

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

AUDIT REPORT

OF

TOWN OF VAN BUREN

GRANT COUNTY, INDIANA

January 1, 2009 to December 31, 2010



FILED
05/12/2011

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Michelle M. Sexton	01-01-08 to 12-31-11
President of the Town Council	Tony E. Manry	01-01-09 to 12-31-11
Superintendent of Utilities	James R. Webb	01-01-09 to 12-31-11



STATE OF INDIANA
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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 VAN BUREN, GRANT COUNTY, INDIANA

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Van Buren (Town), as of and for the years ended December 31, 2009 and 2010, 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, 2009 and 2010, and the respective cash receipts and cash disbursements during the years then ended on the basis of accounting described in Note I.

In accordance with Government Auditing Standards, we have also issued a report dated March 28, 2011, 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.

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

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

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 Schedule of Funding Progress, as listed in the Table of Contents, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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, Schedule of Capital Assets 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 Capital Assets and Schedule of Long-Term Debt have 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 them.

STATE BOARD OF ACCOUNTS

March 28, 2011



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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 VAN BUREN, GRANT COUNTY, INDIANA

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Van Buren (Town), as of and for the years ended December 31, 2009 and 2010, which collectively comprise the Town's basic financial statements and have issued our report thereon dated March 28, 2011. 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 2010-1 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 2010-1 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 no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

The Town's response to the finding 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

March 28, 2011

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

Functions/Programs	Program Receipts				Net (Disbursements) Receipts and Changes in Net Assets		
	Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Totals
Primary government:							
Governmental activities:							
General government	\$ 215,493	\$ 1,444	\$ -	\$ -	\$ (214,049)	\$ -	\$ (214,049)
Public safety	127,934	14,518	-	-	(113,416)	-	(113,416)
Highways and streets	96,624	-	25,295	7,417	(63,912)	-	(63,912)
Sanitation	25,222	26,128	-	-	906	-	906
Total governmental activities	<u>465,273</u>	<u>42,090</u>	<u>25,295</u>	<u>7,417</u>	<u>(390,471)</u>	<u>-</u>	<u>(390,471)</u>
Business-type activities:							
Water	482,412	182,618	-	-	-	(299,794)	(299,794)
Wastewater	1,758,525	246,574	-	451,371	-	(1,060,580)	(1,060,580)
Total business-type activities	<u>2,240,937</u>	<u>429,192</u>	<u>-</u>	<u>451,371</u>	<u>-</u>	<u>(1,360,374)</u>	<u>(1,360,374)</u>
Total primary government	<u>\$ 2,706,210</u>	<u>\$ 471,282</u>	<u>\$ 25,295</u>	<u>\$ 458,788</u>	<u>(390,471)</u>	<u>(1,360,374)</u>	<u>(1,750,845)</u>
General receipts:							
Property taxes					272,080	538,004	810,084
Intergovernmental					86,947	-	86,947
Other local sources					12,028	-	12,028
Bond proceeds					-	750,000	750,000
Unrestricted investment earnings					9,070	10,831	19,901
Total general receipts					<u>380,125</u>	<u>1,298,835</u>	<u>1,678,960</u>
Change in net assets					(10,346)	(61,539)	(71,885)
Net assets - beginning					<u>696,409</u>	<u>1,126,729</u>	<u>1,823,138</u>
Net assets - ending					<u>\$ 686,063</u>	<u>\$ 1,065,190</u>	<u>\$ 1,751,253</u>
<u>Assets</u>							
Cash and investments					\$ 514,154	\$ 255,722	\$ 769,876
Restricted assets:							
Cash and investments					<u>171,909</u>	<u>809,468</u>	<u>981,377</u>
Total assets					<u>\$ 686,063</u>	<u>\$ 1,065,190</u>	<u>\$ 1,751,253</u>
<u>Net Assets</u>							
Restricted for:							
Highways and streets					\$ 55,692	\$ -	\$ 55,692
Capital outlay					116,217	-	116,217
Debt service					-	791,288	791,288
Other purposes					-	18,180	18,180
Unrestricted					<u>514,154</u>	<u>255,722</u>	<u>769,876</u>
Total net assets					<u>\$ 686,063</u>	<u>\$ 1,065,190</u>	<u>\$ 1,751,253</u>

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

TOWN OF VAN BUREN
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For The Year Ended December 31, 2010

