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

AUDIT REPORT

OF

TOWN OF ROSEDALE

PARKE COUNTY, INDIANA

January 1, 2008 to December 31, 2009



FILED
06/09/2010

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	15-20
Supplementary Information:	
Combining Schedule of Assets and Fund Balances and Receipts, Disbursements, and Changes in Fund Balances – Cash and Investment Basis – Other Governmental Funds.....	21-22, 24-25
Combining Schedule of Additions, Deductions, and Changes in Cash and Investment Balances – Agency Funds.....	23, 26
Schedule of Long-Term Debt	27
Audit Results and Comments:	
Internal Controls	28
Capital Asset Records	28
Errors on Claims	28-29
Annual Report.....	29
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.....	32-33
Schedule of Expenditures of Federal Awards	34
Note to Schedule of Expenditures of Federal Awards.....	35
Schedule of Findings and Questioned Costs	36-38
Auditee Prepared Schedules:	
Summary Schedule of Prior Audit Findings	39
Corrective Action Plan.....	40
Exit Conference.....	41

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Adrienne Robinson	01-01-08 to 12-31-11
President of the Town Council	Lester Stone	01-01-08 to 12-31-10



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

TO: THE OFFICIALS OF THE TOWN OF ROSEDALE, PARKE 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 Rosedale (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 May 6, 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 integral part of 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

May 6, 2010



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

TO: THE OFFICIALS OF THE TOWN OF ROSEDALE, PARKE 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 Rosedale (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 May 6, 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.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we considered to be significant deficiencies.

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. We consider the deficiencies described in item 2009-1 of the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies in internal control over financial reporting.

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. However, of the significant deficiencies described above, we consider item 2009-1 to be a material weakness.

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 instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

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

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

May 6, 2010

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

Functions/Programs	Disbursements	Program Receipts			Net (Disbursement) Receipt and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Totals
Primary government:							
Governmental activities:							
General government	\$ 103,971	\$ 468	\$ -	\$ -	\$ (103,503)	\$ -	\$ (103,503)
Public safety	6,271	2,107	-	-	(4,164)	-	(4,164)
Highways and streets	65,481	-	23,336	2,525	(39,620)	-	(39,620)
Health and welfare	-	14,630	-	-	14,630	-	14,630
Culture and recreation	2,766	-	-	-	(2,766)	-	(2,766)
Principal and interest on indebtedness	7,795	-	-	-	(7,795)	-	(7,795)
Total governmental activities	186,284	17,205	23,336	2,525	(143,218)	-	(143,218)
Business-type activities:							
Water Utility	614,415	164,945	-	502,270	-	52,800	52,800
Wastewater Utility	103,995	127,745	-	-	-	23,750	23,750
Total business-type activities	718,410	292,690	-	502,270	-	76,550	76,550
Total primary government	\$ 904,694	\$ 309,895	\$ 23,336	\$ 504,795	(143,218)	76,550	(66,668)
General receipts:							
Property taxes					62,294	-	62,294
Intergovernmental					62,138	-	62,138
Other local sources					17,433	506	17,939
Grants and contributions not restricted to specific programs					6,855	-	6,855
Investment earnings					787	-	787
Total general receipts					149,507	506	150,013
Change in net assets					6,289	77,056	83,345
Net assets - beginning					162,979	132,800	295,779
Net assets - ending					\$ 169,268	\$ 209,856	\$ 379,124
Assets							
Cash and investments					\$ 111,834	\$ 88,345	\$ 200,179
Restricted assets:							
Cash and investments					57,434	121,511	178,945
Total assets					\$ 169,268	\$ 209,856	\$ 379,124
Net Assets							
Restricted for:							
Highways and streets					\$ 9,335	\$ -	\$ 9,335
Debt service					3,228	80,947	84,175
Capital outlay					44,871	-	44,871
Other purposes					-	40,564	40,564
Unrestricted					111,834	88,345	200,179
Total net assets					\$ 169,268	\$ 209,856	\$ 379,124

