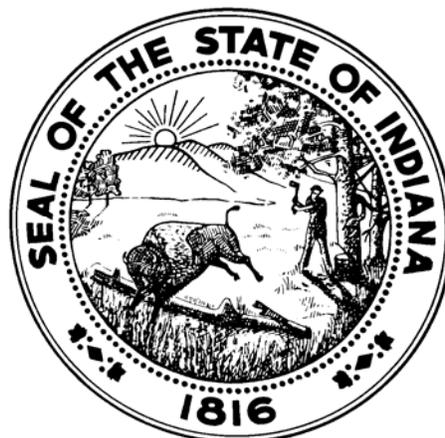


STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2765

EXAMINATION REPORT
OF
TOWN OF UPLAND
GRANT COUNTY, INDIANA
January 1, 2004 to December 31, 2005



FILED
09/22/2006

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Jane E. Rockwell	01-01-04 to 12-31-07
President of the Town Council	Michael Cooper Joe Romine	01-01-04 to 12-31-05 01-01-06 to 12-31-06
Town Manager	Bruce Long, Jr.	01-01-04 to 12-31-06



STATE OF INDIANA
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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF UPLAND, GRANT COUNTY, INDIANA

We have examined the schedules of receipts, disbursements, and cash and investment balances of the Town of Upland (Town), for the period of January 1, 2004 to December 31, 2005. The Town's management is responsible for the schedules. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the schedule of receipts, disbursements, and cash and investment balances and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the schedules referred to above present fairly, in all material respects, the cash transactions of the Town for the years ended December 31, 2004 and 2005, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

August 24, 2006

TOWN OF UPLAND
SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL, PROPRIETARY, AND FIDUCIARY FUND TYPES
As Of And For The Year Ended December 31, 2004

	Cash and Investments 01-01-04	Receipts	Disbursements	Cash and Investments 12-31-04
Governmental Funds:				
General	\$ 90,660	\$ 452,242	\$ 441,201	\$ 101,701
Motor Vehicle Highway	77,133	124,781	106,531	95,383
Local Road and Street	9,185	34,801	-	43,986
Law Enforcement Continuing Education	4,004	821	575	4,250
Riverboat	24,048	23,980	-	48,028
Cumulative Capital Improvement	61,172	14,192	36,408	38,956
Cumulative Capital Development	22,908	17,434	18,400	21,942
Cumulative Fire Fighting Equipment	46	-	46	-
Proprietary Funds:				
Water Utility - Operating	31,985	379,911	373,226	38,670
Water Utility - Bond and Interest	52,123	106,621	111,468	47,276
Water Utility - Depreciation	37,183	20,000	32,883	24,300
Water Utility - Customer Deposit	35,042	9,694	7,321	37,415
Water Utility - Construction	340	-	-	340
Water Utility - Reserve	123,937	-	6,289	117,648
Wastewater Utility - Operating	132,523	526,812	548,482	110,853
Wastewater Utility - Bond and Interest	75,795	182,260	181,909	76,146
Wastewater Utility - Depreciation	47,190	20,000	-	67,190
Wastewater Utility - Reserve	195,755	-	6,755	189,000
Donation	35,203	100	56	35,247
Recreation Donor	124,348	299	11,989	112,658
Fiduciary Funds:				
Levy Excess	675	-	-	675
Payroll	1,589	441,208	440,549	2,248
Totals	<u>\$ 1,182,844</u>	<u>\$ 2,355,156</u>	<u>\$ 2,324,088</u>	<u>\$ 1,213,912</u>

The accompanying notes are an integral part of the schedules.

TOWN OF UPLAND
SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL, PROPRIETARY, AND FIDUCIARY FUND TYPES
As Of And For The Year Ended December 31, 2005