Functions/Programs	Program Receipts				Net (Disbursements) Receipts and Changes in Net Assets		
	Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Totals
Primary government:							
Governmental activities:							
General government	\$ 194,434	\$ 24	\$ -	\$ -	\$ (194,410)	\$ -	\$ (194,410)
Public safety	149,713	18,665	700	-	(130,348)	-	(130,348)
Highways and streets	45,699	-	25,018	7,604	(13,077)	-	(13,077)
Sanitation	31,500	25,532	-	-	(5,968)	-	(5,968)
Total governmental activities	421,346	44,221	25,718	7,604	(343,803)	-	(343,803)
Business-type activities:							
Water	470,523	177,885	-	-	-	(292,638)	(292,638)
Wastewater	541,601	293,991	-	274,322	-	26,712	26,712
Total business-type activities	1,012,124	471,876	-	274,322	-	(265,926)	(265,926)
Total primary government	\$ 1,433,470	\$ 516,097	\$ 25,718	\$ 281,926	(343,803)	(265,926)	(609,729)
General receipts:							
Property taxes					241,662	438,582	680,244
Intergovernmental					121,027	-	121,027
Other local sources					1,403	-	1,403
Unrestricted investment earnings					4,765	8,082	12,847
Total general receipts					368,857	446,664	815,521
Change in net assets					25,054	180,738	205,792
Net assets - beginning					686,063	1,065,190	1,751,253
Net assets - ending					\$ 711,117	\$ 1,245,928	\$ 1,957,045
Assets							
Cash and investments					\$ 552,178	\$ 272,515	\$ 824,693
Restricted assets:							
Cash and investments					158,939	973,413	1,132,352
Total assets					\$ 711,117	\$ 1,245,928	\$ 1,957,045
Net Assets							
Restricted for:							
Highways and streets					\$ 45,608	\$ -	\$ 45,608
Capital outlay					113,331	-	113,331
Debt service					-	955,033	955,033
Other purposes					-	18,380	18,380
Unrestricted					552,178	272,515	824,693
Total net assets					\$ 711,117	\$ 1,245,928	\$ 1,957,045

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

TOWN OF VAN BUREN
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	Other Governmental Funds	Totals
Receipts:			
Taxes	\$ 262,846	\$ 9,234	\$ 272,080
Licenses and permits	-	440	440
Intergovernmental	76,508	43,153	119,661
Charges for services	15,512	26,137	41,649
Other	<u>17,270</u>	<u>3,827</u>	<u>21,097</u>
 Total receipts	 <u>372,136</u>	 <u>82,791</u>	 <u>454,927</u>
Disbursements:			
General government	206,118	9,375	215,493
Public safety	95,707	5,059	100,766
Highways and streets	-	88,288	88,288
Sanitation	-	25,222	25,222
Capital outlay:			
Public safety	4,244	22,924	27,168
Highways and streets	<u>5,080</u>	<u>3,256</u>	<u>8,336</u>
 Total disbursements	 <u>311,149</u>	 <u>154,124</u>	 <u>465,273</u>
 Excess (deficiency) of receipts over disbursements	 <u>60,987</u>	 <u>(71,333)</u>	 <u>(10,346)</u>
Other financing sources (uses):			
Transfers in	35,402	9,223	44,625
Transfers out	<u>-</u>	<u>(44,625)</u>	<u>(44,625)</u>
 Total other financing sources (uses)	 <u>35,402</u>	 <u>(35,402)</u>	 <u>-</u>
 Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	 96,389	 (106,735)	 (10,346)
 Cash and investment fund balance - beginning	 <u>270,547</u>	 <u>425,862</u>	 <u>696,409</u>
 Cash and investment fund balance - ending	 <u>\$ 366,936</u>	 <u>\$ 319,127</u>	 <u>\$ 686,063</u>
 <u>Cash and Investment Assets - December 31</u>			
Cash and investments	\$ 366,936	\$ 147,218	\$ 514,154
Restricted assets:			
Cash and investments	<u>-</u>	<u>171,909</u>	<u>171,909</u>
 Total cash and investment assets - December 31	 <u>\$ 366,936</u>	 <u>\$ 319,127</u>	 <u>\$ 686,063</u>
 <u>Cash and Investment Fund Balance - December 31</u>			
Restricted for:			
Highways and streets	\$ -	\$ 55,692	\$ 55,692
Capital outlay	-	116,217	116,217
Unrestricted	<u>366,936</u>	<u>147,218</u>	<u>514,154</u>
 Total cash and investment fund balance - December 31	 <u>\$ 366,936</u>	 <u>\$ 319,127</u>	 <u>\$ 686,063</u>

