

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

EXAMINATION REPORT
OF
TOWN OF SWAYZEE
GRANT COUNTY, INDIANA
January 1, 2007 to December 31, 2009



FILED
11/19/2010

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Alma Caldwell	01-01-04 to 12-31-11
President of the Town Council	Gary Hendricks	01-01-07 to 12-31-08
	Brian Hall	01-01-09 to 12-31-09
	Shelby Taylor	01-01-10 to 12-31-10
Superintendent of Utilities	Wayne Carmack	01-01-07 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 SWAYZEE, GRANT COUNTY, INDIANA

We have examined the financial information presented herein of the Town of Swayzee (Town), for the period of January 1, 2007 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, 2007, 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

September 15, 2010

TOWN OF SWAYZEE
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL, PROPRIETARY, AND FIDUCIARY FUND TYPES
As Of And For The Years Ended December 31, 2007, 2008, And 2009

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Governmental Funds:				
General	\$ 115,051	\$ 155,794	\$ 166,069	\$ 104,776
Motor Vehicle Highway	35,596	77,275	50,253	62,618
Local Road and Street	4,271	9,296	1,000	12,567
Park and Recreation	15,006	2,085	10,064	7,027
Law Enforcement Continuing Education	9,482	7,205	7,212	9,475
Riverboat	10,642	6,375	2,015	15,002
Solid Waste Disposal	431	38,071	37,360	1,142
Operation Pull Over Grant	307	-	261	46
Law Enforcement Block Grant	1,514	5	1,514	5
Cumulative Capital Improvement	13,505	3,551	2,804	14,252
Proprietary Funds:				
Water Utility - Operating	9,576	153,927	137,559	25,944
Water Utility - Depreciation	59,379	21,000	26,000	54,379
Water Utility - Customer Deposit	5,370	2,314	1,933	5,751
Wastewater Utility - Operating	5,579	103,839	81,055	28,363
Wastewater Utility - Bond and Interest	3,936	87,749	87,749	3,936
Wastewater Utility - Debt Service Reserve	95,649	173	-	95,822
Wastewater Utility - Improvement	14,759	5,932	6,583	14,108
Fiduciary Funds:				
Utilities Clearing	28,487	369,409	368,783	29,113
Payroll	-	182,661	182,661	-
Totals	\$ 428,540	\$ 1,226,661	\$ 1,170,875	\$ 484,326

	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
Governmental Funds:				
General	\$ 104,776	\$ 177,352	\$ 230,143	\$ 51,985
Motor Vehicle Highway	62,618	38,778	55,974	45,422
Local Road and Street	12,567	8,609	14,000	7,176
Park and Recreation	7,027	27,265	9,637	24,655
Law Enforcement Continuing Education	9,475	7,783	11,027	6,231
Riverboat	15,002	6,342	1,622	19,722
Solid Waste Disposal	1,142	37,177	37,048	1,271
Operation Pull Over Grant	46	-	-	46
Law Enforcement Block Grant	5	-	5	-
Cumulative Capital Improvement	14,252	3,288	5,210	12,330
Proprietary Funds:				
Water Utility - Operating	25,944	147,684	139,395	34,233
Water Utility - Depreciation	54,379	71,000	57,092	68,287
Water Utility - Customer Deposit	5,751	3,053	2,200	6,604
Wastewater Utility - Operating	28,363	100,854	81,993	47,224
Wastewater Utility - Bond and Interest	3,936	85,045	85,799	3,182
Wastewater Utility - Debt Service Reserve	95,822	144	-	95,966
Wastewater Utility - Improvement	14,108	5,932	17,960	2,080
Fiduciary Funds:				
Utilities Clearing	29,113	364,292	362,270	31,135
Payroll	-	181,767	181,767	-
Totals	\$ 484,326	\$ 1,266,365	\$ 1,293,142	\$ 457,549

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

TOWN OF SWAYZEE
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL, PROPRIETARY, AND FIDUCIARY FUND TYPES
As Of And For The Years Ended December 31, 2007, 2008, And 2009
(Continued)

	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
Governmental Funds:				
General	\$ 51,985	\$ 207,368	\$ 206,803	\$ 52,550
Motor Vehicle Highway	45,422	38,294	49,014	34,702
Local Road and Street	7,176	8,091	4,848	10,419
Park and Recreation	24,655	9,120	5,470	28,305
Park Donation	-	11,528	4,888	6,640
Law Enforcement Continuing Education	6,231	4,298	6,885	3,644
Riverboat	19,722	6,426	-	26,148
Solid Waste Disposal	1,271	38,749	38,997	1,023
Operation Pull Over Grant	46	1,175	918	303
Cumulative Capital Improvement	12,330	3,100	1,835	13,595
Rainy Day	-	3,988	-	3,988
Proprietary Funds:				
Water Utility - Operating	34,233	152,421	164,205	22,449
Water Utility - Depreciation	68,287	61,000	78,000	51,287
Water Utility - Customer Deposit	6,604	2,255	1,599	7,260
Wastewater Utility - Operating	47,224	139,744	140,154	46,814
Wastewater Utility - Bond and Interest	3,182	87,741	88,848	2,075
Wastewater Utility - Debt Service Reserve	95,966	94	-	96,060
Wastewater Utility - Improvement	2,080	5,932	1,630	6,382
Wastewater Utility - Storm Water	-	11,716	1,380	10,336
Fiduciary Funds:				
Utilities Clearing	31,135	380,016	379,205	31,946
Payroll	-	188,067	187,979	88
Totals	<u>\$ 457,549</u>	<u>\$ 1,361,123</u>	<u>\$ 1,362,658</u>	<u>\$ 456,014</u>

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

TOWN OF SWAYZEE
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

The Town was established under the laws of the State of Indiana. The Town provides the following services: public safety, highways and streets, health and social services, culture and recreation, general administrative services, water, wastewater and storm water.

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.

Note 6. Subsequent Event

The Water Utility has entered into a \$908,770 project to construct improvements, additions and extensions to the waterworks of the Town. The project will be financed through a \$422,770 Office of Community and Rural Affairs Grant and a \$486,000 Rural Development loan.

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

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:		
Capital Lease:		
Police Car	\$ 13,548	\$ 5,008
Business-type activities:		
Wastewater Utility:		
Loan	\$ 558,288	\$ 8,374

TOWN OF SWAYZEE
EXAMINATION RESULTS AND COMMENTS

CONDITION OF RECORDS

Three claims tested did not include adequate supporting documentation. Two claims tested were paid prior to Town Council approval.

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for audit to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee.

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

CAPITAL ASSET RECORDS

Capital asset records were not maintained for the period examined.

Every governmental unit should have a complete inventory of all capital assets owned which reflects their acquisition value. Such inventory should be recorded on the applicable Capital Asset 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)

TOWN OF SWAYZEE
EXIT CONFERENCE

The contents of this report were discussed on September 15, 2010, with Alma Caldwell, Clerk-Treasurer, and Shelby Taylor, President of the Town Council. The officials concurred with our findings.