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds:				
General	\$ 101,701	\$ 621,265	\$ 528,092	\$ 194,874
Motor Vehicle Highway	95,383	121,441	125,116	91,708
Local Road and Street	43,986	34,332	64,215	14,103
Law Enforcement Continuing Education	4,250	346	1,955	2,641
Riverboat	48,028	23,981	-	72,009
Assistant Fire Fighters	-	46,532	46,163	369
Cumulative Capital Improvement	38,956	11,756	36,629	14,083
Cumulative Capital Development	21,942	26,790	34,354	14,378
Proprietary Funds:				
Water Utility - Operating	38,670	477,504	390,366	125,808
Water Utility - Bond and Interest	47,276	104,566	113,457	38,385
Water Utility - Depreciation	24,300	68,713	58,713	34,300
Water Utility - Customer Deposit	37,415	10,800	7,378	40,837
Water Utility - Construction	340	-	-	340
Water Utility - Reserve	117,648	-	-	117,648
Wastewater Utility - Operating	110,853	508,489	539,540	79,802
Wastewater Utility - Bond and Interest	76,146	166,065	182,752	59,459
Wastewater Utility - Depreciation	67,190	-	53,270	13,920
Wastewater Utility - Reserve	189,000	-	-	189,000
Donation	35,247	-	2,762	32,485
Recreation Donor	112,658	52,550	2,514	162,694
Fiduciary Funds:				
Levy Excess	675	-	-	675
Payroll	2,248	452,967	448,767	6,448
Totals	<u>\$ 1,213,912</u>	<u>\$ 2,728,097</u>	<u>\$ 2,636,043</u>	<u>\$ 1,305,966</u>

The accompanying notes are an integral part of the schedules.

TOWN OF UPLAND
NOTES TO SCHEDULES

Note 1. Introduction

The Town was established under the laws of the State of Indiana. The Town provides the following services: public safety, highways and streets, health and social services, culture and recreation, general administrative services, water, and wastewater.

Note 2. Fund Accounting

The Town uses funds to report on its cash and investments and the results of its operations on a cash basis. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities.

Note 3. Budgets

The operating budget is initially prepared and approved at the local level. In addition, funds for which property taxes are levied or highway use taxes are received are subject to final approval by the Indiana Department of Local Government Finance.

Note 4. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the Town in June and December. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. 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% 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 become delinquent if not paid by May 10 and November 10, respectively.

Note 5. Deposits and Investments

Deposits, made in accordance with Indiana Code 5-13, with financial institutions in the State of Indiana at year end were 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 statute (IC 5-13-9) authorizes 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 6. Pension Plan

Public Employees' Retirement Fund

Plan Description

The Town contributes to the Indiana Public Employees' Retirement Fund (PERF), 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

TOWN OF UPLAND
NOTES TO SCHEDULES
(Continued)

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 Town 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% 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:

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.

Note 7. Long-Term Debt

The Town has entered into various debts. The outstanding principal balances at December 31, 2005, were:

Town:		
Loans	\$	483,628
Water Utility:		
Revenue Bonds		755,000
Loans		135,451
Wastewater Utility:		
Revenue Bonds		1,635,000

Note 8. Subsequent Event

The Water Utility has entered into contracts for the construction of a new water treatment plant and water distribution system in amounts of \$1,932,000 and \$221,605, respectively. These construction projects will be funded by State Revolving Fund loans and grants.

TOWN OF UPLAND
EXAMINATION RESULTS AND COMMENTS

CAPITAL ASSET RECORDS

Capital asset records were not properly compiled to reflect total capital assets of the Town and the Utilities. Additionally, some capital asset additions and deletions were not recorded to the capital asset records.

Every governmental unit should have a complete inventory of all capital assets owned which reflect their acquisition value. Such inventory should be recorded in the Capital Assets Ledger. A complete inventory should be taken every year for good internal control and for verifying account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

DELINQUENT WASTEWATER ACCOUNTS

Delinquent wastewater fees and penalties had not been recorded with the County Recorder nor were they certified to the County Auditor which would result in a lien against the property.

Indiana Code 36-9-23-33 states in part:

"(b) Except as provided in subsection (l), the officer charged with the collection of fees and penalties assessed under this chapter shall enforce their payment. As often as the officer determines is necessary in a calendar year, the officer shall prepare either of the following:

- (1) a list of the delinquent fees and penalties that are enforceable under this section, which must include the following:
 - (A) the name or names of the owner or owners of each lot or parcel of real property on which fees are delinquent;
 - (B) a description of the premises, as shown by the records of the county auditor; and
 - (C) the amount of the delinquent fees, together with the penalty; or
- (2) an individual instrument for each lot or parcel of real property on which the fees are delinquent."

"(c) The officer shall record a copy of each list or each individual instrument with the county recorder. . ."

"(e) Using the lists and instruments prepared under subsection (b) and recorded under subsection (c), the officer shall, not later than ten (10) days after the list or each individual instrument is recorded under subsection (c), certify to the county auditor a list of the liens that remain unpaid for collection in the next May. . . ."

TOWN OF UPLAND
EXIT CONFERENCE

The contents of this report were discussed on August 24, 2006, with Jane E. Rockwell, Clerk-Treasurer; Joe Romine, President of the Town Council; and Bruce Long Jr., Town Manager. The officials concurred with our findings.