

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

AUDIT REPORT

OF

TOWN OF SYRACUSE

KOSCIUSKO COUNTY, INDIANA

January 1, 2005 to December 31, 2006



FILED
09/25/2007

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials.....	2
Independent Auditor's Report on Financial Statements 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
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Activities and Net Assets – Cash and Investment Basis	7, 11
Fund Financial Statements:	
Governmental Funds:	
Statement of Assets and Fund Balances and Receipts, Disbursements, and Changes in Fund Balances – Cash and Investment Basis – Governmental Funds.....	8, 12
Proprietary Funds:	
Statement of Assets and Fund Balances and Receipts, Disbursements, and Changes in Fund Balances – Cash and Investment Basis – Proprietary Funds.....	9, 13
Fiduciary Funds:	
Statement of Additions, Deductions, and Changes in Cash and Investment Balances – Fiduciary Fund	10, 14
Notes to Financial Statements	15-20
Supplementary Information:	
Combining Schedule of Assets and Fund Balances and Receipts, Disbursements, and Changes in Fund Balances – Cash and Investment Basis – Other Governmental Funds.....	21-26
Schedule of Capital Assets.....	27
Schedule of Long-Term Debt.....	28
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 to Schedule of Expenditures of Federal Awards	33
Schedule of Findings and Questioned Costs.....	34
Auditee Prepared Schedule:	
Summary Schedule of Prior Audit Findings.....	35
Exit Conference.....	36

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Julie A. Kline	01-01-04 to 12-31-07
Town Manager	Jeff Noffsinger	01-01-05 to 02-01-07
	Vacant	02-02-07 to 02-18-07
	Henry DeJulia	02-19-07 to 12-31-07
President of the Town Council	Cassie Cowan	01-01-05 to 12-31-05
	Brian Woody	01-01-06 to 12-31-06
	Paul Stoelting	01-01-07 to 12-31-07
Superintendent of Public Works	Clint Houseworth	01-01-05 to 12-31-07



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 TOWN OF SYRACUSE, KOSCIUSKO COUNTY, INDIANA

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Syracuse (Town), as of and for the years ended December 31, 2005 and 2006, which collectively comprise the Town's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note I, the Town prepares its financial statements on the prescribed basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, 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 respective cash and investment balances of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town as of December 31, 2005 and 2006, and the respective cash receipts and cash disbursements during the years then ended on the basis of accounting described in Note I.

In accordance with Government Auditing Standards, we have also issued a report dated August 6, 2007, 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 and grants. Our report on compliance and on internal control over financial reporting should be read along with this report.

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

Our audit was performed for the purpose of forming an opinion on the basic financial statements of the Town taken as a whole. 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The Town has not presented Management's Discussion and Analysis or Budgetary Comparison Schedules that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The Combining Schedules, as listed in the Table of Contents, Schedule of Capital Assets, and Schedule of Long-Term Debt are presented for additional analysis and are not required parts of the basic financial statements. The Combining Schedules, as listed in the Table of Contents, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The 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 basic financial statements and, accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

August 6, 2007



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 TOWN OF SYRACUSE, KOSCIUSKO COUNTY, INDIANA

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Syracuse (Town), as of and for the years ended December 31, 2005 and 2006, which collectively comprise the Town's basic financial statements and have issued our report thereon dated August 6, 2007. 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 opinions 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.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be significant deficiencies or 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 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.

This report is intended solely for the information and use of the Town's management, the Town Board, 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 6, 2007

TOWN OF SYRACUSE
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For The Year Ended December 31, 2005

Functions/Programs	Program Receipts				Net (Disbursement) Receipt and Changes in Net Assets		
	Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 772,406	\$ 32,415	\$ -	\$ -	\$ (739,991)	\$ -	\$ (739,991)
Public safety	1,459,568	405,333	5,681	51,595	(996,959)	-	(996,959)
Highways and streets	551,623	7,536	-	-	(544,087)	-	(544,087)
Culture and recreation	216,442	30,659	-	-	(185,783)	-	(185,783)
Payments on long-term debt	57,000	-	-	-	(57,000)	-	(57,000)
Total governmental activities	3,057,039	475,943	5,681	51,595	(2,523,820)	-	(2,523,820)
Business-type activities:							
Water	436,882	775,801	-	-	-	338,919	338,919
Wastewater	749,275	766,670	-	-	-	17,395	17,395
Total business-type activities	1,186,157	1,542,471	-	-	-	356,314	356,314
Total primary government	\$ 4,243,196	\$ 2,018,414	\$ 5,681	\$ 51,595	(2,523,820)	356,314	(2,167,506)
General receipts:							
Property taxes					2,419,682	-	2,419,682
Other local sources					103,218	-	103,218
Unrestricted investment earnings					69,866	62,995	132,861
Total general receipts					2,592,766	62,995	2,655,761
Change in net assets					68,946	419,309	488,255
Net assets - beginning					2,676,697	1,927,738	4,604,435
Net assets - ending					\$ 2,745,643	\$ 2,347,047	\$ 5,092,690
<u>Assets</u>							
Cash and investments					\$ 2,745,643	\$ 129,225	\$ 2,874,868
Restricted assets:							
Cash and investments					-	2,217,822	2,217,822
Total assets					\$ 2,745,643	\$ 2,347,047	\$ 5,092,690
<u>Net Assets</u>							
Restricted for:							
Debt service					\$ -	\$ 754,522	\$ 754,522
Other purposes					-	1,463,300	1,463,300
Unrestricted					2,745,643	129,225	2,874,868
Total net assets					\$ 2,745,643	\$ 2,347,047	\$ 5,092,690

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

TOWN OF SYRACUSE
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
GOVERNMENTAL FUNDS
For The Year Ended December 31, 2005