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

TOWN OF VAN BUREN
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, 2010

	General	Other Governmental Funds	Totals
Receipts:			
Taxes	\$ 234,245	\$ 7,417	\$ 241,662
Licenses and permits	-	420	420
Intergovernmental	93,220	61,129	154,349
Charges for services	18,253	25,538	43,791
Fines and forfeits	10	-	10
Other	4,200	1,968	6,168
	<u>349,928</u>	<u>96,472</u>	<u>446,400</u>
Total receipts			
Disbursements:			
General government	194,434	-	194,434
Public safety	117,292	13,933	131,225
Highways and streets	-	40,697	40,697
Sanitation	-	31,500	31,500
Capital outlay:			
Public safety	4,244	14,244	18,488
Highways and streets	1,628	3,374	5,002
	<u>317,598</u>	<u>103,748</u>	<u>421,346</u>
Total disbursements			
Excess (deficiency) of receipts over disbursements	<u>32,330</u>	<u>(7,276)</u>	<u>25,054</u>
Other financing sources (uses):			
Transfers in	998	53,351	54,349
Transfers out	<u>(38,486)</u>	<u>(15,863)</u>	<u>(54,349)</u>
Total other financing sources (uses)	<u>(37,488)</u>	<u>37,488</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(5,158)	30,212	25,054
Cash and investment fund balance - beginning	<u>366,936</u>	<u>319,127</u>	<u>686,063</u>
Cash and investment fund balance - ending	<u>\$ 361,778</u>	<u>\$ 349,339</u>	<u>\$ 711,117</u>
<u>Cash and Investment Assets - December 31</u>			
Cash and investments	\$ 361,778	\$ 190,400	\$ 552,178
Restricted assets:			
Cash and investments	<u>-</u>	<u>158,939</u>	<u>158,939</u>
Total cash and investment assets - December 31	<u>\$ 361,778</u>	<u>\$ 349,339</u>	<u>\$ 711,117</u>
<u>Cash and Investment Fund Balance - December 31</u>			
Restricted for:			
Highways and streets	\$ -	\$ 45,608	\$ 45,608
Capital outlay	-	113,331	113,331
Unrestricted	<u>361,778</u>	<u>190,400</u>	<u>552,178</u>
Total cash and investment fund balance - December 31	<u>\$ 361,778</u>	<u>\$ 349,339</u>	<u>\$ 711,117</u>

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

TOWN OF VAN BUREN
STATEMENT OF ASSETS AND FUND BALANCES AND
RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
PROPRIETARY FUNDS
As of and for the Year Ended December 31, 2009

	Water Utility	Wastewater Utility	Totals
Operating receipts:			
Metered/measured receipts	\$ 158,045	\$ 187,582	\$ 345,627
Flat rate receipts	-	35,852	35,852
Fire protection receipts	15,491	-	15,491
Penalties	1,893	7,014	8,907
Other	7,189	11,126	18,315
	<u>182,618</u>	<u>241,574</u>	<u>424,192</u>
Total operating receipts			
Operating disbursements:			
Administration and general	3,584	3,380	6,964
Salaries and wages	42,492	43,841	86,333
Employee pensions and benefits	39,293	39,396	78,689
Purchased power	7,220	5,088	12,308
Chemicals	15,079	1,228	16,307
Material and supplies	15,188	13,173	28,361
Contractual services	13,726	136,928	150,654
Transportation disbursements	4,540	5,436	9,976
Insurance disbursements	5,319	7,738	13,057
Equipment and capital improvements	10,575	1,479,880	1,490,455
Miscellaneous disbursements	25,532	6,712	32,244
	<u>182,548</u>	<u>1,742,800</u>	<u>1,925,348</u>
Total operating disbursements			
Excess (deficiency) of operating receipts over operating disbursements	<u>70</u>	<u>(1,501,226)</u>	<u>(1,501,156)</u>
Nonoperating receipts (disbursements):			
Property taxes	538,004	-	538,004
Bond proceeds	-	750,000	750,000
Grants	-	451,371	451,371
Interest and investment receipts	7,153	3,678	10,831
Miscellaneous receipts	-	5,000	5,000
Debt service of principal	(115,000)	-	(115,000)
Debt service of interest	(184,864)	(15,725)	(200,589)
	<u>245,293</u>	<u>1,194,324</u>	<u>1,439,617</u>
Total nonoperating receipts (disbursements)			
Excess (deficiency) of receipts over disbursements and nonoperating receipts (disbursements)	245,363	(306,902)	(61,539)
Cash and investment fund balance - beginning	<u>607,386</u>	<u>519,343</u>	<u>1,126,729</u>
Cash and investment fund balance - ending	<u>\$ 852,749</u>	<u>\$ 212,441</u>	<u>\$ 1,065,190</u>
<u>Cash and Investment Assets - December 31</u>			
Cash and investments	\$ 98,830	\$ 156,892	\$ 255,722
Restricted assets:			
Cash and investments	<u>753,919</u>	<u>55,549</u>	<u>809,468</u>
Total cash and investment assets - December 31	<u>\$ 852,749</u>	<u>\$ 212,441</u>	<u>\$ 1,065,190</u>
<u>Cash and Investment Fund Balance - December 31</u>			
Restricted for:			
Debt service	\$ 740,754	\$ 50,534	\$ 791,288
Other purposes	13,165	5,015	18,180
Unrestricted	<u>98,830</u>	<u>156,892</u>	<u>255,722</u>
Total cash and investment fund balance - December 31	<u>\$ 852,749</u>	<u>\$ 212,441</u>	<u>\$ 1,065,190</u>

