

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

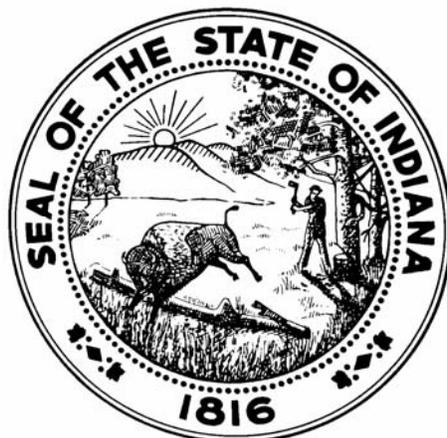
EXAMINATION REPORT

OF

TOWN OF SWAYZEE

GRANT COUNTY, INDIANA

January 1, 2005 to December 31, 2006



FILED
11/14/2007

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Alma Caldwell	01-01-04 to 12-31-07
President of the Town Council	Derek Patterson Gary Hendricks	01-01-05 to 12-31-06 01-01-07 to 12-31-07
Superintendent of Utilities	Wayne Carmack	01-01-05 to 12-31-07



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the financial information presented herein of the Town of Swayzee (Town), for the period of January 1, 2005 to December 31, 2006. The Town's management is responsible for the financial information presented herein. 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 financial information presented herein 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 financial information referred to above presents fairly, in all material respects, the financial information of the Town for the years ended December 31, 2005 and 2006, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The Schedule of Capital Assets and Schedule of Long-Term Debt, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the basic financial information. They have not been subjected to the examination procedures applied to the basic financial information, and accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

October 2, 2007

TOWN OF SWAYZEE
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	\$ 45,673	\$ 250,658	\$ 192,962	\$ 103,369
Motor Vehicle Highway	32,332	43,803	34,912	41,223
Local Road and Street	19,549	9,638	15,000	14,187
Park and Recreation	6,295	9,150	5,371	10,074
Law Enforcement Continuing Education	2,316	4,526	2,384	4,458
Riverboat	6,532	6,375	5,668	7,239
Solid Waste Disposal	2,986	33,178	33,005	3,159
Operation Pull Over Grant	189	250	132	307
Law Enforcement Assistance Grant	1,272	9,000	8,354	1,918
Law Enforcement Block Grant	4,505	495	4,891	109
Cumulative Capital Improvement	6,768	3,125	-	9,893
Proprietary Funds:				
Water Utility - Operating	27,365	147,786	146,652	28,499
Water Utility - Depreciation	16,256	72,583	24,000	64,839
Water Utility - Customer Deposit	6,644	1,950	3,800	4,794
Wastewater Utility - Operating	21,021	66,643	74,578	13,086
Wastewater Utility - Bond and Interest	-	91,151	86,349	4,802
Wastewater Utility - Debt Service Reserve	97,961	1,789	4,231	95,519
Wastewater Utility - Improvement	39,301	5,932	31,041	14,192
Fiduciary Funds:				
Utilities Clearing	25,819	320,673	321,338	25,154
Payroll	79	141,321	141,400	-
Totals	<u>\$ 362,863</u>	<u>\$ 1,220,026</u>	<u>\$ 1,136,068</u>	<u>\$ 446,821</u>

The accompanying notes are an integral part of the financial information.

TOWN OF SWAYZEE
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, 2006

	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
Governmental Funds:				
General	\$ 103,369	\$ 177,982	\$ 166,300	\$ 115,051
Motor Vehicle Highway	41,223	39,902	45,529	35,596
Local Road and Street	14,187	9,257	19,173	4,271
Park and Recreation	10,074	11,129	6,197	15,006
Law Enforcement Continuing Education	4,458	10,323	5,299	9,482
Riverboat	7,239	6,362	2,959	10,642
Solid Waste Disposal	3,159	34,718	37,446	431
Operation Pull Over Grant	307	-	-	307
Law Enforcement Assistance Grant	1,918	14,266	16,184	-
Law Enforcement Block Grant	109	8,552	7,147	1,514
Cumulative Capital Improvement	9,893	3,612	-	13,505
Proprietary Funds:				
Water Utility - Operating	28,499	147,231	166,154	9,576
Water Utility - Depreciation	64,839	21,000	26,460	59,379
Water Utility - Customer Deposit	4,794	2,011	1,435	5,370
Wastewater Utility - Operating	13,086	82,001	89,508	5,579
Wastewater Utility - Bond and Interest	4,802	83,683	84,549	3,936
Wastewater Utility - Debt Service Reserve	95,519	130	-	95,649
Wastewater Utility - Improvement	14,192	5,932	5,365	14,759
Fiduciary Funds:				
Utilities Clearing	25,154	325,521	322,188	28,487
Payroll	-	163,531	163,531	-
Totals	<u>\$ 446,821</u>	<u>\$ 1,147,143</u>	<u>\$ 1,165,424</u>	<u>\$ 428,540</u>

The accompanying notes are an integral part of the financial information.

TOWN OF SWAYZEE
NOTES TO FINANCIAL INFORMATION

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. All property taxes collected by the County Treasurer and available for distribution were distributed to the Town on or prior to December 31 of the year collected.

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.

TOWN OF SWAYZEE
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS
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 completed in the current years have been reported. Retroactive reporting of general infrastructure assets is not required.

	<u>Ending Balance</u>
Governmental:	
Capital assets, not being depreciated:	
Land	\$ 200
Infrastructure	45,530
Buildings	66,296
Machinery and equipment	<u>57,672</u>
Total governmental, capital assets not being depreciated	<u>\$ 169,698</u>
Business-type activities:	
Water Utility:	
Capital assets, not being depreciated:	
Land	\$ 5,500
Buildings	26,051
Improvements other than buildings	255,558
Machinery and equipment	<u>44,570</u>
Total Water Utility capital assets	<u>331,679</u>
Wastewater Utility:	
Capital assets, not being depreciated:	
Land	12,000
Improvements other than buildings	2,113,155
Machinery and equipment	<u>37,900</u>
Total Wastewater Utility capital assets	<u>2,163,055</u>
Total business-type activities, capital assets	<u>\$ 2,494,734</u>

TOWN OF SWAYZEE
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 December 31, 2006

Description of Debt	Ending Balance	Due Within One Year
Governmental Activities:		
Capital lease:		
Police car	\$ 4,681	\$ 4,681
Business-type Activities:		
Wastewater Utility Loan	\$ 758,288	\$ -

TOWN OF SWAYZEE
EXAMINATION RESULTS AND COMMENTS

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. A similar comment appeared in prior Report B26099.

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.

(C) The amount of the delinquent fees, together with the penalty.

(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. . . ."

CREDIT CARD CLAIMS

Payments for credit card expenses were not supported by adequate documentation. Payments were made based on a statement balance or credit card slips. A similar comment appeared in prior Report B26099.

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for audit to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TOWN OF SWAYZEE
EXIT CONFERENCE

The contents of this report were discussed on October 2, 2007, with Alma Caldwell, Clerk-Treasurer; and Gary Hendricks, President of the Town Council.