEMENTS
(Continued)

for assets held by the Town 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 Town 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 Town 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.

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 Town 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 Town 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 Town 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 Town by recording as a disbursement any replacement items purchased.

SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the Town's 2010 Annual Report can be found on the Indiana Transparency Portal website: www.in.gov/itp/annual_reports/.

For additional financial information, the Town's 2011 Annual Report information can be found on the Gateway website: <https://gateway.ifionline.org/>.

Differences may be noted between the financial information presented in the financial statements contained in this report and the financial information presented in the Annual Reports of the Town which are referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the audit. This is a common occurrence in any financial statement audit. The financial information presented in this report is audited information, and the accuracy of such information can be determined by reading the opinion given in the Independent Auditor's Report.

The supplementary information presented was approved by management of the Town. It is presented as intended by the Town.

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

	General Fund	Motor Vehicle Highway	Local Road & Street	Economic Development	Riverboat Wagering Tax	Local Law Enf Cont Ed	Cum Cap Imp - Cig Tax	Payroll	Sewage Utility Operating
Cash and investments - beginning	\$ 318,198	\$ 60,575	\$ 6,970	\$ 10,020	\$ 14,013	\$ 231	\$ 3,432	\$ -	\$ 104,116
Receipts:									
Taxes	49,912	-	-	-	-	-	-	-	-
Intergovernmental	20,393	8,794	975	2,917	1,990	-	932	50,444	-
Utility fees	-	-	-	-	-	-	-	-	62,259
Penalties	-	-	-	-	-	-	-	-	1,722
Other receipts	66,925	2,102	-	-	-	-	-	-	1,061
Total receipts	137,230	10,896	975	2,917	1,990	-	932	50,444	65,042
Disbursements:									
Personal services	22,603	-	-	-	-	-	-	-	-
Supplies	2,711	3,625	-	-	-	-	-	-	-
Other services and charges	58,627	2,625	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-	-	-
Capital outlay	100,738	-	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-	-	27,893
Other disbursements	-	-	-	-	-	-	-	50,444	20,164
Total disbursements	184,679	6,250	-	-	-	-	-	50,444	48,057
Excess (deficiency) of receipts over disbursements	(47,449)	4,646	975	2,917	1,990	-	932	-	16,985
Cash and investments - ending	\$ 270,749	\$ 65,221	\$ 7,945	\$ 12,937	\$ 16,003	\$ 231	\$ 4,364	\$ -	\$ 121,101

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

	Sewage Utility Bond & Interest	Sewage Utility Debt Reserve	Water Utility Operating	Water Utility Bond & Interest	Water Utility Meter Deposit	Water Construction In Progress	Water Utility Debt Reserve	Totals
Cash and investments - beginning	\$ 4,477	\$ 5,774	\$ 59,139	\$ -	\$ 2,320	\$ -	\$ -	\$ 589,265
Receipts:								
Taxes	-	-	-	-	-	-	-	49,912
Intergovernmental	-	-	-	-	-	-	-	86,445
Utility fees	-	-	40,777	-	-	-	-	103,036
Penalties	-	-	341	-	-	-	-	2,063
Other receipts	25,170	-	146,792	1,200	730	107,278	849	352,107
Total receipts	25,170	-	187,910	1,200	730	107,278	849	593,563
Disbursements:								
Personal services	-	-	-	-	-	-	-	22,603
Supplies	-	-	-	-	-	-	-	6,336
Other services and charges	-	-	-	-	-	-	-	61,252
Debt service - principal and interest	24,900	-	-	-	-	-	-	24,900
Capital outlay	-	-	-	-	-	96,278	-	197,016
Utility operating expenses	-	-	39,787	-	520	-	-	68,200
Other disbursements	-	-	146,108	-	-	-	-	216,716
Total disbursements	24,900	-	185,895	-	520	96,278	-	597,023
Excess (deficiency) of receipts over disbursements	270	-	2,015	1,200	210	11,000	849	(3,460)
Cash and investments - ending	\$ 4,747	\$ 5,774	\$ 61,154	\$ 1,200	\$ 2,530	\$ 11,000	\$ 849	\$ 585,805