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

TOWN OF VAN BUREN
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, 2010

	Water Utility	Wastewater Utility	Totals
Operating receipts:			
Metered/measured receipts	\$ 158,178	\$ 247,572	\$ 405,750
Flat rate receipts	-	35,067	35,067
Fire protection receipts	15,491	-	15,491
Penalties	1,664	7,869	9,533
Other	<u>2,552</u>	<u>3,483</u>	<u>6,035</u>
 Total operating receipts	 <u>177,885</u>	 <u>293,991</u>	 <u>471,876</u>
Operating disbursements:			
Administration and general	3,472	3,500	6,972
Salaries and wages	50,908	47,107	98,015
Employee pensions and benefits	42,855	42,564	85,419
Purchased power	6,410	18,259	24,669
Chemicals	15,980	7,827	23,807
Material and supplies	5,294	23,268	28,562
Contractual services	9,682	60,859	70,541
Transportation disbursements	5,548	6,778	12,326
Insurance disbursements	5,111	8,029	13,140
Equipment and capital improvements	6,505	259,769	266,274
Miscellaneous disbursements	<u>20,349</u>	<u>6,331</u>	<u>26,680</u>
 Total operating disbursements	 <u>172,114</u>	 <u>484,291</u>	 <u>656,405</u>
 Excess (deficiency) of operating receipts over operating disbursements	 <u>5,771</u>	 <u>(190,300)</u>	 <u>(184,529)</u>
Nonoperating receipts (disbursements):			
Property taxes	438,582	-	438,582
Grants	-	274,322	274,322
Interest and investment receipts	6,569	1,513	8,082
Debt service of principal	(121,000)	(9,000)	(130,000)
Debt service of interest	<u>(177,409)</u>	<u>(48,310)</u>	<u>(225,719)</u>
 Total nonoperating receipts (disbursements)	 <u>146,742</u>	 <u>218,525</u>	 <u>365,267</u>
 Excess of receipts over disbursements and nonoperating receipts (disbursements)	 152,513	 28,225	 180,738
Cash and investment fund balance - beginning	<u>852,749</u>	<u>212,441</u>	<u>1,065,190</u>
Cash and investment fund balance - ending	<u>\$ 1,005,262</u>	<u>\$ 240,666</u>	<u>\$ 1,245,928</u>
 <u>Cash and Investment Assets - December 31</u>			
Cash and investments	\$ 117,928	\$ 154,587	\$ 272,515
Restricted assets:			
Cash and investments	<u>887,334</u>	<u>86,079</u>	<u>973,413</u>
Total cash and investment assets - December 31	<u>\$ 1,005,262</u>	<u>\$ 240,666</u>	<u>\$ 1,245,928</u>
 <u>Cash and Investment Fund Balance - December 31</u>			
Restricted for:			
Debt service	\$ 874,099	\$ 80,934	\$ 955,033
Other purposes	13,235	5,145	18,380
Unrestricted	<u>117,928</u>	<u>154,587</u>	<u>272,515</u>
Total cash and investment fund balance - December 31	<u>\$ 1,005,262</u>	<u>\$ 240,666</u>	<u>\$ 1,245,928</u>

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

TOWN OF VAN BUREN
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, and wastewater.

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

Primary Government: Town of Van Buren

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 fund:

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 VAN BUREN
NOTES TO FINANCIAL STATEMENTS
(Continued)

C. Measurement Focus and Basis of Accounting

The government-wide, governmental fund, and proprietary 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 with the government. The Town does not have any internal service funds.

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

D. Assets and Cash and Investment Balances

1. Restricted Assets

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

TOWN OF VAN BUREN
NOTES TO FINANCIAL STATEMENTS
(Continued)

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."

Fund Financial Statements

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

TOWN OF VAN BUREN
NOTES TO FINANCIAL STATEMENTS
(Continued)

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. 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 VAN BUREN
NOTES TO FINANCIAL STATEMENTS
(Continued)

G. Rounding Differences

The financial statements may contain immaterial differences due to rounding of amounts when the statements were compiled. These differences are considered trivial and do not affect the overall presentation of the financial statements.

II. Stewardship, Compliance and Accountability

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

A. Deposits and Investments

1. Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Indiana Code 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. The Town's 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.

TOWN OF VAN BUREN
NOTES TO FINANCIAL STATEMENTS
(Continued)

2. Investments

Statutory Authorization for Investments

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

Indiana Code also provides for investment in money market mutual funds that are in the form of securities of, or interest in, an open-end, no-load, management-type investment company or investment trust registered under the provision of the federal Investment Company Act of 1940, as amended. Investments in money market mutual funds may not exceed 50% of the funds held by the Town and available for investment. The portfolio of an investment company or investment trust used must be limited to direct obligations of the United States of America, obligations issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise or repurchase agreements fully collateralized by direct obligations of the United States of America or obligations issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise. The form of securities of, or interest in, an investment company or investment trust must be rated as AAA, or its equivalent by Standard and Poor's Corporation or its successor or Aaa, or its equivalent, by Moody's Investors Service, Inc., or its successor. The form of securities in an investment company or investment trust have a stated final maturity of one day.

