

B37087

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

AUDIT REPORT

OF

TOWN OF UPLAND

GRANT COUNTY, INDIANA

January 1, 2008 to December 31, 2009



FILED
06/03/2010

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 Funds	10, 14
Notes to Financial Statements	15-21
Supplementary Information:	
Combining Schedule of Assets and Fund Balances and Receipts, Disbursements, and Changes in Fund Balances – Cash and Investment Basis – Other Governmental Funds.....	22, 25
Combining Schedule of Additions, Deductions, and Changes in Cash and Investment Balances – Private-Purpose Trust Funds	23, 26
Combining Schedule of Additions, Deductions, and Changes in Cash and Investment Balances – Agency Fund	24, 27
Schedule of Long-Term Debt	28
Audit Results and Comments:	
Appropriations.....	29
Capital Asset Records	29
Hydrant Rental Not Paid.....	29
Delinquent Wastewater Accounts.....	30
Supplemental Audit of Federal Awards:	
Independent Auditor's Report on Compliance With Requirements Applicable to Its Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133.....	32-33
Schedule of Expenditures of Federal Awards	34
Note to Schedule of Expenditures of Federal Awards.....	35
Schedule of Findings and Questioned Costs	36
Auditee Prepared Schedule:	
Summary Schedule of Prior Audit Findings	37
Exit Conference.....	38

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Jane E. Rockwell	01-01-08 to 12-31-11
President of the Town Council	Michael T. Cooper	01-01-08 to 12-31-10
Town Manager	Bruce Long, Jr.	01-01-08 to 12-31-10



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 UPLAND, GRANT 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 Upland (Town), as of and for the years ended December 31, 2008 and 2009, 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, 2008 and 2009, 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 March 15, 2010, on our consideration of the Town's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the 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, 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 Long-Term Debt has 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 it.

STATE BOARD OF ACCOUNTS

March 15, 2010



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 UPLAND, GRANT 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 Upland (Town), as of and for the years ended December 31, 2008 and 2009, which collectively comprise the Town's basic financial statements and have issued our report thereon dated March 15, 2010. 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.

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)

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.

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, 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

March 15, 2010

TOWN OF UPLAND
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For The Year Ended December 31, 2008

Functions/Programs	Program Receipts				Net (Disbursements) Receipts and Changes in Net Assets		
	Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Totals
Primary government:							
Governmental activities:							
General government	\$ 167,086	\$ 14,693	\$ -	\$ 15,727	\$ (136,666)	\$ -	\$ (136,666)
Public safety	309,819	11,095	-	-	(298,724)	-	(298,724)
Highways and streets	253,622	-	105,004	30,671	(117,947)	-	(117,947)
Sanitation	83,106	83,013	-	-	(93)	-	(93)
Economic development	1,800	-	-	-	(1,800)	-	(1,800)
Culture and recreation	2,739	-	23,857	-	21,118	-	21,118
Interest on long-term debt	18,147	-	-	-	(18,147)	-	(18,147)
Total governmental activities	<u>836,319</u>	<u>108,801</u>	<u>128,861</u>	<u>46,398</u>	<u>(552,259)</u>	<u>-</u>	<u>(552,259)</u>
Business-type activities:							
Water	500,140	547,640	-	-	-	47,500	47,500
Wastewater	1,747,554	528,617	-	1,156,590	-	(62,347)	(62,347)
Total business-type activities	<u>2,247,694</u>	<u>1,076,257</u>	<u>-</u>	<u>1,156,590</u>	<u>-</u>	<u>(14,847)</u>	<u>(14,847)</u>
Total primary government	<u>\$ 3,084,013</u>	<u>\$ 1,185,058</u>	<u>\$ 128,861</u>	<u>\$ 1,202,988</u>	<u>(552,259)</u>	<u>(14,847)</u>	<u>(567,106)</u>
General receipts:							
Property taxes					448,256	-	448,256
Other local sources					192,298	-	192,298
Bonds and loans					-	12,800	12,800
Unrestricted investment earnings					9,319	6,737	16,056
Total general receipts					<u>649,873</u>	<u>19,537</u>	<u>669,410</u>
Change in net assets					97,614	4,690	102,304
Net assets - beginning					<u>360,297</u>	<u>732,761</u>	<u>1,093,058</u>
Net assets - ending					<u>\$ 457,911</u>	<u>\$ 737,451</u>	<u>\$ 1,195,362</u>
<u>Assets</u>							
Cash and investments					\$ 350,693	\$ 70,437	\$ 421,130
Restricted assets:							
Cash and investments					<u>107,218</u>	<u>667,014</u>	<u>774,232</u>
Total assets					<u>\$ 457,911</u>	<u>\$ 737,451</u>	<u>\$ 1,195,362</u>
<u>Net Assets</u>							
Restricted for:							
Debt service					\$ -	\$ 609,124	\$ 609,124
Depreciation					-	9,518	9,518
Construction					-	340	340
Highways and streets					107,218	-	107,218
Other purposes					-	48,032	48,032
Unrestricted					<u>350,693</u>	<u>70,437</u>	<u>421,130</u>
Total net assets					<u>\$ 457,911</u>	<u>\$ 737,451</u>	<u>\$ 1,195,362</u>