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

TOWN OF ROSEDALE
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	Other Governmental Funds	Totals
Receipts:			
Taxes	\$ 54,738	\$ 23,907	\$ 78,645
Intergovernmental	45,690	42,309	87,999
Charges for services	14,630	-	14,630
Fines and forfeits	-	2,042	2,042
Other	3,962	4,213	8,175
	<u>119,020</u>	<u>72,471</u>	<u>191,491</u>
Disbursements:			
General government	101,538	2,433	103,971
Public safety	-	6,271	6,271
Highways and streets	-	65,481	65,481
Culture and recreation	-	2,766	2,766
Debt service:			
Principal	-	7,795	7,795
	<u>101,538</u>	<u>84,746</u>	<u>186,284</u>
Excess (deficiency) of receipts over disbursements	<u>17,482</u>	<u>(12,275)</u>	<u>5,207</u>
Other financing sources (uses):			
Other receipts	<u>1,082</u>	<u>-</u>	<u>1,082</u>
Total other financing sources (uses)	<u>1,082</u>	<u>-</u>	<u>1,082</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	18,564	(12,275)	6,289
Cash and investment fund balance - beginning	<u>63,390</u>	<u>99,589</u>	<u>162,979</u>
Cash and investment fund balance - ending	<u>\$ 81,954</u>	<u>\$ 87,314</u>	<u>\$ 169,268</u>
<u>Cash and Investment Assets - Ending</u>			
Cash and investments	\$ 81,954	\$ 29,880	\$ 111,834
Restricted assets:			
Cash and investments	<u>-</u>	<u>57,434</u>	<u>57,434</u>
Total cash and investment assets - ending	<u>\$ 81,954</u>	<u>\$ 87,314</u>	<u>\$ 169,268</u>
<u>Cash and Investment Fund Balance - Ending</u>			
Restricted for:			
Highways and streets	\$ -	\$ 9,335	\$ 9,335
Debt service	-	3,228	3,228
Capital outlay	-	44,871	44,871
Unrestricted	<u>81,954</u>	<u>29,880</u>	<u>111,834</u>
Total cash and investment fund balance - ending	<u>\$ 81,954</u>	<u>\$ 87,314</u>	<u>\$ 169,268</u>

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

TOWN OF ROSEDALE
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/measured	\$ 143,970	\$ 123,320	\$ 267,290
Fees	-	4,327	4,327
Penalties	1,623	-	1,623
Miscellaneous	<u>19,352</u>	<u>98</u>	<u>19,450</u>
Total operating receipts	<u>164,945</u>	<u>127,745</u>	<u>292,690</u>
Operating disbursements:			
Salaries and wages	28,655	21,930	50,585
Employee pensions and benefits	1,480	-	1,480
Chemicals	1,397	-	1,397
Material and supplies	9,702	4,523	14,225
Contractual services	30,484	3,986	34,470
Rents	960	-	960
Insurance claims and expense	3,711	2,218	5,929
Refunds	2,485	-	2,485
Equipment and capital improvements	482,680	25,064	507,744
Miscellaneous	<u>23,943</u>	<u>15,476</u>	<u>39,419</u>
Total operating disbursements	<u>585,497</u>	<u>73,197</u>	<u>658,694</u>
Excess (deficiency) of operating receipts over operating disbursements	<u>(420,552)</u>	<u>54,548</u>	<u>(366,004)</u>
Nonoperating receipts (disbursements):			
Investment income	-	506	506
Grants	502,270	-	502,270
Debt service of principal	(16,143)	(11,535)	(27,678)
Interest disbursements	<u>(12,775)</u>	<u>(19,263)</u>	<u>(32,038)</u>
Total nonoperating receipts (disbursements)	<u>473,352</u>	<u>(30,292)</u>	<u>443,060</u>
Excess (deficiency) of receipts over disbursements and nonoperating receipts (disbursements)	52,800	24,256	77,056
Transfers in	68,424	32,154	100,578
Transfers out	<u>(68,424)</u>	<u>(32,154)</u>	<u>(100,578)</u>
Excess (deficiency) of receipts and transfers in over disbursements and transfers out	52,800	24,256	77,056
Cash and investment fund balance - beginning	<u>94,651</u>	<u>38,149</u>	<u>132,800</u>
Cash and investment fund balance - ending	<u>\$ 147,451</u>	<u>\$ 62,405</u>	<u>\$ 209,856</u>
<u>Cash and Investment Assets - December 31</u>			
Cash and investments	\$ 43,484	\$ 44,861	88,345
Restricted assets:			
Cash and investments	<u>103,967</u>	<u>17,544</u>	<u>121,511</u>
Total cash and investment assets - December 31	<u>\$ 147,451</u>	<u>\$ 62,405</u>	<u>\$ 209,856</u>
<u>Cash and Investment Fund Balance - December 31</u>			
Restricted for:			
Debt service	\$ 63,403	\$ 17,544	80,947
Other purposes	40,564	-	40,564
Unrestricted	<u>43,484</u>	<u>44,861</u>	<u>88,345</u>
Total cash and investment fund balance - December 31	<u>\$ 147,451</u>	<u>\$ 62,405</u>	<u>\$ 209,856</u>

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

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

	Agency Funds
Agency fund additions	\$ 89,085
Agency fund deductions	88,954
Excess (deficiency) of total additions over total deductions	131
Cash and investment fund balance - beginning	1,826
Cash and investment fund balance - ending	\$ 1,957