Additionally, the Town may enter into repurchase agreements with depositories designated by the State Board of Finance as depositories for state deposits involving the Town's purchase and guaranteed resale of any interest-bearing obligations issued or fully insured or guaranteed by the United States of America, a United States of America government agency, an instrumentality of the United States of America, or a federal government sponsored enterprise. The repurchase agreement is considered to have a stated final maturity of one day. This agreement must be fully collateralized by interest-bearing obligations as determined by their current market value.

B. Interfund Transfers

Interfund transfers for the years ended December 31, 2009 and 2010, were as follows:

Transfer From	Transfer To	2009	2010
General Fund	Other Governmental Funds	\$ -	\$ 38,486
Other Governmental Funds	General Fund	35,402	998
	Other Governmental Funds	<u>9,223</u>	<u>14,865</u>
Totals		<u>\$ 44,625</u>	<u>\$ 54,349</u>

The Town typically uses transfers for cash flow purposes as provided by various statutory provisions.

TOWN OF VAN BUREN
NOTES TO FINANCIAL STATEMENTS
(Continued)

IV. Other Information

A. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; and natural disasters.

The risks of torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters are covered by commercial insurance from independent third parties.

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

During 1993, the Town joined other governmental entities in the Indiana Public Employer's Plan, a public entity risk pool currently operating as a common risk management and insurance program for approximately 350 member governmental entities. This risk pool was formed in 1989. The purpose of the risk pool is to provide a medium for the funding and administration of job related illnesses or injuries to employees. The Town pays an annual premium to the risk pool for its job related illnesses or injuries to employees coverage. The risk pool is considered a self-sustaining risk pool that will provide coverage for its members for up to \$1,000,000 per insured event. The risk pool obtains independent coverage for insured events in excess of the \$1,000,000 limit.

B. Rate Structure – Enterprise Funds

Water Utility

On July 18, 1984, the Town Council adopted Ordinance No. 3-1984 to withdraw from the jurisdiction of the Indiana Utility Regulatory Commission. The current rate structure was approved by the Town Council on June 14, 2006.

Wastewater Utility

The current rate structure was approved by the Town Council on December 17, 2008.

C. Receipts Pledged

Water Utility Receipts Pledged

The Town has pledged future operating revenues receipts, net of specified operating expenditures, to repay revenue bonds issued in 2000. Proceeds from the bonds provided financing for construction of water utility improvements. The bonds are payable solely from operating revenues net receipts and are payable through 2021. Annual principal and interest payments are expected to require less than 39% of net receipts.

TOWN OF VAN BUREN
NOTES TO FINANCIAL STATEMENTS
(Continued)

Wastewater Utility Receipts Pledged

The Town has pledged future operating revenues receipts, net of specified operating expenditures, to repay revenue bonds (A) issued in 2008. Proceeds from the bonds provided financing for construction of wastewater utility expansion and improvements. The bonds are payable solely from operating revenues net receipts and are payable through 2048. Annual principal and interest payments are expected to require less than 18% of net receipts.

The Town has pledged future operating revenues receipts, net of specified operating expenditures, to repay revenue bonds (B) issued in 2008. Proceeds from the bonds provided financing for construction of wastewater utility expansion and improvements. The bonds are payable solely from operating revenues net receipts and are payable through 2048. Annual principal and interest payments are expected to require less than 5% of net receipts.

Tax Increment Receipts Pledged

The Town has pledged a portion of general property taxes receipts to repay \$2,040,000 in tax increment bonds issued in 2005 to finance a water tower and other water utility improvements. The bonds are payable solely from the incremental general property taxes generated by TIF district property taxes. Incremental general property taxes were projected to produce 100% of the debt service requirements over the life of the bonds.

D. Pension Plan

Agent Multiple-Employer Defined Benefit Pension Plan

Public Employees' Retirement Fund

Plan Description

The Town contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in the defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF Board, most requirements of the system and give the Town authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of member's contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

PERF administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. The report may be obtained by contacting:

Public Employees' Retirement Fund
Harrison Building, Room 800
143 West Market Street
Indianapolis, IN 46204
Ph. (317) 233-4162

TOWN OF VAN BUREN
NOTES TO FINANCIAL STATEMENTS
(Continued)

Funding Policy

The contribution requirements of plan members for PERF are established by the Board of Trustees of PERF. The total contributions made to PERF by the Town during the period were \$33,464.