	General	Motor Vehicle Highway	Cumulative Capital Development	County Economic Development Income Tax	Other Governmental Funds	Totals
Receipts:						
Taxes	\$ 764,575	\$ 310,195	\$ 54,279	\$ -	\$ 287,439	\$ 1,416,488
Licenses and permits	-	254	-	-	240	494
Intergovernmental	595,006	126,658	5,544	161,347	171,915	1,060,470
Charges for services	194,886	-	-	-	218,047	412,933
Fines and forfeits	3,004	-	-	-	933	3,937
Other	185,627	6,562	-	-	39,474	231,663
Total receipts	1,743,098	443,669	59,823	161,347	718,048	3,125,985
Disbursements:						
General government	448,195	-	-	168	324,043	772,406
Public safety	1,227,040	-	-	-	232,528	1,459,568
Highways and streets	-	527,378	-	-	24,245	551,623
Culture and recreation	-	-	-	-	216,442	216,442
Debt service:						
Principal	-	-	14,740	-	5,260	20,000
Interest	-	-	27,260	-	9,740	37,000
Total disbursements	1,675,235	527,378	42,000	168	812,258	3,057,039
Excess (deficiency) of receipts over disbursements	67,863	(83,709)	17,823	161,179	(94,210)	68,946
Other financing sources (uses):						
Transfers in	52,661	-	-	-	14,643	67,304
Transfers out	(4,157)	(1,835)	(325)	-	(60,987)	(67,304)
Total other financing sources (uses)	48,504	(1,835)	(325)	-	(46,344)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	116,367	(85,544)	17,498	161,179	(140,554)	68,946
Cash and investment fund balance - beginning	443,193	250,478	291,229	463,821	1,227,976	2,676,697
Cash and investment fund balance - ending	<u>\$ 559,560</u>	<u>\$ 164,934</u>	<u>\$ 308,727</u>	<u>\$ 625,000</u>	<u>\$ 1,087,422</u>	<u>\$ 2,745,643</u>
Cash and Investment Assets - December 31						
Cash and investments	<u>\$ 559,560</u>	<u>\$ 164,934</u>	<u>\$ 308,727</u>	<u>\$ 625,000</u>	<u>\$ 1,087,422</u>	<u>\$ 2,745,643</u>
Cash and Investment Fund Balance - December 31						
Unrestricted	<u>\$ 559,560</u>	<u>\$ 164,934</u>	<u>\$ 308,727</u>	<u>\$ 625,000</u>	<u>\$ 1,087,422</u>	<u>2,745,643</u>

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

TOWN OF SYRACUSE
STATEMENT OF ASSETS AND FUND BALANCES AND
RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
PROPRIETARY FUNDS
As of and for the Year Ended December 31, 2005

	Water Utility	Wastewater Utility	Total
Operating receipts:			
Metered water receipts:			
Residential	\$ 230,519	-	230,519
Commercial	126,318	-	126,318
Industrial	55,202	-	55,202
Multifamily	124,983	-	124,983
Public authorities	91,642	158,914	250,556
Fire protection receipts	94,806	-	94,806
Penalties	6,093	8,687	14,780
Other water receipts	3,472	-	3,472
Tap fees	8,250	22,401	30,651
Flat rate receipts	-	32,680	32,680
Measured revenue:			
Residential	-	225,172	225,172
Commercial	-	114,076	114,076
Industrial	-	75,179	75,179
Multifamily	-	129,184	129,184
Sales tax	33,961	-	33,961
Other	555	377	932
Total operating receipts	775,801	766,670	1,542,471
Operating disbursements:			
Salaries and wages	122,878	186,894	309,772
Employee pensions and benefits	34,814	36,511	71,325
Customer accounts	5,956	9,560	15,516
Office supplies	627	770	1,397
Purchased water	5,360	-	5,360
Purchased power	28,540	63,678	92,218
Chemicals	11,024	16,105	27,129
Material and supplies, repairs - collection system	23,039	24,849	47,888
Material and supplies, repairs - treatment plant	-	42,536	42,536
Contractual services	53,460	-	53,460
Rents	1,395	-	1,395
Transportation disbursements	2,949	4,625	7,574
Insurance disbursements	13,754	15,686	29,440
Capital improvements and equipment	26,284	89,536	115,820
Utility receipts tax	9,575	-	9,575
Sales tax	35,009	-	35,009
Other	-	7,499	7,499
Miscellaneous disbursements	3,605	85,761	89,366
Total operating disbursements	378,269	584,010	962,279
Excess of operating receipts over operating disbursements	397,532	182,660	580,192
Nonoperating receipts (disbursements):			
Interest and investment receipts	28,886	134,109	162,995
Debt service of principal	(40,000)	(100,000)	(140,000)
Interest on debt	(18,613)	(165,265)	(183,878)
Total nonoperating receipts (disbursements)	(29,727)	(131,156)	(160,883)
Excess of receipts over disbursements and nonoperating receipts	367,805	51,504	419,309
Cash and investment fund balance - beginning	807,763	1,119,975	1,927,738
Cash and investment fund balance - ending	<u>\$ 1,175,568</u>	<u>\$ 1,171,479</u>	<u>\$ 2,347,047</u>
Cash and Investment Assets - December 31			
Cash and investments	\$ 49,358	\$ 79,867	\$ 129,225
Restricted assets:			
Cash and investments	1,126,210	1,091,612	2,217,822
Total cash and investment assets - December 31	<u>\$ 1,175,568</u>	<u>\$ 1,171,479</u>	<u>\$ 2,347,047</u>
Cash and Investment Fund Balance - December 31			
Restricted for:			
Debt service	\$ 480,734	\$ 273,788	\$ 754,522
Other purposes	645,476	817,824	1,463,300
Unrestricted	49,358	79,867	129,225
Total cash and investment fund balance - December 31	<u>\$ 1,175,568</u>	<u>\$ 1,171,479</u>	<u>\$ 2,347,047</u>

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

TOWN OF SYRACUSE
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
FIDUCIARY FUND
For The Year Ended December 31, 2005

	<u>Agency Fund</u>
Additions:	
Agency fund additions	\$ <u>1,843,230</u>
Deductions:	
Agency fund deductions	<u>1,845,255</u>
Deficiency of total additions over total deductions	(2,025)
Cash and investment fund balance - beginning	<u>13,259</u>
Cash and investment fund balance - ending	<u><u>\$ 11,234</u></u>

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

TOWN OF SYRACUSE
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For The Year Ended December 31, 2006