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

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

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	Totals
Primary government:							
Governmental activities:							
General government	\$ 101,852	\$ 743	\$ -	\$ -	\$ (101,109)	\$ -	\$ (101,109)
Public safety	56,316	915	-	-	(55,401)	-	(55,401)
Highways and streets	24,129	-	25,632	2,398	3,901	-	3,901
Health and welfare	-	8,870	-	-	8,870	-	8,870
Culture and recreation	3,102	-	-	-	(3,102)	-	(3,102)
Principal and interest on indebtedness	7,795	-	-	-	(7,795)	-	(7,795)
Total governmental activities	193,194	10,528	25,632	2,398	(154,636)	-	(154,636)
Business-type activities:							
Wastewater Utility	113,042	128,594	-	-	-	15,552	15,552
Water Utility	215,829	198,808	3,221	-	-	(13,800)	(13,800)
Total business-type activities	328,871	327,402	3,221	-	-	1,752	1,752
Total primary government	\$ 522,065	\$ 337,930	\$ 28,853	\$ 2,398	(154,636)	1,752	(152,884)
General receipts:							
Property taxes					62,240	-	62,240
Intergovernmental					102,177	-	102,177
Other local sources					15,963	1,266	17,229
Total general receipts					180,380	1,266	181,646
Change in net assets					25,744	3,018	28,762
Net assets - beginning					169,265	209,855	379,120
Net assets - ending					\$ 195,009	\$ 212,873	\$ 407,882
<u>Assets</u>							
Cash and investments					\$ 138,610	\$ 135,432	\$ 274,042
Restricted assets:							
Cash and investments					56,399	77,441	133,840
Total assets					\$ 195,009	\$ 212,873	\$ 407,882
<u>Net Assets</u>							
Restricted for:							
Highways and streets					\$ 10,599	\$ -	\$ 10,599
Debt service					4,672	77,391	82,063
Capital outlay					41,128	-	41,128
Other purposes					-	50	50
Unrestricted					138,610	135,432	274,042
Total net assets					\$ 195,009	\$ 212,873	\$ 407,882

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

TOWN OF ROSEDALE
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 Fund	Other Governmental Funds	Totals
Receipts:			
Taxes	\$ 64,451	\$ 13,679	\$ 78,130
Licenses and permits	743	-	743
Intergovernmental	44,132	86,073	130,205
Charges for services	8,860	553	9,413
Fines and forfeits	-	372	372
	<u>118,186</u>	<u>100,677</u>	<u>218,863</u>
Total receipts			
Disbursements:			
General government	93,852	-	93,852
Public safety	-	51,626	51,626
Highways and streets	-	23,943	23,943
Culture and recreation	-	520	520
Debt service:			
Principal	-	7,795	7,795
Capital outlay:			
General government	-	8,000	8,000
Public safety	-	4,690	4,690
Highways and streets	-	186	186
Culture and recreation	2,582	-	2,582
	<u>96,434</u>	<u>96,760</u>	<u>193,194</u>
Total disbursements			
Excess (deficiency) of receipts over disbursements	<u>21,752</u>	<u>3,917</u>	<u>25,669</u>
Other financing sources (uses):			
Other receipts	-	75	75
	<u>-</u>	<u>75</u>	<u>75</u>
Total other financing sources (uses)			
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	21,752	3,992	25,744
Cash and investment fund balance - beginning	<u>81,954</u>	<u>87,311</u>	<u>169,265</u>
Cash and investment fund balance - ending	<u>\$ 103,706</u>	<u>\$ 91,303</u>	<u>\$ 195,009</u>
<u>Cash and Investment Assets - Ending</u>			
Cash and investments	\$ 103,706	\$ 34,904	\$ 138,610
Restricted assets:			
Cash and investments	-	56,399	56,399
	<u>103,706</u>	<u>91,303</u>	<u>195,009</u>
Total cash and investment assets - ending			
<u>Cash and Investment Fund Balance - Ending</u>			
Restricted for:			
Highways and streets	\$ -	\$ 10,599	\$ 10,599
Debt service	-	4,672	4,672
Capital outlay	-	41,128	41,128
Unrestricted	<u>103,706</u>	<u>34,904</u>	<u>138,610</u>
Total cash and investment fund balance - ending	<u>\$ 103,706</u>	<u>\$ 91,303</u>	<u>\$ 195,009</u>