TOWN OF VAN BUREN
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF FUNDING PROGRESS

Public Employees' Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-07	\$ 258,222	\$ 307,723	\$ (49,501)	84%	\$ 191,003	(26%)
07-01-08	290,176	319,726	(29,550)	91%	166,688	(18%)
07-01-09	298,012	349,376	(51,364)	85%	197,863	(26%)

TOWN OF VAN BUREN
 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 and Street	Law Enforcement Continuing Education	Trash	Riverboat
Receipts:					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	440	-	-
Intergovernmental	25,295	7,417	-	-	5,851
Charges for services	-	-	9	26,128	-
Other	738	552	-	-	-
Total receipts	26,033	7,969	449	26,128	5,851
Disbursements:					
General government	-	-	-	-	-
Public safety	5,059	-	-	-	-
Highways and streets	72,673	15,615	-	-	-
Sanitation	-	-	-	25,222	-
Capital outlay:					
Public safety	-	-	-	-	-
Highways and streets	3,256	-	-	-	-
Total disbursements	80,988	15,615	-	25,222	-
Excess (deficiency) of receipts over disbursements	(54,955)	(7,646)	449	906	5,851
Other financing sources (uses):					
Transfers in	9,223	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	9,223	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(45,732)	(7,646)	449	906	5,851
Cash and investment fund balance - beginning	124,127	63,338	1,596	21,844	29,437
Cash and investment fund balance - ending	<u>\$ 78,395</u>	<u>\$ 55,692</u>	<u>\$ 2,045</u>	<u>\$ 22,750</u>	<u>\$ 35,288</u>
Cash and Investment Assets - December 31					
Cash and investments	\$ 78,395	\$ -	\$ 2,045	\$ 22,750	\$ 35,288
Restricted assets:					
Cash and investments	-	55,692	-	-	-
Total cash and investment assets - December 31	<u>\$ 78,395</u>	<u>\$ 55,692</u>	<u>\$ 2,045</u>	<u>\$ 22,750</u>	<u>\$ 35,288</u>
Cash and Investment Fund Balance - December 31					
Restricted for:					
Highways and streets	\$ -	\$ 55,692	\$ -	\$ -	\$ -
Capital outlay	-	-	-	-	-
Unrestricted	78,395	-	2,045	22,750	35,288
Total cash and investment fund balance - December 31	<u>\$ 78,395</u>	<u>\$ 55,692</u>	<u>\$ 2,045</u>	<u>\$ 22,750</u>	<u>\$ 35,288</u>

TOWN OF VAN BUREN
 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)

	Rainy Day	Levy Excess	Cumulative Capital Improvement	Cumulative Capital Development	Totals
Receipts:					
Taxes	\$ -	\$ -	\$ -	\$ 9,234	\$ 9,234
Licenses and permits	-	-	-	-	440
Intergovernmental	801	-	2,867	922	43,153
Charges for services	-	-	-	-	26,137
Other	-	-	649	1,888	3,827
Total receipts	801	-	3,516	12,044	82,791
Disbursements:					
General government	-	-	-	9,375	9,375
Public safety	-	-	-	-	5,059
Highways and streets	-	-	-	-	88,288
Sanitation	-	-	-	-	25,222
Capital outlay:					
Public safety	-	-	-	22,924	22,924
Highways and streets	-	-	-	-	3,256
Total disbursements	-	-	-	32,299	154,124
Excess (deficiency) of receipts over disbursements	801	-	3,516	(20,255)	(71,333)
Other financing sources (uses):					
Transfers in	-	-	-	-	9,223
Transfers out	-	-	-	(44,625)	(44,625)
Total other financing sources (uses)	-	-	-	(44,625)	(35,402)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	801	-	3,516	(64,880)	(106,735)
Cash and investment fund balance - beginning	6,941	998	51,297	126,284	425,862
Cash and investment fund balance - ending	<u>\$ 7,742</u>	<u>\$ 998</u>	<u>\$ 54,813</u>	<u>\$ 61,404</u>	<u>\$ 319,127</u>
Cash and Investment Assets - December 31					
Cash and investments	\$ 7,742	\$ 998	\$ -	\$ -	\$ 147,218
Restricted assets:					
Cash and investments	-	-	54,813	61,404	171,909
Total cash and investment assets - December 31	<u>\$ 7,742</u>	<u>\$ 998</u>	<u>\$ 54,813</u>	<u>\$ 61,404</u>	<u>\$ 319,127</u>
Cash and Investment Fund Balance - December 31					
Restricted for:					
Highways and streets	\$ -	\$ -	\$ -	\$ -	\$ 55,692
Capital outlay	-	-	54,813	61,404	116,217
Unrestricted	7,742	998	-	-	147,218
Total cash and investment fund balance - December 31	<u>\$ 7,742</u>	<u>\$ 998</u>	<u>\$ 54,813</u>	<u>\$ 61,404</u>	<u>\$ 319,127</u>