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

TOWN OF UPLAND
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, 2008

	General	Motor Vehicle Highway	Riverboat	Cumulative Capital Development	Other Governmental Funds	Totals
Receipts:						
Taxes	\$ 421,200	\$ -	\$ -	\$ 27,056	\$ -	\$ 448,256
Licenses and permits	-	-	-	-	550	550
Intergovernmental	134,297	105,004	23,857	3,360	43,038	309,556
Charges for services	129,761	-	-	-	215	129,976
Fines and forfeits	-	-	-	-	36	36
Other	20,699	-	-	-	24,860	45,559
Total receipts	705,957	105,004	23,857	30,416	68,699	933,933
Disbursements:						
General government	140,783	-	-	-	-	140,783
Public safety	279,776	9,302	-	-	1,356	290,434
Highways and streets	11,270	131,780	26,352	29,765	54,455	253,622
Sanitation	83,106	-	-	-	-	83,106
Economic development	1,800	-	-	-	-	1,800
Culture and recreation	2,739	-	-	-	-	2,739
Debt service:						
Principal	26,303	-	-	-	-	26,303
Interest	18,147	-	-	-	-	18,147
Capital outlay:						
Public safety	19,385	-	-	-	-	19,385
Total disbursements	583,309	141,082	26,352	29,765	55,811	836,319
Excess (deficiency) of receipts over (under) disbursements	122,648	(36,078)	(2,495)	651	12,888	97,614
Other financing sources (uses):						
Interfund loans made or received	88,000	-	88,000	-	-	176,000
Interfund loan repayments made or received	(88,000)	-	(88,000)	-	-	(176,000)
Total other financing sources (uses)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	122,648	(36,078)	(2,495)	651	12,888	97,614
Cash and investment fund balance - beginning	34,471	106,458	113,017	52,674	53,677	360,297
Cash and investment fund balance - ending	<u>\$ 157,119</u>	<u>\$ 70,380</u>	<u>\$ 110,522</u>	<u>\$ 53,325</u>	<u>\$ 66,565</u>	<u>\$ 457,911</u>
Cash and Investment Assets - December 31						
Cash and investments	\$ 157,119	\$ -	\$ 110,522	\$ 53,325	\$ 29,727	\$ 350,693
Restricted assets:						
Cash and investments	-	70,380	-	-	36,838	107,218
Total cash and investment assets - December 31	<u>\$ 157,119</u>	<u>\$ 70,380</u>	<u>\$ 110,522</u>	<u>\$ 53,325</u>	<u>\$ 66,565</u>	<u>\$ 457,911</u>
Cash and Investment Fund Balance - December 31						
Restricted for:						
Highways and streets	\$ -	\$ 70,380	\$ -	\$ -	\$ 36,838	\$ 107,218
Unrestricted	157,119	-	110,522	53,325	29,727	350,693
Total cash and investment fund balance - December 31	<u>\$ 157,119</u>	<u>\$ 70,380</u>	<u>\$ 110,522</u>	<u>\$ 53,325</u>	<u>\$ 66,565</u>	<u>\$ 457,911</u>