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

TOWN OF ROSEDALE
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

	Wastewater Utility	Water Utility	Totals
Operating receipts:			
Metered/measured	\$ 116,479	\$ 145,747	\$ 262,226
Penalties	4,546	4,279	8,825
Miscellaneous	<u>7,569</u>	<u>48,782</u>	<u>56,351</u>
 Total operating receipts	 <u>128,594</u>	 <u>198,808</u>	 <u>327,402</u>
Operating disbursements:			
Salaries and wages	24,298	27,543	51,841
Chemicals	40	124	164
Material and supplies	15,602	62,151	77,753
Contractual services	3,818	5,029	8,847
Insurance claims and expense	14,472	5,738	20,210
Refunds	-	1,092	1,092
Equipment and capital improvements	21,291	45,183	66,474
Miscellaneous	<u>3,787</u>	<u>16,738</u>	<u>20,525</u>
 Total operating disbursements	 <u>83,308</u>	 <u>163,598</u>	 <u>246,906</u>
 Excess (deficiency) of operating receipts over operating disbursements	 <u>45,286</u>	 <u>35,210</u>	 <u>80,496</u>
Nonoperating receipts (disbursements):			
Refunds	1,266	-	1,266
Grants	-	3,221	3,221
Debt service of principal	(11,035)	(35,065)	(46,100)
Interest disbursements	<u>(18,699)</u>	<u>(17,166)</u>	<u>(35,865)</u>
 Total nonoperating receipts (disbursements)	 <u>(28,468)</u>	 <u>(49,010)</u>	 <u>(77,478)</u>
 Excess (deficiency) of receipts over disbursements and nonoperating receipts (disbursements)	 16,818	 (13,800)	 3,018
Transfers in	31,570	55,090	86,660
Transfers out	<u>(31,570)</u>	<u>(55,090)</u>	<u>(86,660)</u>
 Excess (deficiency) of receipts and transfers in over disbursements and transfers out	 16,818	 (13,800)	 3,018
Cash and investment fund balance - beginning	<u>62,404</u>	<u>147,451</u>	<u>209,855</u>
Cash and investment fund balance - ending	<u>\$ 79,222</u>	<u>\$ 133,651</u>	<u>\$ 212,873</u>
<u>Cash and Investment Assets - December 31</u>			
Cash and investments	\$ 59,842	\$ 75,590	\$ 135,432
Restricted assets:			
Cash and investments	<u>19,380</u>	<u>58,061</u>	<u>77,441</u>
Total cash and investment assets - December 31	<u>\$ 79,222</u>	<u>\$ 133,651</u>	<u>\$ 212,873</u>
<u>Cash and Investment Fund Balance - December 31</u>			
Restricted for:			
Debt service	\$ 19,380	\$ 58,011	\$ 77,391
Other purposes	-	50	50
Unrestricted	<u>59,842</u>	<u>75,590</u>	<u>135,432</u>
Total cash and investment fund balance - December 31	<u>\$ 79,222</u>	<u>\$ 133,651</u>	<u>\$ 212,873</u>

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

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

		Agency Funds
Agency fund additions	\$	86,589
Agency fund deductions		86,856
Excess (deficiency) of total additions over total deductions		(267)
Cash and investment fund balance - beginning		1,959
Cash and investment fund balance - ending	\$	1,689

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

TOWN OF ROSEDALE
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, public improvements, planning and zoning, general administrative services, water, wastewater, and urban redevelopment.

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

Primary Government: Town of Rosedale

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 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.

TOWN OF ROSEDALE
NOTES TO FINANCIAL STATEMENTS
(Continued)

Additionally, the Town reports the following fund types:

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. 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 within 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.

TOWN OF ROSEDALE
NOTES TO FINANCIAL STATEMENTS
(Continued)

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. 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.

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."

TOWN OF ROSEDALE
NOTES TO FINANCIAL STATEMENTS
(Continued)

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 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.
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 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 loans and services between funds, if any, are not eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis.

TOWN OF ROSEDALE
NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

III. Detailed Notes on All Funds

Deposits and Investments

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 \$409,571.

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.

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; medical benefits to employees, and natural disasters.

TOWN OF ROSEDALE
NOTES TO FINANCIAL STATEMENTS
(Continued)

The risks of torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; medical benefits 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.

B. Rate Structure – Enterprise Funds

Water Utility

On January 8, 1991, the Town Council adopted Ordinance 1991-2 to withdraw from the jurisdiction of the Indiana Utility Regulatory Commission. The current rate structure was approved by the Council on October 28, 2007.

Wastewater Utility

The current rate structure was approved by the Town Council on February 16, 2002.

C. Receipts Pledged

Water Utility Receipts Pledged

The Town has pledged future operating receipts, net of specified operating expenditures, to repay revenue bonds issued in 2000. Proceeds from the bonds provided financing for Improvements and extensions to the waterworks system. The bonds are payable solely from operating receipts and are payable through 2020. Annual principal and interest payments are expected to require less than 120 percent of operating receipts.

The Town has pledged future operating receipts, net of specified operating expenditures, to repay revenue bonds issued in 2007. Proceeds from the bonds provided financing for construction of additions, extensions and improvements to the waterworks system. The bonds are payable solely from operating receipts and are payable through 2024. Annual principal and interest payments are expected to require less than 125 percent of operating receipts.

The Town has pledged future operating receipts, net of specified operating expenditures, to repay revenue bonds issued in 2008. Proceeds from the bonds provided financing for construction of additions, extensions and improvements to the waterworks system. The bonds are payable solely from operating receipts and are payable through 2016. Annual principal and interest payments are expected to require less than 125 percent of operating receipts.

Wastewater Utility Receipts Pledged

The Town has pledged future operating receipts, net of specified operating expenditures, to repay revenue bonds issued in 1994. Proceeds from the bonds provided financing for construction of improvements and additions to the wastewater system. The bonds are payable solely from operating receipts and are payable through 2025. Annual principal and interest payments are expected to require less than 125 percent of operating receipts.

