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

EXAMINATION REPORT
OF
TOWN OF SWITZ CITY
GREENE COUNTY, INDIANA
January 1, 2008 to December 31, 2009



FILED
11/12/2010

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Carla Porter	01-01-08 to 12-31-11
President of the Town Council	Don Blanton Glenda Sue Headley	01-01-08 to 04-05-09 05-04-09 to 12-31-10



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF SWITZ CITY, GREENE COUNTY, INDIANA

We have examined the financial information presented herein of the Town of Switz City (Town), for the period of January 1, 2008 to December 31, 2009. The Town's management is responsible for the financial information presented herein. Our responsibility is to express an opinion based on our examination.

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

In our opinion, the financial information referred to above presents fairly, in all material respects, the financial information of the Town for the years ended December 31, 2008 and 2009, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The Schedule of Long-Term Debt, as listed in the Table of Contents, is presented for additional analysis and is not a required part of the basic financial information. It has not been subjected to the examination procedures applied to the basic financial information and, accordingly, we express no opinion on it.

STATE BOARD OF ACCOUNTS

August 16, 2010

TOWN OF SWITZ CITY
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL AND PROPRIETARY FUND TYPES
As Of And For The Years Ended December 31, 2008 And 2009

	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
Governmental Funds:				
General	\$ 11,563	\$ 40,964	\$ 33,874	\$ 18,653
Motor Vehicle Highway	27,585	12,132	34,670	5,047
Local Road and Street	6,121	1,481	5,330	2,272
Riverboat	-	1,951	-	1,951
Rainy Day	62	914	-	976
Sidewalk	10,000	-	-	10,000
Cumulative Capital Improvement	6,813	1,011	2,611	5,213
Proprietary Funds:				
Water Utility - Operating	36,563	137,909	146,861	27,611
Water Utility - Bond and Interest	14,574	59,340	55,923	17,991
Water Utility - Depreciation	36,015	-	-	36,015
Water Utility - Customer Deposit	12,640	900	250	13,290
Water Utility - Debt Reserve	17,500	6,000	-	23,500
Water Utility - Improvement	697	74,900	75,597	-
Wastewater Utility - Operating	51,913	120,941	138,933	33,921
Wastewater Utility - Bond and Interest	37,400	30,000	25,625	41,775
Wastewater Utility - Depreciation	26,426	-	5,472	20,954
Wastewater Utility - Debt Reserve	25,000	-	-	25,000
Totals	\$ 320,872	\$ 488,443	\$ 525,146	\$ 284,169

	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
Governmental Funds:				
General	\$ 18,653	\$ 40,679	\$ 43,496	\$ 15,836
Motor Vehicle Highway	5,047	11,973	-	17,020
Local Road and Street	2,272	1,420	250	3,442
Riverboat	1,951	1,946	-	3,897
Rainy Day	976	314	-	1,290
Sidewalk	10,000	-	-	10,000
Cumulative Capital Improvement	5,213	954	-	6,167
Proprietary Funds:				
Water Utility - Operating	27,611	131,625	149,290	9,946
Water Utility - Bond and Interest	17,991	54,490	59,135	13,346
Water Utility - Depreciation	36,015	5,000	5,392	35,623
Water Utility - Customer Deposit	13,290	1,050	929	13,411
Water Utility - Debt Reserve	23,500	5,500	-	29,000
Wastewater Utility - Operating	33,921	93,665	101,798	25,788
Wastewater Utility - Bond and Interest	41,775	30,000	25,638	46,137
Wastewater Utility - Depreciation	20,954	4,000	-	24,954
Wastewater Utility - Debt Reserve	25,000	-	-	25,000
Totals	\$ 284,169	\$ 382,616	\$ 385,928	\$ 280,857

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

TOWN OF SWITZ CITY
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

The Town was established under the laws of the State of Indiana. The Town provides the following services: public safety, general administrative services, water, and wastewater.

Note 2. Fund Accounting

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

Note 3. Budgets

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

Note 4. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the Town in June and December. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100% of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which become delinquent if not paid by May 10 and November 10, respectively. All property taxes collected by the County Treasurer and available for distribution were distributed to the Town on or prior to December 31 of the year collected.

Note 5. Deposits and Investments

Deposits, made in accordance with Indiana Code 5-13, with financial institutions in the State of Indiana at year end were entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

State statute (IC 5-13-9) authorizes the Town to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

TOWN OF SWITZ CITY
 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
Business-type activities:		
Water Utility:		
Revenue bonds:		
Improvement Bonds 2005	\$ 1,058,000	\$ 58,965
Wastewater Utility:		
Revenue bonds:		
Improvement Bonds 2000	398,100	25,638
Total business-type activities debt	<u>\$ 1,456,100</u>	<u>\$ 84,603</u>

TOWN OF SWITZ CITY
EXAMINATION RESULTS AND COMMENTS

APPROPRIATIONS

The records presented for examination indicated the following expenditures in excess of budgeted appropriations:

<u>Fund</u>	<u>Year</u>	<u>Excess Amount Expended</u>
Motor Vehicle Highway	2008	<u>\$ 3,708</u>

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

The Town capital asset records presented for examination were not up to date.

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 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)

CUSTOMER DEPOSIT REGISTER

The detailed customer deposit register does not reconcile with the customer deposit amount recorded on the general ledger.

At all times, the manual and computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TOWN OF SWITZ CITY
EXIT CONFERENCE

The contents of this report were discussed on August 16, 2010, with Carla Porter, Clerk-Treasurer; and Glenda Sue Headley, President of the Town Board. The officials concurred with our findings.