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

TOWN OF UPLAND
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, 2008

	Water Utility	Wastewater Utility	Totals
Operating receipts:			
Metered water receipts:			
Residential	\$ 270,121	\$ -	\$ 270,121
Commercial	187,712	-	187,712
Fire protection receipts	51,975	-	51,975
Penalties	2,436	9,468	11,904
Measured revenue:			
Residential	-	248,232	248,232
Commercial	-	268,917	268,917
Other	35,396	2,000	37,396
	<u>547,640</u>	<u>528,617</u>	<u>1,076,257</u>
Total operating receipts			
	<u>547,640</u>	<u>528,617</u>	<u>1,076,257</u>
Operating disbursements:			
Equipment and capital improvements	-	1,169,390	1,169,390
Salaries and wages	116,488	134,170	250,658
Employee pensions and benefits	37,113	38,642	75,755
Purchased power	15,938	46,729	62,667
Chemicals	4,718	16,106	20,824
Material and supplies	35,372	97,201	132,573
Miscellaneous disbursements	82,487	45,078	127,565
	<u>292,116</u>	<u>1,547,316</u>	<u>1,839,432</u>
Total operating disbursements			
	<u>292,116</u>	<u>1,547,316</u>	<u>1,839,432</u>
Excess (deficiency) of operating receipts over (under) operating disbursements	<u>255,524</u>	<u>(1,018,699)</u>	<u>(763,175)</u>
Nonoperating receipts (disbursements):			
Loan proceeds	-	12,800	12,800
Interest and investment receipts	3,120	3,617	6,737
Debt service of principal	(122,000)	(123,539)	(245,539)
Interest and investment disbursement	(86,024)	(76,699)	(162,723)
	<u>(204,904)</u>	<u>(183,821)</u>	<u>(388,725)</u>
Total nonoperating receipts (disbursements)			
	<u>(204,904)</u>	<u>(183,821)</u>	<u>(388,725)</u>
Excess (deficiency) of receipts over (under) disbursements and nonoperating receipts (disbursements)	50,620	(1,202,520)	(1,151,900)
Capital contributions	-	1,156,590	1,156,590
Excess (deficiency) of receipts and contributions over (under) disbursements	50,620	(45,930)	4,690
Cash and investment fund balance - beginning	<u>441,577</u>	<u>291,184</u>	<u>732,761</u>
Cash and investment fund balance - ending	<u>\$ 492,197</u>	<u>\$ 245,254</u>	<u>\$ 737,451</u>
<u>Cash and Investment Assets - December 31</u>			
Cash and investments	\$ 54,281	\$ 16,156	\$ 70,437
Restricted assets:			
Cash and investments	437,916	229,098	667,014
Total cash and investment assets - December 31	<u>\$ 492,197</u>	<u>\$ 245,254</u>	<u>\$ 737,451</u>
<u>Cash and Investment Fund Balance - December 31</u>			
Restricted for:			
Debt service	\$ 389,544	\$ 219,580	\$ 609,124
Depreciation	-	9,518	9,518
Construction	340	-	340
Other purposes	48,032	-	48,032
Unrestricted	54,281	16,156	70,437
Total cash and investment fund balance - December 31	<u>\$ 492,197</u>	<u>\$ 245,254</u>	<u>\$ 737,451</u>

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

TOWN OF UPLAND
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
FIDUCIARY FUNDS
For The Year Ended December 31, 2008

	Private-Purpose Trust Funds	Agency Fund
Additions:		
Contributions:		
Other	\$ 3,971	
Investment earnings:		
Interest	205	
Total additions	4,176	
Deductions:		
Administrative and general	10,300	
Deficiency of total additions under total deductions	(6,124)	
Cash and investment fund balance - beginning	132,225	
Cash and investment fund balance - ending	\$ 126,101	\$ 2,665

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

TOWN OF UPLAND
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For The Year Ended December 31, 2009

Functions/Programs	Disbursements	Program Receipts			Net (Disbursements) Receipts and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Totals
Primary government:							
Governmental activities:							
General government	\$ 148,134	\$ 15,538	\$ -	\$ 12,864	\$ (119,732)	\$ -	\$ (119,732)
Public safety	311,887	15,517	9,706	-	(286,664)	-	(286,664)
Highways and streets	223,628	-	98,890	32,900	(91,838)	-	(91,838)
Sanitation	79,170	95,930	-	-	16,760	-	16,760
Culture and recreation	864	-	23,799	-	22,935	-	22,935
Interest on long-term debt	16,680	-	-	-	(16,680)	-	(16,680)
Total governmental activities	<u>780,363</u>	<u>126,985</u>	<u>132,395</u>	<u>45,764</u>	<u>(475,219)</u>	<u>-</u>	<u>(475,219)</u>
Business-type activities:							
Water	492,124	591,715	-	-	-	99,591	99,591
Wastewater	636,494	602,612	950	57,371	-	24,439	24,439
Total business-type activities	<u>1,128,618</u>	<u>1,194,327</u>	<u>950</u>	<u>57,371</u>	<u>-</u>	<u>124,030</u>	<u>124,030</u>
Total primary government	<u>\$ 1,908,981</u>	<u>\$ 1,321,312</u>	<u>\$ 133,345</u>	<u>\$ 103,135</u>	<u>(475,219)</u>	<u>124,030</u>	<u>(351,189)</u>
General receipts:							
Property taxes					197,789	-	197,789
Other local sources					142,299	-	142,299
Unrestricted investment earnings					39	439	478
Total general receipts					<u>340,127</u>	<u>439</u>	<u>340,566</u>
Change in net assets					(135,092)	124,469	(10,623)
Net assets - beginning					<u>457,911</u>	<u>737,451</u>	<u>1,195,362</u>
Net assets - ending					<u>\$ 322,819</u>	<u>\$ 861,920</u>	<u>\$ 1,184,739</u>
<u>Assets</u>							
Cash and investments					\$ 255,203	\$ 134,419	\$ 389,622
Restricted assets:							
Cash and investments					<u>67,616</u>	<u>727,501</u>	<u>795,117</u>
Total assets					<u>\$ 322,819</u>	<u>\$ 861,920</u>	<u>\$ 1,184,739</u>
<u>Net Assets</u>							
Restricted for:							
Debt service					\$ -	\$ 600,987	\$ 600,987
Depreciation					-	71,542	71,542
Construction					-	340	340
Highways and streets					67,616	-	67,616
Other purposes					-	54,632	54,632
Unrestricted					<u>255,203</u>	<u>134,419</u>	<u>389,622</u>
Total net assets					<u>\$ 322,819</u>	<u>\$ 861,920</u>	<u>\$ 1,184,739</u>