TOWN OF ROSEDALE
 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

	Motor Vehicle Highway	Local Road And Street	Law Enforcement Continuing Education	Parks And Recreation	Grants	Rainy Day	Levy Excess
Receipts:							
Taxes	\$ 16,351	\$ -	\$ -	\$ 542	\$ -	\$ -	\$ -
Intergovernmental	24,406	2,525	-	116	-	1,644	-
Fines and forfeits	-	-	2,042	-	-	-	-
Other	146	47	3,772	10	-	-	-
Total receipts	40,903	2,572	5,814	668	-	1,644	-
Disbursements:							
General government	-	-	-	-	314	274	698
Public safety	-	-	4,819	-	-	-	-
Highways and streets	58,631	6,850	-	-	-	-	-
Culture and recreation	-	-	-	2,766	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Total disbursements	58,631	6,850	4,819	2,766	314	274	698
Excess (deficiency) of receipts over disbursements	(17,728)	(4,278)	995	(2,098)	(314)	1,370	(698)
Cash and investment fund balance - beginning	30,303	13,613	2,140	3,649	3,000	-	698
Cash and investment fund balance - ending	<u>\$ 12,575</u>	<u>\$ 9,335</u>	<u>\$ 3,135</u>	<u>\$ 1,551</u>	<u>\$ 2,686</u>	<u>\$ 1,370</u>	<u>\$ -</u>
Cash and Investment Assets - Ending							
Cash and investments	\$ 12,575	\$ -	\$ 3,135	\$ 1,551	\$ 2,686	\$ 1,370	\$ -
Restricted assets:							
Cash and investments	-	9,335	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 12,575</u>	<u>\$ 9,335</u>	<u>\$ 3,135</u>	<u>\$ 1,551</u>	<u>\$ 2,686</u>	<u>\$ 1,370</u>	<u>\$ -</u>
Cash and Investment Fund Balance - Ending							
Restricted for:							
Highways and streets	\$ -	\$ 9,335	\$ -	\$ -	\$ -	\$ -	\$ -
Debt service	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Unrestricted	12,575	-	3,135	1,551	2,686	1,370	-
Total cash and investment fund balance - ending	<u>\$ 12,575</u>	<u>\$ 9,335</u>	<u>\$ 3,135</u>	<u>\$ 1,551</u>	<u>\$ 2,686</u>	<u>\$ 1,370</u>	<u>\$ -</u>

TOWN OF ROSEDALE
 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
 (Continued)

	Public Safety	Debt Service	Cumulative Capital Development	Cumulative Fire	Cumulative Capital Improvement	Totals
Receipts:						
Taxes	\$ -	\$ 4,325	\$ 2,464	\$ 225	\$ -	\$ 23,907
Intergovernmental	9,679	925	527	48	2,439	42,309
Fines and forfeits	-	-	-	-	-	2,042
Other	31	6	62	68	71	4,213
Total receipts	9,710	5,256	3,053	341	2,510	72,471
Disbursements:						
General government	1,147	-	-	-	-	2,433
Public safety	-	-	-	1,452	-	6,271
Highways and streets	-	-	-	-	-	65,481
Culture and recreation	-	-	-	-	-	2,766
Debt service:						
Principal	-	7,795	-	-	-	7,795
Total disbursements	1,147	7,795	-	1,452	-	84,746
Excess (deficiency) of receipts over disbursements	8,563	(2,539)	3,053	(1,111)	2,510	(12,275)
Cash and investment fund balance - beginning	-	5,767	11,306	15,464	13,649	99,589
Cash and investment fund balance - ending	<u>\$ 8,563</u>	<u>\$ 3,228</u>	<u>\$ 14,359</u>	<u>\$ 14,353</u>	<u>\$ 16,159</u>	<u>\$ 87,314</u>
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ 8,563	\$ -	\$ -	\$ -	\$ -	\$ 29,880
Restricted assets:						
Cash and investments	-	3,228	14,359	14,353	16,159	57,434
Total cash and investment assets - ending	\$ 8,563	\$ 3,228	\$ 14,359	\$ 14,353	\$ 16,159	\$ 87,314
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
Highways and streets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,335
Debt service	-	3,228	-	-	-	3,228
Capital outlay	-	-	14,359	14,353	16,159	44,871
Unrestricted	8,563	-	-	-	-	29,880
Total cash and investment fund balance - ending	\$ 8,563	\$ 3,228	\$ 14,359	\$ 14,353	\$ 16,159	\$ 87,314

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

	Payroll
Additions:	
Agency fund additions	\$ 89,095
Deductions:	
Agency fund deductions	88,962
Excess (deficiency) of total additions over total deductions	133
Cash and investment fund balance - beginning	1,826
Cash and investment fund balance - ending	\$ 1,959