<u>Functions/Programs</u>	Program Receipts			Net (Disbursement) Receipt and Changes in Net Assets		
	<u>Disbursements</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	Primary Government		
				<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Primary government:						
Governmental activities:						
General government	\$ 925,596	\$ 15,736	\$ -	\$ (909,860)	\$ -	\$ (909,860)
Public safety	1,506,691	462,373	5,719	(1,038,599)	-	(1,038,599)
Highways and streets	412,930	7,688	-	(405,242)	-	(405,242)
Culture and recreation	296,353	28,262	-	(268,091)	-	(268,091)
Payments on long-term debt	<u>84,740</u>	<u>-</u>	<u>-</u>	<u>(84,740)</u>	<u>-</u>	<u>(84,740)</u>
Total governmental activities	<u>3,226,310</u>	<u>514,059</u>	<u>5,719</u>	<u>(2,706,532)</u>	<u>-</u>	<u>(2,706,532)</u>
Business-type activities:						
Water	1,125,782	1,061,264	-	-	(64,518)	(64,518)
Wastewater	<u>1,124,207</u>	<u>762,255</u>	<u>-</u>	<u>-</u>	<u>(361,952)</u>	<u>(361,952)</u>
Total business-type activities	<u>2,249,989</u>	<u>1,823,519</u>	<u>-</u>	<u>-</u>	<u>(426,470)</u>	<u>(426,470)</u>
Total primary government	<u>\$ 5,476,299</u>	<u>\$ 2,337,578</u>	<u>\$ 5,719</u>	<u>(2,706,532)</u>	<u>(426,470)</u>	<u>(3,133,002)</u>
General receipts:						
Property taxes				2,620,595	-	2,620,595
Other local sources				105,806	-	105,806
Unrestricted investment earnings				<u>128,926</u>	<u>106,807</u>	<u>235,733</u>
Total general receipts				<u>2,855,327</u>	<u>106,807</u>	<u>2,962,134</u>
Change in net assets				148,795	(319,663)	(170,868)
Net assets - beginning				<u>2,745,643</u>	<u>2,347,047</u>	<u>5,092,690</u>
Net assets - ending				<u>\$ 2,894,438</u>	<u>\$ 2,027,384</u>	<u>\$ 4,921,822</u>
<u>Assets</u>						
Cash and investments				\$ 2,894,438	\$ 138,427	\$ 3,032,865
Restricted assets:						
Cash and investments				<u>-</u>	<u>1,888,957</u>	<u>1,888,957</u>
Total assets				<u>\$ 2,894,438</u>	<u>\$ 2,027,384</u>	<u>\$ 4,921,822</u>
<u>Net Assets</u>						
Restricted for:						
Debt service				\$ -	\$ 959,687	\$ 959,687
Other purposes				-	929,270	929,270
Unrestricted				<u>2,894,438</u>	<u>138,427</u>	<u>3,032,865</u>
Total net assets				<u>\$ 2,894,438</u>	<u>\$ 2,027,384</u>	<u>\$ 4,921,822</u>

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

TOWN OF SYRACUSE
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
GOVERNMENTAL FUNDS
For The Year Ended December 31, 2006

	General	Motor Vehicle Highway	Cumulative Capital Development	County Economic Development Income Tax	Other Governmental Funds	Totals
Receipts:						
Taxes	\$ 662,896	\$ 365,450	\$ 51,450	\$ -	\$ 336,277	\$ 1,416,073
Licenses and permits	-	509	-	-	690	1,199
Intergovernmental	724,204	148,205	4,832	195,727	137,273	1,210,241
Charges for services	211,189	-	-	-	246,837	458,026
Fines and forfeits	1,052	-	-	-	7,502	8,554
Other	246,804	7,179	-	-	27,029	281,012
Total receipts	<u>1,846,145</u>	<u>521,343</u>	<u>56,282</u>	<u>195,727</u>	<u>755,608</u>	<u>3,375,105</u>
Disbursements:						
General government	464,024	-	-	422,723	38,849	925,596
Public safety	1,260,589	-	-	-	246,102	1,506,691
Highways and streets	-	402,930	-	-	-	402,930
Culture and recreation	-	-	-	-	296,353	296,353
Debt service:						
Principal	-	21,230	17,225	-	7,775	46,230
Interest	-	2,510	24,775	-	11,225	38,510
Capital outlay:						
Culture and recreation	-	-	-	-	10,000	10,000
Total disbursements	<u>1,724,613</u>	<u>426,670</u>	<u>42,000</u>	<u>422,723</u>	<u>610,304</u>	<u>3,226,310</u>
Excess (deficiency) of receipts over disbursements	<u>121,532</u>	<u>94,673</u>	<u>14,282</u>	<u>(226,996)</u>	<u>145,304</u>	<u>148,795</u>
Other financing sources (uses):						
Transfers in	29,132	8,515	1,490	-	51,108	90,245
Transfers out	(20,989)	(8,515)	(1,490)	-	(59,251)	(90,245)
Total other financing sources (uses)	<u>8,143</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(8,143)</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	129,675	94,673	14,282	(226,996)	137,161	148,795
Cash and investment fund balance - beginning	<u>559,560</u>	<u>164,934</u>	<u>308,727</u>	<u>625,000</u>	<u>1,087,422</u>	<u>2,745,643</u>
Cash and investment fund balance - ending	<u>\$ 689,235</u>	<u>\$ 259,607</u>	<u>\$ 323,009</u>	<u>\$ 398,004</u>	<u>\$ 1,224,583</u>	<u>\$ 2,894,438</u>
<u>Cash and Investment Assets - December 31</u>						
Cash and investments	<u>\$ 689,235</u>	<u>\$ 259,607</u>	<u>\$ 323,009</u>	<u>\$ 398,004</u>	<u>\$ 1,224,583</u>	<u>\$ 2,894,438</u>
<u>Cash and Investment Fund Balance - December 31</u>						
Unrestricted	<u>\$ 689,235</u>	<u>\$ 259,607</u>	<u>\$ 323,009</u>	<u>\$ 398,004</u>	<u>\$ 1,224,583</u>	<u>\$ 2,894,438</u>

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

TOWN OF SYRACUSE
STATEMENT OF ASSETS AND FUND BALANCES AND
RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
PROPRIETARY FUNDS
As of and for the Year Ended December 31, 2006