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

TOWN OF UPLAND
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, 2009

	General	Motor Vehicle Highway	Riverboat	Cumulative Capital Development	Other Governmental Funds	Totals
Receipts:						
Taxes	\$ 187,463	\$ -	\$ -	\$ 10,326	\$ -	\$ 197,789
Licenses and permits	-	-	-	-	460	460
Intergovernmental	107,005	98,890	23,799	1,202	44,562	275,458
Charges for services	154,602	-	-	-	123	154,725
Other	6,864	269	-	-	9,706	16,839
Total receipts	455,934	99,159	23,799	11,528	54,851	645,271
Disbursements:						
General government	120,364	-	-	-	-	120,364
Public safety	302,320	9,548	-	-	19	311,887
Highways and streets	-	117,113	61,515	-	45,000	223,628
Sanitation	79,170	-	-	-	-	79,170
Culture and recreation	864	-	-	-	-	864
Debt service:						
Principal	27,770	-	-	-	-	27,770
Interest	16,680	-	-	-	-	16,680
Total disbursements	547,168	126,661	61,515	-	45,019	780,363
Excess (deficiency) of receipts over (under) disbursements	(91,234)	(27,502)	(37,716)	11,528	9,832	(135,092)
Other financing sources (uses):						
Interfund loans made or received	-	-	46,051	-	-	46,051
Interfund loan repayments made or received	-	-	(46,051)	-	-	(46,051)
Total other financing sources (uses)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(91,234)	(27,502)	(37,716)	11,528	9,832	(135,092)
Cash and investment fund balance - beginning	157,119	70,380	110,522	53,325	66,565	457,911
Cash and investment fund balance - ending	\$ 65,885	\$ 42,878	\$ 72,806	\$ 64,853	\$ 76,397	\$ 322,819
Cash and Investment Assets - December 31						
Cash and investments	\$ 65,885	\$ -	\$ 72,806	\$ 64,853	\$ 51,659	\$ 255,203
Restricted assets:						
Cash and investments	-	42,878	-	-	24,738	67,616
Total cash and investment assets - December 31	\$ 65,885	\$ 42,878	\$ 72,806	\$ 64,853	\$ 76,397	\$ 322,819
Cash and Investment Fund Balance - December 31						
Restricted for:						
Highways and streets	\$ -	\$ 42,878	\$ -	\$ -	\$ 24,738	\$ 67,616
Unrestricted	65,885	-	72,806	64,853	51,659	255,203
Total cash and investment fund balance - December 31	\$ 65,885	\$ 42,878	\$ 72,806	\$ 64,853	\$ 76,397	\$ 322,819