TOWN OF ROSEDALE
 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

	Motor Vehicle Highway	Local Road & Street	Law Enforcement Continuing Education	Grants	Rainy Day Fund	Public Safety	Debt Service
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 3,926	\$ -	\$ 7,541
Intergovernmental	25,632	2,398	-	47,544	-	5,940	1,699
Charges for services	-	-	35	-	-	-	-
Fines and forfeits	-	-	372	-	-	-	-
Total receipts	25,632	2,398	407	47,544	3,926	5,940	9,240
Disbursements:							
Public safety	-	-	2,867	46,033	-	2,228	-
Highways and streets	22,809	1,134	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	7,795
Capital outlay:							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	4,690	-
Highways and streets	186	-	-	-	-	-	-
Total disbursements	22,995	1,134	2,867	46,033	-	6,918	7,795
Excess (deficiency) of receipts over disbursements	2,637	1,264	(2,460)	1,511	3,926	(978)	1,445
Other financing sources (uses):							
Other receipts	75	-	-	-	-	-	-
Total other financing sources (uses)	75	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	2,712	1,264	(2,460)	1,511	3,926	(978)	1,445
Cash and investment fund balance - beginning	12,575	9,335	3,134	2,686	1,370	8,563	3,227
Cash and investment fund balance - ending	<u>15,287</u>	<u>10,599</u>	<u>674</u>	<u>4,197</u>	<u>5,296</u>	<u>7,585</u>	<u>4,672</u>
Cash and Investment Assets - Ending							
Cash and investments	\$ 15,287	\$ -	\$ 674	\$ 4,197	\$ 5,296	\$ 7,585	\$ -
Cash with fiscal agent	-	-	-	-	-	-	-
Restricted assets:							
Cash and investments	-	10,599	-	-	-	-	4,672
Total cash and investment assets - ending	<u>15,287</u>	<u>10,599</u>	<u>674</u>	<u>4,197</u>	<u>5,296</u>	<u>7,585</u>	<u>4,672</u>
Cash and Investment Fund Balance - Ending							
Restricted for:							
Highways and streets	\$ -	\$ 10,599	\$ -	\$ -	\$ -	\$ -	\$ -
Debt service	-	-	-	-	-	-	4,672
Capital outlay	-	-	-	-	-	-	-
Unrestricted	15,287	-	674	4,197	5,296	7,585	-
Total cash and investment fund balance - ending	<u>15,287</u>	<u>10,599</u>	<u>674</u>	<u>4,197</u>	<u>5,296</u>	<u>7,585</u>	<u>4,672</u>

TOWN OF ROSEDALE
 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
 (Continued)

	Cumulative Capital Development	Cumulative Fire	Cumulative Capital Improvement	Park & Recreation	Totals
Receipts:					
Taxes	\$ 1,844	\$ 168	\$ -	\$ 200	\$ 13,679
Intergovernmental	405	38	2,300	117	86,073
Charges for services	-	-	-	518	553
Fines and forfeits	-	-	-	-	372
Total receipts	2,249	206	2,300	835	100,677
Disbursements:					
Public safety	-	498	-	-	51,626
Highways and streets	-	-	-	-	23,943
Culture and recreation	-	-	-	520	520
Debt service:					
Principal	-	-	-	-	7,795
Capital outlay:					
General government	8,000	-	-	-	8,000
Public safety	-	-	-	-	4,690
Highways and streets	-	-	-	-	186
Total disbursements	8,000	498	-	520	96,760
Excess (deficiency) of receipts over disbursements	(5,751)	(292)	2,300	315	3,917
Other financing sources (uses):					
Other receipts	-	-	-	-	75
Total other financing sources (uses)	-	-	-	-	75
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(5,751)	(292)	2,300	315	3,992
Cash and investment fund balance - beginning	14,359	14,353	16,159	1,550	87,311
Cash and investment fund balance - ending	<u>\$ 8,608</u>	<u>\$ 14,061</u>	<u>\$ 18,459</u>	<u>\$ 1,865</u>	<u>\$ 91,303</u>
Cash and Investment Assets - Ending					
Cash and investments	\$ -	\$ -	\$ -	\$ 1,865	\$ 34,904
Cash with fiscal agent	-	-	-	-	-
Restricted assets:					
Cash and investments	8,608	14,061	18,459	-	56,399
Total cash and investment assets - ending	<u>\$ 8,608</u>	<u>\$ 14,061</u>	<u>\$ 18,459</u>	<u>\$ 1,865</u>	<u>\$ 91,303</u>
Cash and Investment Fund Balance - Ending					
Restricted for:					
Highways and streets	\$ -	\$ -	\$ -	\$ -	\$ 10,599
Debt service	-	-	-	-	4,672
Capital outlay	8,608	14,061	18,459	-	41,128
Unrestricted	-	-	-	1,865	34,904
Total cash and investment fund balance - ending	<u>\$ 8,608</u>	<u>\$ 14,061</u>	<u>\$ 18,459</u>	<u>\$ 1,865</u>	<u>\$ 91,303</u>

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

	Payroll
Additions:	
Agency fund additions	\$ 86,586
Deductions:	
Agency fund deductions	86,856
Excess (deficiency) of total additions over total deductions	(270)
Cash and investment fund balance - beginning	1,959
Cash and investment fund balance - ending	\$ 1,689