	Water Utility	Wastewater Utility	Total
Operating receipts:			
Metered water receipts:			
Residential	\$ 308,706	\$ -	\$ 308,706
Commercial	172,030	-	172,030
Industrial	77,716	-	77,716
Multifamily	177,858	-	177,858
Public authorities	128,701	162,866	291,567
Fire protection receipts	111,475	-	111,475
Penalties	11,190	11,562	22,752
Other water receipts	2,456	-	2,456
Tap fees	9,000	24,892	33,892
Flat rate receipts	-	30,528	30,528
Measured revenue:			
Residential	-	221,861	221,861
Commercial	-	118,095	118,095
Industrial	-	46,089	46,089
Multifamily	-	143,682	143,682
Sales tax	46,739	-	46,739
Insurance proceeds	4,864	1,370	6,234
Other	10,529	1,310	11,839
	<u>1,061,264</u>	<u>762,255</u>	<u>1,823,519</u>
Total operating receipts			
Operating disbursements:			
Salaries and wages	128,750	192,123	320,873
Employee pensions and benefits	34,889	38,924	73,813
Customer accounts	4,882	8,194	13,076
Office supplies	679	679	1,358
Purchased water	6,674	-	6,674
Purchased power	29,631	67,681	97,312
Chemicals	7,688	17,806	25,494
Material and supplies, repairs - collection system	24,457	7,478	31,935
Material and supplies, repairs - treatment plant	-	27,821	27,821
Contractual services	48,915	-	48,915
Rents	1,648	-	1,648
Transportation disbursements	3,551	3,897	7,448
Insurance disbursements	12,876	14,521	27,397
Regulatory commission expense	1,206	-	1,206
Capital improvements	323,867	486,055	809,922
Utility receipts tax	14,229	-	14,229
Sales tax	48,362	-	48,362
Other	-	8,516	8,516
Miscellaneous disbursements	7,440	85,397	92,837
	<u>699,744</u>	<u>959,092</u>	<u>1,658,836</u>
Total operating disbursements			
Excess (deficiency) of operating receipts over operating disbursements	<u>361,520</u>	<u>(196,837)</u>	<u>164,683</u>
Nonoperating receipts (disbursements):			
Interest and investment receipts	55,412	151,395	206,807
Debt service of principal	(399,000)	(105,000)	(504,000)
Interest and investment disbursement	(27,038)	(160,115)	(187,153)
	<u>(370,626)</u>	<u>(113,720)</u>	<u>(484,346)</u>
Total nonoperating receipts (disbursements)			
Deficiency of receipts over disbursements and nonoperating receipts (disbursements)	(9,106)	(310,557)	(319,663)
Cash and investment fund balance - beginning	<u>1,175,568</u>	<u>1,171,479</u>	<u>2,347,047</u>
Cash and investment fund balance - ending	<u>\$ 1,166,462</u>	<u>\$ 860,922</u>	<u>\$ 2,027,384</u>
<u>Cash and Investment Assets - December 31</u>			
Cash and investments	\$ 56,839	\$ 81,588	\$ 138,427
Restricted assets:			
Cash and investments	<u>1,109,623</u>	<u>779,334</u>	<u>1,888,957</u>
Total cash and investment assets - December 31	<u>\$ 1,166,462</u>	<u>\$ 860,922</u>	<u>\$ 2,027,384</u>
<u>Cash and Investment Fund Balance - December 31</u>			
Restricted for:			
Debt service	\$ 664,514	\$ 295,173	\$ 959,687
Other purposes	445,109	484,161	929,270
Unrestricted	<u>56,839</u>	<u>81,588</u>	<u>138,427</u>
Total cash and investment fund balance - December 31	<u>\$ 1,166,462</u>	<u>\$ 860,922</u>	<u>\$ 2,027,384</u>

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

TOWN OF SYRACUSE
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
FIDUCIARY FUND
For The Year Ended December 31, 2006

	Agency Fund
Additions:	
Agency fund additions	\$ 1,881,845
Deductions:	
Agency fund deductions	1,884,463
Deficiency of total additions over total deductions	(2,618)
Cash and investment fund balance - beginning	11,234
Cash and investment fund balance - ending	\$ 8,616

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

TOWN OF SYRACUSE
NOTES TO FINANCIAL STATEMENTS

I. 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 the following services: public safety (police and fire), highways and streets, culture and recreation, public improvements, general administrative services, water and wastewater.

The Town's financial reporting entity is composed of the following:

Primary Government: Town of Syracuse

In determining the financial reporting entity, the Town complies with the provisions of GASB Statement No. 14, *The Financial Reporting Entity*.

Joint Venture

The Town is a participant with Turkey Creek Township in a joint venture to operate the Syracuse-Turkey Creek Fire Department and EMS Services which were created to provide fire protection to the Town and Township and emergency medical services to the residents of the Town and Township. The Town is obligated by contract to fund 33% of the annual cost of operating the Fire Department and 50% of the unreimbursed annual cost of operating the EMS Services. In 2005 and 2006, the Town provided accounting services for the Fire Department and EMS Services and beginning in 2007, the Township is providing accounting services for the Fire Department and the EMS Services. The Fire Department and EMS Services continued existence depends on continued funding by the Town and the Township. Complete financial statements for the Syracuse-Turkey Creek Fire Department and EMS Services can be obtained from the Turkey Creek Township Trustee.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The Statement of Activities and Net Assets – Cash and Investment Basis displays information about the reporting government as a whole. It includes all funds of the reporting entity except for fiduciary funds. The statement distinguishes between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, liabilities, fund equity, receipts, and disbursements. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

TOWN OF SYRACUSE
NOTES TO FINANCIAL STATEMENTS
(Continued)

The Town reports the following major governmental funds:

The general fund is the primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The motor vehicle highway fund (MVH) is used to account for state highway distributions received from the state auditor and is used to maintain the Town's streets.

The cumulative capital development fund (CCD) is a tax levied fund received from the county auditor and is used for capital projects.

The county economic development income tax fund (CEDIT) is a tax levied fund received from the county auditor and is used for capital projects.

The Town reports the following major proprietary funds:

The water utility fund accounts for the operation of the water distribution system.