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

TOWN OF UPLAND
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, 2009

	Water Utility	Wastewater Utility	Totals
Operating receipts:			
Metered water receipts:			
Residential	\$ 281,008	\$ -	\$ 281,008
Commercial	204,154	-	204,154
Fire protection receipts	66,163	-	66,163
Penalties	2,500	11,281	13,781
Measured revenue:			
Residential	-	279,771	279,771
Commercial	-	305,166	305,166
Other	<u>37,890</u>	<u>7,344</u>	<u>45,234</u>
Total operating receipts	<u>591,715</u>	<u>603,562</u>	<u>1,195,277</u>
Operating disbursements:			
Equipment and capital improvements	-	58,321	58,321
Salaries and wages	110,997	134,622	245,619
Employee pensions and benefits	27,647	28,519	56,166
Purchased power	15,027	64,269	79,296
Chemicals	4,303	15,623	19,926
Material and supplies	45,256	74,707	119,963
Miscellaneous disbursements	<u>75,348</u>	<u>60,485</u>	<u>135,833</u>
Total operating disbursements	<u>278,578</u>	<u>436,546</u>	<u>715,124</u>
Excess of operating receipts over operating disbursements	<u>313,137</u>	<u>167,016</u>	<u>480,153</u>
Nonoperating receipts (disbursements):			
Interest and investment receipts	358	81	439
Debt service of principal	(127,000)	(129,968)	(256,968)
Interest and investment disbursement	<u>(86,546)</u>	<u>(69,980)</u>	<u>(156,526)</u>
Total nonoperating receipts (disbursements)	<u>(213,188)</u>	<u>(199,867)</u>	<u>(413,055)</u>
Excess (deficiency) of receipts over (under) disbursements and nonoperating receipts (disbursements)	99,949	(32,851)	67,098
Capital contributions	-	57,371	57,371
Interfund loans made or received	-	46,051	46,051
Interfund loan repayments made or received	<u>-</u>	<u>(46,051)</u>	<u>(46,051)</u>
Excess of receipts, contributions and interfund loans over disbursements and interfund loans	99,949	24,520	124,469
Cash and investment fund balance - beginning	<u>492,197</u>	<u>245,254</u>	<u>737,451</u>
Cash and investment fund balance - ending	<u>\$ 592,146</u>	<u>\$ 269,774</u>	<u>\$ 861,920</u>
<u>Cash and Investment Assets - December 31</u>			
Cash and investments	\$ 106,723	\$ 27,696	\$ 134,419
Restricted assets:			
Cash and investments	<u>485,423</u>	<u>242,078</u>	<u>727,501</u>
Total cash and investment assets - December 31	<u>\$ 592,146</u>	<u>\$ 269,774</u>	<u>\$ 861,920</u>
<u>Cash and Investment Fund Balance - December 31</u>			
Restricted for:			
Debt service	\$ 361,927	\$ 239,060	\$ 600,987
Depreciation	68,524	3,018	71,542
Construction	340	-	340
Other purposes	54,632	-	54,632
Unrestricted	<u>106,723</u>	<u>27,696</u>	<u>134,419</u>
Total cash and investment fund balance - December 31	<u>\$ 592,146</u>	<u>\$ 269,774</u>	<u>\$ 861,920</u>

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

TOWN OF UPLAND
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
FIDUCIARY FUNDS
For The Year Ended December 31, 2009

	Private-Purpose Trust Funds	Agency Fund
Additions:		
Investment earnings:		
Interest	\$ <u>159</u>	
Deductions:		
Administrative and general	<u>23,353</u>	
Deficiency of total additions under total deductions	(23,194)	
Cash and investment fund balance - beginning	<u>126,101</u>	
Cash and investment fund balance - ending	<u>\$ 102,907</u>	<u>\$ 7,412</u>

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

TOWN OF UPLAND
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, health and social services, culture and recreation, general administrative services, water, and wastewater.

The Town's financial reporting entity is composed of the primary government, the Town of Upland.

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

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, 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.

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) accounts for state and local monies collected for highway and street construction and improvements.

The riverboat fund is used to account for riverboat tax revenue and may be used for any legal or corporate purpose of the City.

The cumulative capital development fund is used to account for receipts and disbursements of taxes levied under Indiana Code IC 36-9-15.5 for capital project uses.

TOWN OF UPLAND
NOTES TO FINANCIAL STATEMENTS
(Continued)

The Town reports the following major enterprise 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 types:

The private-purpose trust funds report trust arrangements under which principal and income benefit the citizens of the town through the park and police departments.

Agency funds account for assets held by the town as an agent for federal and state revenue agencies and serve as control of accounts for 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.

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 its enterprise funds. 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.

TOWN OF UPLAND
NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

When both restricted and unrestricted resources are available for use, the Town's policy is to use restricted resources first, then unrestricted resources as they are needed.

D. Assets and Cash and Investment Balances

1. Restricted Assets

All restricted assets, as presented in the accompanying financial statements, are restricted due to enabling legislation.

2. 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.

3. Property Taxes

Normally, property taxes levied are collected by the County Treasurer and are distributed to the Town in June and in 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 may 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.

4. 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.

5. Long-Term Debt

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

TOWN OF UPLAND
NOTES TO FINANCIAL STATEMENTS
(Continued)

6. 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."

Fund Financial Statements

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

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 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 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 reported as reimbursements.
3. Interfund transfers – Flow of assets from one fund to another where repayment is not expected is reported as transfers in and out.

TOWN OF UPLAND
 NOTES TO FINANCIAL STATEMENTS
 (Continued)

4. Interfund loans – Flow of assets from one fund to another where repayment is expected is reported as interfund loans.

Government-Wide Financial Statements

Interfund activity, if any, is eliminated or reclassified in the government-wide financial statements. 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 loans and services between funds, if any, are not eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis.