TOWN OF ROSEDALE
 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:		
Notes and loans payable	\$ 11,049	\$ 7,795
Total governmental activities debt	<u>\$ 11,049</u>	<u>\$ 7,795</u>
Business-type activities:		
Water Utility:		
Revenue bonds:		
Water Improvements 2000	\$ 135,000	\$ 13,398
Water Improvements 2007	258,000	9,824
Water Improvements 2008	<u>164,000</u>	<u>29,020</u>
Total Water Utility	<u>557,000</u>	<u>52,242</u>
Wastewater Utility:		
Notes and loans payable	38,275	12,790
Revenue bonds:		
Wastewater Improvements 1994	<u>280,000</u>	<u>9,043</u>
Total Wastewater Utility	<u>318,275</u>	<u>21,833</u>
Total business-type activities debt	<u>\$ 875,275</u>	<u>\$ 74,075</u>

TOWN OF ROSEDALE
AUDIT RESULTS AND COMMENTS

INTERNAL CONTROLS

A deficiency was noted related to the bank reconciliation process. The Clerk-Treasurer is responsible for reconciling the bank accounts to the Town's records each month. She also has the ability to write receipts, write checks, and post transactions to the system. There is no approval or oversight of the bank reconciliation once it is completed. The lack of oversight and approval of the bank reconciliation could allow fraud or errors to be undetected.

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

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

CAPITAL ASSET RECORDS

The Town does not maintain capital asset records.

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

ERRORS ON CLAIMS

The following deficiencies were noted on claims during the audit period:

The payments of utilities, insurance, taxes, and payroll are made in advance of Board approval but no ordinance is on file allowing payments in advance.

TOWN OF ROSEDALE
AUDIT RESULTS AND COMMENTS
(Continued)

IC 5-11-10-1.6 states in part:

"(b) As used in this section, 'claim' means a bill or an invoice submitted to a governmental entity for goods or services.

(c) The fiscal officer of a governmental entity may not draw a warrant or check for payment of a claim unless:

- (1) there is a fully itemized invoice or bill for the claim;
- (2) the invoice or bill is approved by the officer or person receiving the goods and services;
- (3) the invoice or bill is filed with the governmental entity's fiscal officer;
- (4) the fiscal officer audits and certifies before payment that the invoice or bill is true and correct; and
- (5) payment of the claim is allowed by the governmental entity's legislative body or the board or official having jurisdiction over allowance of payment of the claim."

ANNUAL REPORT

The annual report for 2009 was not remitted timely.

IC 5-3-1-3(a) states in part: "Within sixty (60) days after the expiration of each calendar year, the fiscal officer of each civil city and town in Indiana shall publish an annual report of the receipts and expenditures of the city or town . . ."

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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 ROSEDALE, PARKE COUNTY, INDIANA

Compliance

We have audited the compliance of the Town of Rosedale (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 each of its major federal programs for the years ended December 31, 2008 and 2009. The Town's major federal programs are 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 each of its major federal programs 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.

As described in item 2009-2 in the accompanying Schedule of Findings and Questioned Costs, the Town did not comply with requirements regarding Equipment and Real Property Management that are applicable to its Community Development Block Grant State Program. Compliance with such requirements is necessary, in our opinion, for the Town to comply with requirements applicable to those programs.

In our opinion, except for the noncompliance described in the preceding paragraph, the Town complied in all material respects with the requirements referred to above that are applicable to each of its other major federal programs 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

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)

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.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

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. We consider the deficiencies in internal control over compliance described in item 2009-2 of the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies.

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. Of the significant deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs, we consider item 2009-2, to be a material weakness.

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

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

May 6, 2010

TOWN OF ROSEDALE
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 AGRICULTURE</u>				
Pass-Through Indiana Office of Community and Rural Affairs Community Facilities Loans and Grants	10.766		\$ -	\$ 9,100
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>				
Pass-Through Indiana Office of Community and Rural Affairs Community Development Block Grant/State's Program	14.228	CF-07-10	496,618	3,221
<u>U.S. ENVIRONMENTAL PROTECTION AGENCY</u>				
Pass-Through Indiana Finance Authority Capitalization Grants for Drinking Water State Revolving Funds	66.468	DW 07016101	52,499	18,782
Total federal awards expended			<u>\$ 549,117</u>	<u>\$ 31,103</u>

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

TOWN OF ROSEDALE
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 Rosedale (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 ROSEDALE
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?	yes
Significant deficiencies identified that are not considered to be material weaknesses?	no

Noncompliance material to financial statements noted? no

Federal Awards:

Internal control over major programs:

Material weaknesses identified?	yes
Significant deficiencies identified that are not considered to be material weaknesses?	no

Type of auditor's report issued on compliance for major programs: Qualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? yes

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
14.228	Community Development Block Grants/State's Program

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

FINDING 2009-1, INTERNAL CONTROLS

There is a lack of segregation of duties with limited oversight by management.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

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

The conditions listed could allow assets to be misappropriated without detection or could allow the financial statements to be materially misstated without detection.