TOWN OF GLENWOOD
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011

	General Fund	Motor Vehicle Highway	Local Road & Street	Economic Development	Riverboat Wagering Tax	Park & Recreation	Cum Cap Imp - Cig Tax	Local Law Enf Cont Ed	Payroll	Sewer Depreciation
Cash and investments - beginning	\$ 270,749	\$ 65,221	\$ 7,945	\$ 12,937	\$ 16,003	\$ -	\$ 4,364	\$ 231	\$ -	\$ -
Receipts:										
Taxes	37,189	3,816	-	-	-	-	-	-	-	-
Intergovernmental	16,880	8,271	947	1,464	1,989	-	913	-	-	-
Charges for services	-	-	-	-	-	1,590	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-	-	-	-
Other receipts	6,868	-	-	-	-	11,569	-	-	55,035	15,000
Total receipts	60,937	12,087	947	1,464	1,989	13,159	913	-	55,035	15,000
Disbursements:										
Personal services	24,200	-	-	-	-	-	-	-	-	-
Supplies	6,513	1,142	-	-	-	185	-	-	-	-
Other services and charges	37,945	2,664	-	-	-	3,069	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-	-	-	-
Capital outlay	29,371	-	-	-	-	2,419	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-	-	-	-
Other disbursements	15,525	-	-	-	-	39	3,500	-	55,035	-
Total disbursements	113,554	3,806	-	-	-	5,712	3,500	-	55,035	-
Excess (deficiency) of receipts over disbursements	(52,617)	8,281	947	1,464	1,989	7,447	(2,587)	-	-	15,000
Cash and investments - ending	\$ 218,132	\$ 73,502	\$ 8,892	\$ 14,401	\$ 17,992	\$ 7,447	\$ 1,777	\$ 231	\$ -	\$ 15,000

TOWN OF GLENWOOD
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011
 (Continued)

	Sewage Utility Operating	Sewage Utility Bond & Interest	Sewage Utility Debt Reserve	Water Construction In Process	Water Utility Operating	Water Utility Bond & Interest	Water Utility Meter Deposit	Water Utility Debt Reserve	Totals
Cash and investments - beginning	\$ 121,101	\$ 4,747	\$ 5,774	\$ 11,000	\$ 61,154	\$ 1,200	\$ 2,530	\$ 849	\$ 585,805
Receipts:									
Taxes	-	-	-	-	-	-	-	-	41,005
Intergovernmental	-	-	-	585,156	-	-	-	-	615,620
Charges for services	-	-	-	-	-	-	-	-	1,590
Utility fees	57,803	-	-	-	52,518	-	-	-	110,321
Penalties	1,431	-	-	-	492	-	-	-	1,923
Other receipts	114	24,630	900	192,264	76,155	16,800	1,600	3,396	404,331
Total receipts	59,348	24,630	900	777,420	129,165	16,800	1,600	3,396	1,174,790
Disbursements:									
Personal services	-	-	-	-	-	-	-	-	24,200
Supplies	-	-	-	-	-	-	-	-	7,840
Other services and charges	-	-	-	-	-	-	-	-	43,678
Debt service - principal and interest	-	24,630	-	-	-	13,762	-	-	38,392
Capital outlay	-	-	-	788,420	-	-	-	-	820,210
Utility operating expenses	26,990	-	-	-	32,494	-	-	-	59,484
Other disbursements	39,631	-	-	-	92,922	-	890	-	207,542
Total disbursements	66,621	24,630	-	788,420	125,416	13,762	890	-	1,201,346
Excess (deficiency) of receipts over disbursements	(7,273)	-	900	(11,000)	3,749	3,038	710	3,396	(26,556)
Cash and investments - ending	\$ 113,828	\$ 4,747	\$ 6,674	\$ -	\$ 64,903	\$ 4,238	\$ 3,240	\$ 4,245	\$ 559,249

TOWN OF GLENWOOD
SCHEDULE OF LEASES AND DEBT
December 31, 2011

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Wastewater:			
Revenue bonds	Install Wastewater Facility	\$ 411,000	\$ 24,495
Water:			
Revenue bonds	Water Facility/Water Tank	269,000	16,270
Notes and loans payable*	Water Facility/Water Tank - To be forgiven/Financial Assistance	87,000	-
Total Water		<u>356,000</u>	<u>16,270</u>
Totals		<u>\$ 767,000</u>	<u>\$ 40,765</u>

*This amount will be forgiven on its maturity date of March 31, 2014.

TOWN OF GLENWOOD
 SCHEDULE OF CAPITAL ASSETS
 December 31, 2011

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.

	Ending Balance
Governmental activities:	
Land	\$ 14,000
Infrastructure	332,409
Buildings	143,016
Improvements other than buildings	19,701
Machinery, equipment and vehicles	120,698
Total governmental activities	629,824
Wastewater:	
Improvements other than buildings	1,599,056
Water:	
Land	5,000
Buildings	55,567
Improvements other than buildings	250,527
Machinery, equipment and vehicles	20,161
Construction in progress	884,698
Total Water	1,215,953
Total capital assets	\$ 3,444,833

TOWN OF GLENWOOD
AUDIT RESULT AND COMMENT

INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

We noted several deficiencies in the internal control system of the Town related to financial transactions and reporting. We believe the following deficiencies constitute material weaknesses:

1. Lack of Segregation of Duties: Control activities should be selected and developed at various levels of the Town to reduce risks to achievement of financial reporting objectives. The Town has not separated incompatible activities related to receipts, (utility billings and collections,) disbursements, payroll and related liabilities, and cash and investment balances. The failure to establish these controls could enable material misstatements or irregularities to go undetected.
2. Preparing Financial Statements: Effective internal control over financial reporting involves the identification and analysis of the risks of material misstatement to the Town's audited financial statements and then determining how those identified risks should be managed. The Town has not identified risks to the preparation of reliable financial statements and as a result has failed to design effective controls over the preparation of the financial statements to prevent or detect material misstatements, including notes to the financial statements.
3. Monitoring of Controls: Effective internal control over financial reporting requires the Town Board to monitor and assess the quality of the town's system of internal control. The Town Board has not performed either an ongoing or separate evaluation of their system of internal controls. The failure to exercise their oversight responsibility places the Town at risk that controls may not be designed or operating effectively to provide reasonable assurance that controls will prevent or detect material misstatements in a timely manner. Additionally, the Town has no process to identify or communicate corrective actions to improve controls.

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

Controls over the receipting, disbursing, recording and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

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 THAT
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

TO: THE OFFICIALS OF THE TOWN OF GLENWOOD, RUSH COUNTY, INDIANA

Compliance

We have audited the compliance of the Town of Glenwood (Town) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to its major federal program for the years ended December 31, 2010 and 2011. The Town's major federal program is 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 its major federal program is the responsibility of the Town's management. Our responsibility is to express an opinion on the Town's compliance based on our audit.

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

In our opinion, the Town complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the years ended December 31, 2010 and 2011.

Internal Control Over Compliance

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

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT
COULD HAVE A DIRECT AND MATERIAL EFFECT ON 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 Town's management, Town 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

July 30, 2012

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The Schedule of Expenditures of Federal Awards and accompanying note presented were prepared by management of the Town. The schedule and note are presented as intended by the Town.

TOWN OF GLENWOOD
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Years Ended December 31, 2010 and 2011

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 12-31-10	Total Federal Awards Expended 12-31-11
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>				
Pass-Through Indiana Office of Community and Rural Affairs CDBG - State Administered CDBG Cluster Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	CF-10-107	\$ -	\$ 600,000
<u>U.S. ENVIRONMENTAL PROTECTION AGENCY</u>				
Pass-Through Indiana Finance Authority Capitalization Grants for Clean Water State Revolving Funds	66.458	DW09287001	<u>39,832</u>	<u>71,258</u>
Total federal awards expended			<u>\$ 39,832</u>	<u>\$ 671,258</u>

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

TOWN OF GLENWOOD
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Basis of Presentation

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

Circular A-133 requires an annual audit of nonfederal entities expending a total amount of federal awards equal to or in excess of \$500,000 in any fiscal year unless by constitution or statute a less frequent audit is required. In accordance with Indiana Code (IC 5-11-1 et seq.), audits of towns with populations under 5,000 shall be conducted biennially. Such audits shall include both years within the biennial period.

TOWN OF GLENWOOD
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

2. Preparing Financial Statements: Effective internal control over financial reporting involves the identification and analysis of the risks of material misstatement to the Town's audited financial statements and then determining how those identified risks should be managed. The Town has not identified risks to the preparation of reliable financial statements and as a result has failed to design effective controls over the preparation of the financial statements to prevent or detect material misstatements, including notes to the financial statements.
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Controls over the receipting, disbursing, recording and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

We recommended that the Town's management establish controls, including segregation of duties, related to the achievement of financial reporting objectives.

Section III – Federal Award Findings and Questions Costs

No matters are reportable.

TOWN OF GLENWOOD
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.




**Town of
Glenwood**
Inc. 1906

P. O. Box 205

Glenwood, IN 46133

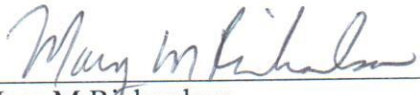
July 24, 2012

Corrective Action Plan
Finding 2011-1 – Segregation of Duties

Contact Person: Mary M Richardson

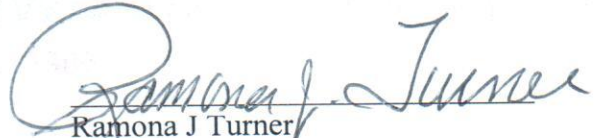
The Town of Glenwood is aware of the risks associated with limited staff and has determined that the benefits of hiring additional staff in order that all accounting functions are performed by different individuals are not sufficient to justify the increase in salary cost to the taxpayers.

The town has compensating controls including the Town Council approving all town disbursements. The Council receives periodic financial reports documenting the revenue, expenses, and fund balances.



Mary M Richardson

Clerk-Treasurer



Ramona J Turner
Council President



TOWN OF GLENWOOD
EXIT CONFERENCE

The contents of this report were discussed on July 30, 2012, with Mary Richardson, Clerk-Treasurer, and Denny Richardson, Town Board member. The officials concurred with our audit finding.