TOWN OF VAN BUREN
 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, 2010

	Motor Vehicle Highway	Local Road and Street	Law Enforcement Continuing Education	Law Enforcement Grant	Trash	Riverboat
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	420	-	-	-
Intergovernmental	25,018	7,604	-	700	-	5,851
Charges for services	-	-	6	-	25,532	-
Other	293	204	-	-	-	-
Total receipts	25,311	7,808	426	700	25,532	5,851
Disbursements:						
Public safety	5,252	-	-	-	-	-
Highways and streets	22,805	17,892	-	-	-	-
Sanitation	-	-	-	-	31,500	-
Capital outlay:						
Public safety	-	-	-	-	-	-
Highways and streets	3,374	-	-	-	-	-
Total disbursements	31,431	17,892	-	-	31,500	-
Excess (deficiency) of receipts over disbursements	(6,120)	(10,084)	426	700	(5,968)	5,851
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(6,120)	(10,084)	426	700	(5,968)	5,851
Cash and investment fund balance - beginning	78,395	55,692	2,045	-	22,750	35,288
Cash and investment fund balance - ending	<u>\$ 72,275</u>	<u>\$ 45,608</u>	<u>\$ 2,471</u>	<u>\$ 700</u>	<u>\$ 16,782</u>	<u>\$ 41,139</u>
Cash and Investment Assets - December 31						
Cash and investments	\$ 72,275	\$ -	\$ 2,471	\$ 700	\$ 16,782	\$ 41,139
Restricted assets:						
Cash and investments	-	45,608	-	-	-	-
Total cash and investment assets - December 31	<u>\$ 72,275</u>	<u>\$ 45,608</u>	<u>\$ 2,471</u>	<u>\$ 700</u>	<u>\$ 16,782</u>	<u>\$ 41,139</u>
Cash and Investment Fund Balance - December 31						
Restricted for:						
Highways and streets	\$ -	\$ 45,608	\$ -	\$ -	\$ -	\$ -
Capital outlay	-	-	-	-	-	-
Unrestricted	72,275	-	2,471	700	16,782	41,139
Total cash and investment fund balance - December 31	<u>\$ 72,275</u>	<u>\$ 45,608</u>	<u>\$ 2,471</u>	<u>\$ 700</u>	<u>\$ 16,782</u>	<u>\$ 41,139</u>

TOWN OF VAN BUREN
 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, 2010
 (Continued)

	Rainy Day	Levy Excess	Economic Development Income Tax	Cumulative Capital Improvement	Cumulative Capital Development	Totals
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 7,417	\$ 7,417
Licenses and permits	-	-	-	-	-	420
Intergovernmental	15,656	-	2,973	2,738	589	61,129
Charges for services	-	-	-	-	-	25,538
Other	148	709	-	250	364	1,968
Total receipts	15,804	709	2,973	2,988	8,370	96,472
Disbursements:						
Public safety	8,681	-	-	-	-	13,933
Highways and streets	-	-	-	-	-	40,697
Sanitation	-	-	-	-	-	31,500
Capital outlay:						
Public safety	-	-	-	-	14,244	14,244
Highways and streets	-	-	-	-	-	3,374
Total disbursements	8,681	-	-	-	14,244	103,748
Excess (deficiency) of receipts over disbursements	7,123	709	2,973	2,988	(5,874)	(7,276)
Other financing sources (uses):						
Transfers in	-	38,486	14,865	-	-	53,351
Transfers out	(14,865)	(998)	-	-	-	(15,863)
Total other financing sources (uses)	(14,865)	37,488	14,865	-	-	37,488
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(7,742)	38,197	17,838	2,988	(5,874)	30,212
Cash and investment fund balance - beginning	7,742	998	-	54,813	61,404	319,127
Cash and investment fund balance - ending	\$ -	\$ 39,195	\$ 17,838	\$ 57,801	\$ 55,530	\$ 349,339
Cash and Investment Assets - December 31						
Cash and investments	\$ -	\$ 39,195	\$ 17,838	\$ -	\$ -	\$ 190,400
Restricted assets:						
Cash and investments	-	-	-	57,801	55,530	158,939
Total cash and investment assets - December 31	\$ -	\$ 39,195	\$ 17,838	\$ 57,801	\$ 55,530	\$ 349,339
Cash and Investment Fund Balance - December 31						
Restricted for:						
Highways and streets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 45,608
Capital outlay	-	-	-	57,801	55,530	113,331
Unrestricted	-	39,195	17,838	-	-	190,400
Total cash and investment fund balance - December 31	\$ -	\$ 39,195	\$ 17,838	\$ 57,801	\$ 55,530	\$ 349,339

TOWN OF VAN BUREN
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 December 31, 2010

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

General infrastructure assets completed in the current and prior years have been reported. Retroactive reporting of general infrastructure assets was not required.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Infrastructure	\$ 180,690
Buildings	279,348
Machinery and equipment	<u>539,500</u>
 Total governmental activities, capital assets not being depreciated	 \$ <u>999,538</u>
 Business-type activities:	
Water Utility:	
Capital assets, not being depreciated:	
Land	\$ 3,915
Buildings	468,074
Improvements other than buildings	921,009
Machinery and equipment	<u>485,185</u>
 Total Water Utility capital assets	 <u>1,878,183</u>
 Wastewater Utility:	
Capital assets, not being depreciated:	
Land	69,248
Buildings	1,969
Improvements other than buildings	3,365,712
Machinery and equipment	<u>520,692</u>
 Total Wastewater Utility capital assets	 <u>3,957,621</u>
 Total business-type activities capital assets	 \$ <u>5,835,804</u>