We recommended that a governing board member review the unit's monthly bank reconciliements.

Section III – Federal Award Findings and Questioned Costs

FINDING 2009-2, INTERNAL CONTROL MATERIAL WEAKNESS/
EQUIPMENT AND REAL PROPERTY MANAGEMENT

Federal Agency: U.S. Department of Housing and Urban Development
Federal Program: Community Development Block Grant State's Program
CFDA number: 14.228
Federal award number: CF-07-10
Pass-Through entity: Indiana Office of Community and Rural Affairs

The Town of Rosedale and enterprise funds (Water and Wastewater Utilities) do not maintain records for construction-in-progress, equipment or property purchased with Federal monies. Also, there is no system to provide separate identification for items acquired with Federal and non-Federal funds. Without adequate records, periodic physical inventories cannot be compared to property records.

The Town and Utilities' capital asset records do not exist. There are no records to adequately document additions, deletions or construction-in-progress. During 2008 and 2009, approximately \$500,000 from the CDBG program and \$259,000 from the SRF loan was used to pay for construction, which should be accounted for as construction-in-progress in the unit's capital asset records.

Pursuant to 40 CFR 30.34 (f) (1) through (3):

"(f) The recipient's property management standards for equipment acquired with Federal funds and federally-owned equipment shall include all of the following.

- (1) Equipment records shall be maintained accurately and shall include the following information.
 - (i) A description of the equipment.
 - (ii) Manufacturer's serial number, model number, Federal stock number, national stock number, or other identification number.
 - (iii) Source of the equipment, including the award number.
 - (iv) Whether title vests in the recipient or the Federal Government.
 - (v) Acquisition date (or date received, if the equipment was furnished by the Federal Government) and cost.
 - (vi) Information from which one can calculate the percentage of Federal participation in the cost of the equipment (not applicable to equipment furnished by the Federal Government).

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

- (vii) Location and condition of the equipment and the date the information was reported.
 - (viii) Unit acquisition cost.
 - (ix) Ultimate disposition data, including date of disposal and sales price or the method used to determine current fair market value where a recipient compensates EPA for its share.
- (2) Equipment owned by the Federal Government shall be identified to indicate Federal ownership.
- (3) A physical inventory of equipment shall be taken and results reconciled with the equipment records at least once every two years. Any differences between quantities determined by the physical inspection and those shown in the accounting records shall be investigated to determine the causes of the difference. The recipient shall, in connection with the inventory, verify the existence, current utilization, and continued need for the equipment."

Failure to maintain detailed and accurate equipment and property records and to reconcile physical inventory could result in assets being lost, stolen, misappropriated, or disposed of improperly and not detected within a reasonable time.

We recommended that the Town of Rosedale design and properly monitor procedures that would ensure accurate detailed capital asset records are maintained and that inventories of property and equipment and construction-in-progress are conducted every year and reconciled to the detailed capital asset ledger. Any significant differences should be investigated and the appropriate adjustments made to the records. Also, any assets acquired with Federal Funds must be designated as such so that they are not disposed of improperly.

TOWN OF ROSEDALE
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

TOWN OF ROSEDALE

PO Box 183
52 W. Middle Street
Rosedale, Indiana 47874

Phone: 765-548-2528
Fax: 765-548-2756

Corrective Action Plan

Finding No. 2009-1, Internal Controls

Auditee Contact Person: Adrienne Robinson
Title of Contact Person: Clerk-Treasurer
Phone Number: 765-548-2528
Expected Completion Date: 05/31/2010

Corrective Action Planned:

A member of the Town Council will review and initial all monthly bank reconcilements.

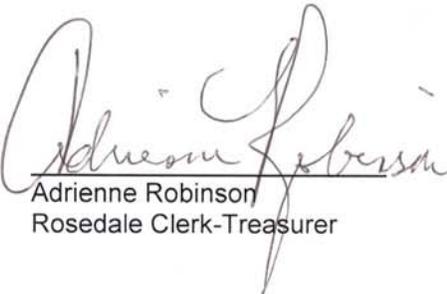
Finding No. 2009-2, Equipment and Real Property Management

Federal Agency: U.S. Department of Housing and Urban Development
Federal Program: Community Development Block Grant State's Program
CFDA number: 14.228
Federal award number: CF-07-10
Pass-through entity: Indiana Office of Community and Rural Affairs

Auditee Contact Person: Adrienne Robinson
Title of Contact Person: Clerk-Treasurer
Phone Number: 765-548-2528
Expected Completion Date: 05/31/2010

Corrective Action Planned:

Forms have been ordered to begin the process of recording capital assets.



Adrienne Robinson
Rosedale Clerk-Treasurer

4-21-10
Date

TOWN OF ROSEDALE
EXIT CONFERENCE

The contents of this report were discussed on May 6, 2010, with Adrienne Robinson, Clerk-Treasurer; Linda Smith, Deputy Clerk-Treasurer; and John W. McMullen, Town Council member. The officials concurred with our audit findings.