II. Stewardship, Compliance and Accountability

A. 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.

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. Prior to November 1, 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.

B. Disbursements in Excess of Appropriations

For the years ended December 31, 2008 and 2009, disbursements exceeded budgeted appropriations in the following fund by the amount below:

Fund	2008	2009
Local Road and Street	\$ -	\$ 4,063

These disbursements were funded by available fund balances.

TOWN OF UPLAND
NOTES TO FINANCIAL STATEMENTS
(Continued)

III. Detailed Notes on All Funds

A. Deposits and Investments

1. 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. IC 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. The Town does not have a deposit policy for custodial credit risk. At December 31, 2009, the Town had deposit balances in the amount of \$1,295,058.

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.

2. Investments

Statutory Authorization for Investments

IC 5-13-9 authorizes the Town to invest in securities backed by the full faith and credit of the United States Treasury or fully guaranteed by the United States of America and issued by the United States Treasury, a federal agency, a federal instrumentality, or a federal government sponsored enterprise. Indiana Code also authorizes the Town to invest in securities fully guaranteed and issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise. These investments are required by statute to have a stated final maturity of not more than two years.

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; job related illnesses or injuries to employees; and natural disasters are covered by commercial insurance from independent third parties.

Settled claims from risks covered by commercial insurance have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance by major category of risk.

During 1990, the Town joined with other governmental entities in the Indiana Public Employer's Plan, Inc., a public entity risk pool currently operating as a common risk management and insurance program for approximately 350 member governmental entities. This risk pool was formed in the 1989. The purpose of the risk pool is to provide a medium for the funding and

TOWN OF UPLAND
NOTES TO FINANCIAL STATEMENTS
(Continued)

administration of job related illnesses or injuries to employees. The Town pays an annual premium to the risk pool for its job related illnesses or injuries to employees 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. Conduit Debt Obligation

The Town has issued conduit debt (no commitment debt) to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the Town, the State, nor any political subdivision thereof is obligated in any manner for the repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying notes to the financial statements.

As of December 31, 2009, the outstanding aggregate principal amount payable was \$3,515,000.

C. Rate Structure – Enterprise Funds

Water Utility

On October 11, 1995, the Town Council adopted Ordinance 7-1995 to withdraw from the jurisdiction of the Indiana Utility Regulatory Commission. The current rate structure was approved by the Council on September 10, 2008.

Wastewater Utility

The current rate structure was approved by the Town Council on September 10, 2008.

D. Receipts Pledged

Water Utility Receipts Pledged

The Town has pledged future utility receipts, net of specified operating expenditures, to repay revenue bonds issued in 1998. Proceeds from the bonds provided financing for certain additions, extensions and improvements to the municipal waterworks. The bonds are payable solely from utility receipts and are payable through 2013. Annual principal and interest payments are expected to require twenty-five percent of receipts.

Wastewater Utility Receipts Pledged

The Town has pledged future utility receipts, net of specified operating expenditures, to repay revenue bonds issued in 1998. Proceeds from the bonds provided financing for the construction of additions and improvements to the sewage works and refunding prior bonds. The bonds are payable solely from utility receipts and are payable through 2017. Annual principal and interest payments are expected to require thirty-two percent of receipts.

TOWN OF UPLAND
 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, 2008

	Local Road and Street	Law Enforcement Continuing Education	Cumulative Capital Improvement	Totals
Receipts:				
Licenses and permits	\$ -	\$ 550	\$ -	\$ 550
Intergovernmental	30,671	-	12,367	43,038
Charges for services	-	215	-	215
Fines and forfeits	-	36	-	36
Other	24,860	-	-	24,860
	<u>55,531</u>	<u>801</u>	<u>12,367</u>	<u>68,699</u>
Total receipts				
Disbursements:				
Public safety	-	1,356	-	1,356
Highways and streets	43,000	-	11,455	54,455
	<u>43,000</u>	<u>1,356</u>	<u>11,455</u>	<u>55,811</u>
Total disbursements				
Excess (deficiency) of receipts over (under) disbursements	12,531	(555)	912	12,888
Cash and investment fund balance - beginning	24,307	2,248	27,122	53,677
Cash and investment fund balance - ending	<u>\$ 36,838</u>	<u>\$ 1,693</u>	<u>\$ 28,034</u>	<u>\$ 66,565</u>
<u>Cash and Investment Assets - December 31</u>				
Cash and investments	\$ -	\$ 1,693	\$ 28,034	\$ 29,727
Restricted assets:				
Cash and investments	36,838	-	-	36,838
Total cash and investment assets - December 31	<u>\$ 36,838</u>	<u>\$ 1,693</u>	<u>\$ 28,034</u>	<u>\$ 66,565</u>
<u>Cash and Investment Fund Balance - December 31</u>				
Restricted for:				
Highways and streets	\$ 36,838	\$ -	\$ -	\$ 36,838
Unrestricted	-	1,693	28,034	29,727
Total cash and investment fund balance - December 31	<u>\$ 36,838</u>	<u>\$ 1,693</u>	<u>\$ 28,034</u>	<u>\$ 66,565</u>