The wastewater utility fund accounts for the operation of the wastewater treatment plant, pumping stations, and collection systems.

Additionally, the Town reports the following fund type:

The agency fund (payroll) accounts for assets held by the Town as an agent for employees and serves as a control for certain cash transactions during the time they are a liability to the Town.

C. Measurement Focus and Basis of Accounting

The government-wide, governmental fund, proprietary fund, and fiduciary fund financial statements are reported using the basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, 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 cash and investment 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. Investment transactions are not presented on the financial statements.

If the Town utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the fund financial statements for proprietary fund types would use the accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the enterprise fund statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their enterprise funds, subject to this same limitation. The Town has elected not to follow subsequent private-sector guidance.

TOWN OF SYRACUSE
NOTES TO FINANCIAL STATEMENTS
(Continued)

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the town and the utilities. Elimination of these charges would distort the direct costs and program receipts reported for the various functions concerned.

Enterprise funds distinguish operating receipts and disbursements from nonoperating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal ongoing operations. The principal operating receipts of the enterprise funds are charges to customers for sales and services. Operating disbursements for enterprise funds include the cost of sales and services and administrative costs. All receipts and disbursements not meeting this definition are reported as nonoperating receipts and disbursements. Internal service funds are used to account for activities provided to other departments or agencies primarily with the government. The Town does not have any internal service funds.

D. Assets and Cash and Investment Balances

1. Cash and Investments

Investments are stated at cost. Any changes in fair value of the investments are reported as interest receipts in the year of the sale of the investment.

2. Capital Assets

Capital assets arising from cash transactions acquired for use in governmental or proprietary fund operations are accounted for as capital outlay disbursements of the fund upon acquisition.

3. Long-Term Debt

Long-term debt arising from cash basis transactions of governmental and proprietary funds is not reported as liabilities in the basic financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as disbursements.

4. Equity Classification

Government-Wide Statements

Equity is classified as net assets and displayed in two components:

- a. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or (2) law through constitutional provisions or enabling legislation.
- b. Unrestricted net assets – All other net assets that do not meet the definition of "restricted."

It is the Town's policy to first use restricted net assets prior to the use of unrestricted net assets when a disbursement is incurred for purposes for which both restricted and unrestricted net assets are available.

Fund Financial Statements

Governmental fund equity is classified as fund balance. Proprietary fund equity is classified the same as in the government-wide statements.

TOWN OF SYRACUSE
NOTES TO FINANCIAL STATEMENTS
(Continued)

E. Receipts and Disbursements

1. Program Receipts

Amounts reported as program receipts include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general receipts rather than as program receipts. Likewise, general receipts include all taxes.

2. Operating Receipts and Disbursements

Operating receipts and disbursements for proprietary funds result from providing services and producing and delivering goods and/or services. They also include all receipts and disbursements not related to capital and related financing, noncapital financing, or investing activities.

F. Internal and Interfund Balances and Activities

In the process of aggregating the financial information for the government-wide Statement of Activities and Net Assets – Cash and Investment Basis, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified.

Fund Financial Statements

1. Interfund services – Sales or purchases of goods and services between funds are reported as receipts and disbursements.
2. Interfund reimbursements – Repayments from funds responsible for certain disbursements to the funds that initially paid for them are not reported as reimbursements but as adjustments to disbursements in the respective funds.
3. Interfund transfers – Flow of assets from one fund to another where repayment is not expected is reported as transfers in and out.

Government-Wide Financial Statements

Interfund activity and balances, if any, are eliminated or reclassified in the government-wide financial statements as follows:

Internal activities – Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis except for the net amount of transfers between governmental and business-type activities, which are reported as Transfers – Internal Activities. The effects of interfund services between funds, if any, are not eliminated in the Statement of Activities and Net Assets – Cash and Investment Basis.

II. Stewardship, Compliance and Accountability

Budgetary Information

Annual budgets are adopted on the cash basis, which is not consistent with accounting principles generally accepted in the United States of America. All annual appropriations lapse at calendar year end.

TOWN OF SYRACUSE
NOTES TO FINANCIAL STATEMENTS
(Continued)

Prior to the first required publication, the fiscal officer of the Town submits to the governing board a proposed operating budget for the year commencing the following January 1. Prior to adoption, the budget is advertised and public hearings are conducted by the governing board to obtain taxpayer comments. In September of each year, the governing board, through the passage of a resolution/ordinance, approves the budget for the next year. Copies of the budget resolution/ordinance and the advertisement for funds for which property taxes are levied or highway use taxes are received are sent to the Indiana Department of Local Government Finance. The budget becomes legally enacted after the fiscal officer of the Town receives approval of the Indiana Department of Local Government Finance.

The Town's management cannot transfer budgeted appropriations between object classifications of a budget without approval of the governing board. The Indiana Department of Local Government Finance must approve any revisions to the appropriations for any fund or any department of the General Fund. The legal level of budgetary control is by object and department within the fund for the General Fund and by object within the fund for all other budgeted funds.

III. Detailed Notes on All Funds

A. Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Indiana Code 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision. At December 31, 2006, the bank balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

B. Interfund Transfers

Interfund transfers for the years ended December 31, 2005 and 2006, were as follows:

Transfer From	Transfer To	2005	2006
General Fund	Other governmental funds	\$ 4,157	\$ 20,989
Motor Vehicle Highway Fund	Other governmental funds	1,835	8,515
Cumulative Capital			
Development Fund	Other governmental funds	325	1,490
Other governmental funds	General Fund	52,661	29,132
Other governmental funds	Motor Vehicle Highway Fund	-	8,515
	Cumulative Capital		
Other governmental funds	Development Fund	-	1,490
Other governmental funds	Other governmental	8,326	20,114
Totals		\$ 67,304	\$ 90,245

The Town typically uses transfers for cash flow purposes as provided by various statutory provisions.

TOWN OF SYRACUSE
NOTES TO FINANCIAL STATEMENTS
(Continued)

IV. Other Information

A. Risk Management

The Town is 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, and natural disasters.

The risks of torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters are covered by commercial insurance from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance by major category of risk.

Job Related Illness or Injury to Employees

During 1991 the Town joined the Indiana Public Employer's Plan, Inc. (IPEP), a public entity risk pool currently operating as a common risk management and insurance program for approximately 330 member governmental entities. This risk pool was formed in 1990. The purpose of the risk pool is to provide a medium for the funding and administration of worker's compensation claims. The Town pays an annual premium to the risk pool for its coverage. The risk pool is considered a self-sustaining risk pool that will provide coverage for its members for up to \$1,000,000 per insured event. The risk pool obtains independent coverage for insured events in excess of the \$1,000,000 limit.

B. Holding Corporation

The Town has entered into a capital lease with Syracuse Municipal Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the Town. The lessor has been determined to be a related party of the Town. Lease payments during the years 2005 and 2006 totaled \$57,000 and \$61,000, respectively.

C. State Revolving Loan Fund

Under the terms of the State Revolving Loan Fund, revenue bonds have been purchased by the Indiana Bond Bank. The proceeds of which are set aside to finance the construction of the Water System Project. Funds are loaned to the Town as construction costs are accrued to the maximum allowed. The maximum amount of the loan is \$7,000,000 and as of December 31, 2006, the total drawn was \$1,827,930. Repayments on the loan began in 2006.

D. Rate Structure – Enterprise Funds

Water Utility

On March 20, 1990, the Town Council adopted Ordinance No. 89-11 to withdraw from the jurisdiction of the Indiana Utility Regulatory Commission. The current rate structure was approved by the Council on March 18, 2003, with rate changes taking effect on January 1, 2005, and on January 1, 2006.

Wastewater Utility

The current rate structure was approved by the Town Council on July 14, 1992.

TOWN OF SYRACUSE
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2005

	Local Road and Street	Park and Recreation	Rainy Day	Donations	Law Enforcement Continuing Education	Riverboat
Receipts:						
Taxes	\$ -	\$ 202,942	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	240	-
Intergovernmental	30,011	20,728	-	-	-	19,157
Charges for services	-	-	-	-	555	-
Fines and forfeits	-	-	-	-	933	-
Other	720	8,835	-	7,025	906	-
Total receipts	30,731	232,505	-	7,025	2,634	19,157
Disbursements:						
General government	-	-	-	44,572	-	12,657
Public safety	-	-	-	-	2,262	-
Highways and streets	24,245	-	-	-	-	-
Culture and recreation	-	207,659	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Total disbursements	24,245	207,659	-	44,572	2,262	12,657
Excess (deficiency) of receipts over disbursements	6,486	24,846	-	(37,547)	372	6,500
Other financing sources (uses):						
Transfers in	-	6,500	-	-	-	-
Transfers out	-	(1,165)	-	-	-	-
Total other financing sources (uses)	-	5,335	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	6,486	30,181	-	(37,547)	372	6,500
Cash and investment fund balance - beginning	234,656	79,621	19,519	39,478	11,080	19,157
Cash and investment fund balance - ending	<u>\$ 241,142</u>	<u>\$ 109,802</u>	<u>\$ 19,519</u>	<u>\$ 1,931</u>	<u>\$ 11,452</u>	<u>\$ 25,657</u>
Cash and Investment Assets - December 31						
Cash and investments	<u>\$ 241,142</u>	<u>\$ 109,802</u>	<u>\$ 19,519</u>	<u>\$ 1,931</u>	<u>\$ 11,452</u>	<u>\$ 25,657</u>
Cash and Investment Fund Balance - December 31						
Unrestricted	<u>\$ 241,142</u>	<u>\$ 109,802</u>	<u>\$ 19,519</u>	<u>\$ 1,931</u>	<u>\$ 11,452</u>	<u>\$ 25,657</u>

TOWN OF SYRACUSE
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2005
 (Continued)

	Park Nonreverting Operating	Federal Grant	Animal Control	Emergency Medical Services	Paramedic	Cumulative Capital Improvement
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ 7,461	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	57,276	-	761	-	36,115
Charges for services	12,687	-	-	204,805	-	-
Fines and forfeits	-	-	-	-	-	-
Other	7,737	-	-	167	4	-
Total receipts	20,424	57,276	-	213,194	4	36,115
Disbursements:						
General government	-	56,577	-	-	-	20,063
Public safety	-	-	158	223,701	4	-
Highways and streets	-	-	-	-	-	-
Culture and recreation	8,783	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Total disbursements	8,783	56,577	158	223,701	4	20,063
Excess (deficiency) of receipts over disbursements	11,641	699	(158)	(10,507)	-	16,052
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	(6,500)	-	-	(41)	-	(124)
Total other financing sources (uses)	(6,500)	-	-	(41)	-	(124)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	5,141	699	(158)	(10,548)	-	15,928
Cash and investment fund balance - beginning	843	590	9,976	121,511	116	151,925
Cash and investment fund balance - ending	\$ 5,984	\$ 1,289	\$ 9,818	\$ 110,963	\$ 116	\$ 167,853
<u>Cash and Investment Assets - December 31</u>						
Cash and investments	\$ 5,984	\$ 1,289	\$ 9,818	\$ 110,963	\$ 116	\$ 167,853
<u>Cash and Investment Fund Balance - December 31</u>						
Unrestricted	\$ 5,984	\$ 1,289	\$ 9,818	\$ 110,963	\$ 116	\$ 167,853

TOWN OF SYRACUSE
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2005
 (Continued)