TOWN OF UPLAND
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PRIVATE-PURPOSE TRUST FUNDS
 For The Year Ended December 31, 2008

	Donation	Recreation Donation	Totals
Additions:			
Contributions:			
Other	\$ 1,619	\$ 2,352	\$ 3,971
Investment earnings:			
Interest	<u>-</u>	<u>205</u>	<u>205</u>
Total additions	<u>1,619</u>	<u>2,557</u>	<u>4,176</u>
Deductions:			
Administrative and general	<u>1,600</u>	<u>8,700</u>	<u>10,300</u>
Excess (deficiency) of total additions over (under) total deductions	19	(6,143)	(6,124)
Cash and investment fund balance - beginning	<u>33,484</u>	<u>98,741</u>	<u>132,225</u>
Cash and investment fund balance - ending	<u>\$ 33,503</u>	<u>\$ 92,598</u>	<u>\$ 126,101</u>

TOWN OF UPLAND
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 AGENCY FUND
 For The Year Ended December 31, 2008

	Payroll
Additions:	
Agency fund additions	\$ 567,671
Deductions:	
Agency fund deductions	571,416
Deficiency of total additions under total deductions	(3,745)
Cash and investment fund balance - beginning	6,410
Cash and investment fund balance - ending	\$ 2,665

TOWN OF UPLAND
 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, 2009

	Local Road and Street	Law Enforcement Continuing Education	Cumulative Capital Improvement	Rainy Day	Totals
Receipts:					
Licenses and permits	\$ -	\$ 460	\$ -	\$ -	\$ 460
Intergovernmental	32,900	-	11,662	-	44,562
Charges for services	-	123	-	-	123
Other	-	-	-	9,706	9,706
Total receipts	32,900	583	11,662	9,706	54,851
Disbursements:					
Public safety	-	19	-	-	19
Highways and streets	45,000	-	-	-	45,000
Total disbursements	45,000	19	-	-	45,019
Excess (deficiency) of receipts over (under) disbursements	(12,100)	564	11,662	9,706	9,832
Cash and investment fund balance - beginning	36,838	1,693	28,034	-	66,565
Cash and investment fund balance - ending	<u>\$ 24,738</u>	<u>\$ 2,257</u>	<u>\$ 39,696</u>	<u>\$ 9,706</u>	<u>\$ 76,397</u>
<u>Cash and Investment Assets - December 31</u>					
Cash and investments	\$ -	\$ 2,257	\$ 39,696	\$ 9,706	\$ 51,659
Restricted assets:					
Cash and investments	24,738	-	-	-	24,738
Total cash and investment assets - December 31	<u>\$ 24,738</u>	<u>\$ 2,257</u>	<u>\$ 39,696</u>	<u>\$ 9,706</u>	<u>\$ 76,397</u>
<u>Cash and Investment Fund Balance - December 31</u>					
Restricted for:					
Highways and streets	\$ 24,738	\$ -	\$ -	\$ -	\$ 24,738
Unrestricted	-	2,257	39,696	9,706	51,659
Total cash and investment fund balance - December 31	<u>\$ 24,738</u>	<u>\$ 2,257</u>	<u>\$ 39,696</u>	<u>\$ 9,706</u>	<u>\$ 76,397</u>

TOWN OF UPLAND
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PRIVATE-PURPOSE TRUST FUNDS
 For The Year Ended December 31, 2009

	<u>Donation</u>	<u>Recreation Donation</u>	<u>Totals</u>
Additions:			
Investment earnings:			
Interest	\$ -	\$ 159	\$ 159
Deductions:			
Administrative and general	<u>8,353</u>	<u>15,000</u>	<u>23,353</u>
Deficiency of total additions under total deductions	(8,353)	(14,841)	(23,194)
Cash and investment fund balance - beginning	<u>33,503</u>	<u>92,598</u>	<u>126,101</u>
Cash and investment fund balance - ending	<u>\$ 25,150</u>	<u>\$ 77,757</u>	<u>\$ 102,907</u>

TOWN OF UPLAND
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 AGENCY FUND
 For The Year Ended December 31, 2009

	Payroll
Additions:	
Agency fund additions	\$ 497,105
Deductions:	
Agency fund deductions	492,358
Excess of total additions over total deductions	4,747
Cash and investment fund balance - beginning	2,665
Cash and investment fund balance - ending	\$ 7,412

TOWN OF UPLAND
SUPPLEMENTARY INFORMATION
SCHEDULE OF LONG-TERM DEBT
December 31, 2009

The Town has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:		
Loan payable:		
Town hall loan	\$ 282,266	\$ 44,450
Business-type activities:		
Water Utility:		
Loan payable:		
State revolving fund loan	\$ 2,180,934	\$ ***
Revenue bonds:		
1998 bonds	410,000	114,278
Total Water Utility	2,590,934	114,278
Wastewater Utility:		
Loan payable:		
Pacesetter Bank loan	101,293	16,035
Revenue bonds:		
1998 bonds	1,195,000	183,333
Total Wastewater Utility	1,296,293	199,368
Total business-type activities debt	\$ 3,887,227	\$ 313,646

***Draws on loan not completed; therefore, repayment schedule has not yet been determined.

TOWN OF UPLAND
AUDIT RESULTS AND COMMENTS

APPROPRIATIONS

The Local Road and Street Fund expenditures exceeded budgeted appropriations by \$4,063 in 2009.

IC 6-1.1-18-4 states in part: ". . . the proper officers of a political subdivision shall appropriate funds in such a manner that the expenditures for a year do not exceed its budget for that year as finally determined under this article."

CAPITAL ASSET RECORDS

Capital asset additions for equipment are recorded when purchased, but other types of additions and disposals are not recorded. A complete inventory of all capital assets was not maintained.

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 form. 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)

HYDRANT RENTAL NOT PAID

As of January 1, 2008, the Town of Upland owed the Water Utility \$23,535 for hydrant rental for the year 2007. During 2008 and 2009, hydrant rental was overpaid by \$4,222 and \$13,765, respectively, resulting in a balance due the Water Utility of \$5,548 at December 31, 2009.

Each governmental unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TOWN OF UPLAND
AUDIT RESULTS AND COMMENTS
(Continued)

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. This comment also appeared in prior Report B31975.

IC 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. . . ."

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 ITS MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

Compliance

We have audited the compliance of the Town of Upland (Town) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to its major federal program for the years ended December 31, 2008 and 2009. The Town's major federal program is identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the Town's management. Our responsibility is to express an opinion on the Town's compliance based on our audit.

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

In our opinion, the Town complied in all material respects with the requirements referred to above that are applicable to its major federal program for the years ended December 31, 2008 and 2009.

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 ITS 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, 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

March 15, 2010

TOWN OF UPLAND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Years Ended December 31, 2008 and 2009

Federal Grantor Agency/Pass-Through Entity Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 12-31-08	Total Federal Awards Expended 12-31-09
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>				
Pass-Through Indiana Office of Community and Rural Affairs Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	CF-07-112	\$ 377,631	\$ 950
Total for federal grantor agency			<u>377,631</u>	<u>950</u>
<u>U.S. ENVIRONMENTAL PROTECTION AGENCY</u>				
Direct Grant				
Congressionally Mandated Projects	66.202			
Multimedia State and Tribal Assistance Grants		XP-00E37801-0	<u>776,419</u>	<u>57,371</u>
Pass-Through Indiana Finance Authority				
Capitalization Grants for Clean Water State Revolving Funds	66.458	DW 050727 01	<u>65,050</u>	<u>73,488</u>
Total for federal grantor agency			<u>841,469</u>	<u>130,859</u>
Total federal awards expended			<u>\$ 1,219,100</u>	<u>\$ 131,809</u>

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

TOWN OF UPLAND
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 Upland (Town) and is presented in accordance with the cash and investment basis of accounting used in the preparation of the financial statements. Accordingly, the amount of federal awards expended is based on when the disbursement related to the award occurs except when the federal award is received on a reimbursement basis. In these instances the federal awards are considered expended when the reimbursement is received.

Circular A-133 requires an annual audit of nonfederal entities expending a total amount of federal awards equal to or in excess of \$500,000 in any fiscal year unless by constitution or statute a less frequent audit is required. In accordance with 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 UPLAND
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
Significant deficiencies 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
Significant deficiencies 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 Program:

CFDA Number	Name of Federal Program or Cluster
66.202	Congressionally Mandated Projects

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 UPLAND
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

TOWN OF UPLAND
EXIT CONFERENCE

The contents of this report were discussed on March 15, 2010, with Jane E. Rockwell, Clerk-Treasurer; and Bruce Long, Jr., Town Manager. The officials concurred with our audit findings.