	Park Nonreverting Capital	Cumulative Fire	Cumulative Park and Recreation	Cumulative Storm Sewer	Levy Excess	Totals
Receipts:						
Taxes	\$ -	\$ 17,907	\$ 17,907	\$ 41,222	\$ -	\$ 287,439
Licenses and permits	-	-	-	-	-	240
Intergovernmental	-	1,828	1,828	4,211	-	171,915
Charges for services	-	-	-	-	-	218,047
Fines and forfeits	-	-	-	-	-	933
Other	-	-	-	14,080	-	39,474
Total receipts	-	19,735	19,735	59,513	-	718,048
Disbursements:						
General government	-	-	-	190,174	-	324,043
Public safety	-	6,403	-	-	-	232,528
Highways and streets	-	-	-	-	-	24,245
Culture and recreation	-	-	-	-	-	216,442
Debt service:						
Principal	-	-	5,260	-	-	5,260
Interest	-	-	9,740	-	-	9,740
Total disbursements	-	6,403	15,000	190,174	-	812,258
Excess (deficiency) of receipts over disbursements	-	13,332	4,735	(130,661)	-	(94,210)
Other financing sources (uses):						
Transfers in	-	-	-	-	8,143	14,643
Transfers out	-	(79)	(108)	(309)	(52,661)	(60,987)
Total other financing sources (uses)	-	(79)	(108)	(309)	(44,518)	(46,344)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	13,253	4,627	(130,970)	(44,518)	(140,554)
Cash and investment fund balance - beginning	18	82,350	28,243	376,232	52,661	1,227,976
Cash and investment fund balance - ending	\$ 18	\$ 95,603	\$ 32,870	\$ 245,262	\$ 8,143	\$ 1,087,422
Cash and Investment Assets - December 31						
Cash and investments	\$ 18	\$ 95,603	\$ 32,870	\$ 245,262	\$ 8,143	\$ 1,087,422
Cash and Investment Fund Balance - December 31						
Unrestricted	\$ 18	\$ 95,603	\$ 32,870	\$ 245,262	\$ 8,143	\$ 1,087,422

TOWN OF SYRACUSE
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2006

	Local Road and Street	Park and Recreation	Rainy Day	Donations	Law Enforcement Continuing Education	Riverboat
Receipts:						
Taxes	\$ -	\$ 256,363	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	690	-
Intergovernmental	29,856	24,078	-	-	-	19,117
Charges for services	-	-	-	-	495	-
Fines and forfeits	-	-	-	-	7,502	-
Other	2,932	12,095	-	5,328	1,416	-
Total receipts	32,788	292,536	-	5,328	10,103	19,117
Disbursements:						
General government	-	-	-	4,588	10,522	13,101
Public safety	-	-	-	-	-	-
Culture and recreation	-	284,949	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Capital outlay:						
Culture and recreation	-	-	-	-	-	-
Total disbursements	-	284,949	-	4,588	10,522	13,101
Excess (deficiency) of receipts over disbursements	32,788	7,587	-	740	(419)	6,016
Other financing sources (uses):						
Interfund loans	-	15,000	-	-	-	-
Transfers in	-	8,572	-	-	-	-
Transfers out	-	(5,572)	-	-	-	-
Total other financing sources (uses)	-	18,000	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	32,788	25,587	-	740	(419)	6,016
Cash and investment fund balance - beginning	241,142	109,802	19,519	1,931	11,452	25,657
Cash and investment fund balance - ending	<u>\$ 273,930</u>	<u>\$ 135,389</u>	<u>\$ 19,519</u>	<u>\$ 2,671</u>	<u>\$ 11,033</u>	<u>\$ 31,673</u>
Cash and Investment Assets - December 31						
Cash and investments	<u>\$ 273,930</u>	<u>\$ 135,389</u>	<u>\$ 19,519</u>	<u>\$ 2,671</u>	<u>\$ 11,033</u>	<u>\$ 31,673</u>
Cash and Investment Fund Balance - December 31						
Unrestricted	<u>\$ 273,930</u>	<u>\$ 135,389</u>	<u>\$ 19,519</u>	<u>\$ 2,671</u>	<u>\$ 11,033</u>	<u>\$ 31,673</u>

TOWN OF SYRACUSE
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2006
 (Continued)

	Park Nonreverting Operating	Federal Grant	Animal Control	Emergency Medical Services	Paramedic	Cumulative Capital Improvement
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ 6,895	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	5,719	-	647	-	50,996
Charges for services	9,712	-	-	236,630	-	-
Fines and forfeits	-	-	-	-	-	-
Other	4,858	-	-	-	-	-
Total receipts	14,570	5,719	-	244,172	-	50,996
Disbursements:						
General government	-	6,045	-	-	-	-
Public safety	-	-	9,818	236,168	116	-
Culture and recreation	11,404	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Capital outlay:						
Culture and recreation	-	-	-	-	-	-
Total disbursements	11,404	6,045	9,818	236,168	116	-
Excess (deficiency) of receipts over disbursements	3,166	(326)	(9,818)	8,004	(116)	50,996
Other financing sources (uses):						
Interfund loans	-	-	-	-	-	(15,000)
Transfers in	-	-	-	205	-	665
Transfers out	(3,000)	-	-	(205)	-	(665)
Total other financing sources (uses)	(3,000)	-	-	-	-	(15,000)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	166	(326)	(9,818)	8,004	(116)	35,996
Cash and investment fund balance - beginning	5,984	1,289	9,818	110,963	116	167,853
Cash and investment fund balance - ending	<u>\$ 6,150</u>	<u>\$ 963</u>	<u>\$ -</u>	<u>\$ 118,967</u>	<u>\$ -</u>	<u>\$ 203,849</u>
Cash and Investment Assets - December 31						
Cash and investments	<u>\$ 6,150</u>	<u>\$ 963</u>	<u>\$ -</u>	<u>\$ 118,967</u>	<u>\$ -</u>	<u>\$ 203,849</u>
Cash and Investment Fund Balance - December 31						
Unrestricted	<u>\$ 6,150</u>	<u>\$ 963</u>	<u>\$ -</u>	<u>\$ 118,967</u>	<u>\$ -</u>	<u>\$ 203,849</u>

TOWN OF SYRACUSE
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2006
 (Continued)

	Park Nonreverting Capital	Cumulative Fire	Cumulative Park and Recreation	Cumulative Storm Sewer	Levy Excess	Totals
Receipts:						
Taxes	\$ -	\$ 16,973	\$ 16,973	\$ 39,073	\$ -	\$ 336,277
Licenses and permits	-	-	-	-	-	690
Intergovernmental	-	1,594	1,594	3,672	-	137,273
Charges for services	-	-	-	-	-	246,837
Fines and forfeits	-	-	-	-	-	7,502
Other	-	400	-	-	-	27,029
Total receipts	-	18,967	18,567	42,745	-	755,608
Disbursements:						
General government	-	3,553	-	1,040	-	38,849
Public safety	-	-	-	-	-	246,102
Culture and recreation	-	-	-	-	-	296,353
Debt service:						
Principal	-	-	7,775	-	-	7,775
Interest	-	-	11,225	-	-	11,225
Capital outlay:						
Culture and recreation	-	-	10,000	-	-	10,000
Total disbursements	-	3,553	29,000	1,040	-	610,304
Excess (deficiency) of receipts over disbursements	-	15,414	(10,433)	41,705	-	145,304
Other financing sources (uses):						
Interfund loans	-	-	-	-	-	-
Transfers in	-	492	492	1,131	39,551	51,108
Transfers out	-	(492)	(492)	(1,131)	(47,694)	(59,251)
Total other financing sources (uses)	-	-	-	-	(8,143)	(8,143)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	15,414	(10,433)	41,705	(8,143)	137,161
Cash and investment fund balance - beginning	18	95,603	32,870	245,262	8,143	1,087,422
Cash and investment fund balance - ending	<u>\$ 18</u>	<u>\$ 111,017</u>	<u>\$ 22,437</u>	<u>\$ 286,967</u>	<u>\$ -</u>	<u>\$ 1,224,583</u>
Cash and Investment Assets - December 31						
Cash and investments	<u>\$ 18</u>	<u>\$ 111,017</u>	<u>\$ 22,437</u>	<u>\$ 286,967</u>	<u>\$ -</u>	<u>\$ 1,224,583</u>
Cash and Investment Fund Balance - December 31						
Unrestricted	<u>\$ 18</u>	<u>\$ 111,017</u>	<u>\$ 22,437</u>	<u>\$ 286,967</u>	<u>\$ -</u>	<u>\$ 1,224,583</u>

TOWN OF SYRACUSE
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS

For The Year Ended December 31, 2006

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>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 863,109
Infrastructure	14,552,013
Buildings	2,597,512
Improvements other than buildings	227,736
Machinery and equipment	2,160,724
Construction in progress	<u>19,462</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 20,420,556</u>
<u>Primary Government</u>	<u>Ending Balance</u>
Business-type activities (Capital assets not being depreciated):	
Water Utility:	
Land	\$ 30,979
Construction in progress	1,968,438
Buildings	322,020
Improvements other than buildings	2,055,976
Machinery and equipment	<u>106,980</u>
Total Water Utility capital assets	<u>4,484,393</u>
Wastewater Utility:	
Land	216,206
Buildings	4,339,395
Improvements other than buildings	3,256,608
Machinery and equipment	<u>1,035,429</u>
Total Wastewater Utility capital assets	<u>8,847,638</u>
Total business-type activities capital assets	<u>\$ 13,332,031</u>

TOWN OF SYRACUSE
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT

For The Year Ended December 31, 2006

Description of Asset	Ending Balance	Due Within One Year
Governmental Activities:		
Capital leases:		
Community Center	\$ 615,000	\$ 20,000
Street Sweeper	<u>67,770</u>	<u>21,950</u>
Total Governmental Activities	<u>\$ 682,770</u>	<u>\$ 41,950</u>
Business-type Activities:		
Water Utility		
Revenue bonds:		
Waterworks refunding bonds of 2004	\$ 400,000	\$ 40,000
SRF Loan:		
Drinking water SRF loan program	<u>1,468,930</u>	<u>212,000</u>
Total Water Utility	<u>1,868,930</u>	<u>252,000</u>
Wastewater Utility		
Revenue bonds:		
Sewage refunding bonds of 1995	<u>\$ 945,000</u>	<u>\$ 115,000</u>
Total business-type activities long-term debt:	<u>\$ 2,813,930</u>	<u>\$ 367,000</u>

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 TOWN OF SYRACUSE, KOSCIUSKO COUNTY, INDIANA

Compliance

We have audited the compliance of the Town of Syracuse (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 the major federal program for the years ended December 31, 2005 and 2006. 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 the 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 the major federal program for the years ended December 31, 2005 and 2006.

Internal Control Over Compliance

The 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, 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
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133
(Continued)

A control deficiency in a Town's 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be significant deficiencies or material weaknesses, as defined above.

This report is intended solely for the information and use of the Town's management, the Town 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 6, 2007

TOWN OF SYRACUSE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Years Ended December 31, 2005 and 2006

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 12-31-05	Total Federal Awards Expended 12-31-06
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>				
Pass-Through Indiana Governor's Council on Impaired and Dangerous Driving Highway Safety Cluster				
State and Community Highway Safety	20.600			
OP-05-02-03-98			\$ 1,632	\$ -
OP-06-02-03-78			<u>791</u>	<u>1,891</u>
Total for federal grantor agency			<u>2,423</u>	<u>1,891</u>
<u>U.S. ENVIRONMENTAL PROTECTION AGENCY</u>				
Pass-Through Indiana Department of Environmental Management Capitalization Grants For Drinking Water State Revolving Funds				
	66.468		<u>160,865</u>	<u>581,936</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>				
Direct Grant				
Assistance To Firefighters Grant EMW-2004-FG-06903	97.044		<u>51,595</u>	<u>-</u>
Total federal awards expended			<u>\$ 214,883</u>	<u>\$ 583,827</u>

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

TOWN OF SYRACUSE
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 Syracuse (Town) and is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Accordingly, the amount of federal awards expended is based on when the activity related to the award occurs. The State Revolving Funds provided for the funding of the Town's Capitalization Grants for Drinking Water State Revolving Funds are paid directly by the State and are not received or disbursed by the Town and are not reported on the records of the Town. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

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 the 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 SYRACUSE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified?	no
Reportable conditions identified that are not considered to be material weaknesses?	none reported

Noncompliance material to financial statements noted? no

Federal Awards:

Internal control over major programs:

Material weaknesses identified?	no
Reportable conditions identified that are not considered to be material weaknesses?	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
66.468	Capitalization Grants For Drinking 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.

TOWN OF SYRACUSE
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

TOWN OF SYRACUSE
EXIT CONFERENCE

The contents of this report were discussed on August 6, 2007, with Paul Stoelting, President of the Town Council; and Julie A. Kline, Clerk-Treasurer. Our audit disclosed no material items that warrant comment at this time.