TOWN OF VAN BUREN
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 December 31, 2010

The Town has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:		
Capital leases:		
Fire Rescue Truck	\$ 17,710	\$ 18,861
Business-type activities:		
Water Utility:		
Loans:		
SRF Loan of 2000	\$ 631,000	\$ 68,263
Revenue bonds:		
TIF Bond of 2005	1,770,000	74,119
Total Water Utility	2,401,000	142,382
Wastewater Utility:		
Revenue bonds:		
Bonds of 2008, Series A	1,038,000	51,501
Bonds of 2008, Series B	247,000	12,918
Total Wastewater Utility	1,285,000	64,419
Total business-type activities debt	\$ 3,686,000	\$ 206,801

TOWN OF VAN BUREN
AUDIT RESULT AND COMMENT

INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

We noted several deficiencies in the internal control system of the Town related to financial transactions and reporting. We believe the following deficiencies constitute material weaknesses:

1. Lack of Segregation of Duties: Control activities should be selected and developed at various levels of the Town to reduce risks to achievement of financial reporting objectives. The Town has not separated incompatible activities related to receipts, (utility billings and collections), disbursements, payroll and related liabilities, and cash and investment balances. The failure to establish these controls could enable material misstatements or irregularities to undetected.
2. Preparing Financial Statements: Effective internal control over financial reporting involves the identification and analysis of the risks of material misstatement to the Town's audited financial statements and then determining how those identified risks should be managed. The Town has not identified risks to the preparation of reliable financial statements and as a result has failed to design effective controls over the preparation of the financial statements to prevent or detect material misstatements, including notes to the financial statements.
3. Monitoring of Controls: Effective internal control over financial reporting requires the Town Council to monitor and assess the quality of the Town's system of internal control. The Town Council has not performed either an ongoing or separate evaluation of their system of internal controls. The failure to exercise their oversight responsibility places the Town at risk that controls may not be designed or operating effectively to provide reasonable assurance that controls will prevent or detect material misstatements in a timely manner. Additionally, the Town has no process to identify or communicate corrective actions to improve controls.

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)

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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 VAN BUREN, GRANT COUNTY, INDIANA

Compliance

We have audited the compliance of the Town of Van Buren (Town) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to its major federal program for the years ended December 31, 2009 and 2010. The Town's major federal program is identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the Town's management. Our responsibility is to express an opinion on the Town's compliance based on our audit.

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

In our opinion, the Town complied in all material respects with the requirements referred to above that are applicable to its major federal program for the years ended December 31, 2009 and 2010.

Internal Control Over Compliance

The management of the Town is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Town's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over compliance.

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

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)

federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be significant deficiencies or material weaknesses, as defined above.

The Town's response to the finding 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

March 28, 2011

TOWN OF VAN BUREN
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For The Years Ended December 31, 2009 and 2010

Federal Grantor Agency/Pass-Through Entity Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 12-31-09	Total Federal Awards Expended 12-31-10
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
Direct Grant				
Water and Waste Disposal Systems for Rural Communities	10.760			
Loan		FY 09	\$ 1,042,900	\$ -
Grant		FY 09-10	<u>451,371</u>	<u>274,321</u>
Total for federal grantor agency			<u>1,494,271</u>	<u>274,321</u>
Total federal awards expended			<u>\$ 1,494,271</u>	<u>\$ 274,321</u>

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

TOWN OF VAN BUREN
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 Van Buren 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 fewer than 5,000 shall be conducted biennially. Such audits shall include both years within the biennial period.

TOWN OF VAN BUREN
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?	none reported

Noncompliance material to financial statements noted? no

Federal Awards:

Internal control over major programs:

Material weaknesses identified?	no
Significant deficiencies identified that are not considered to be material weaknesses?	none reported

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

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? no

Identification of Major Program:

CFDA Number	Name of Federal Program or Cluster
10.760	Water and Waste Disposal Systems for Rural Communities

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 2010-1, INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

We noted several deficiencies in the internal control system of the Town related to financial transactions and reporting. We believe the following deficiencies constitute material weaknesses:

TOWN OF VAN BUREN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

1. Lack of Segregation of Duties: Control activities should be selected and developed at various levels of the Town to reduce risks to achievement of financial reporting objectives. The Town has not separated incompatible activities related to receipts, (utility billings and collections), disbursements, payroll and related liabilities, and cash and investment balances. The failure to establish these controls could enable material misstatements or irregularities to undetected.
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3. Monitoring of Controls: Effective internal control over financial reporting requires the Town Council to monitor and assess the quality of the Town's system of internal control. The Town Council has not performed either an ongoing or separate evaluation of their system of internal controls. The failure to exercise their oversight responsibility places the Town at risk that controls may not be designed or operating effectively to provide reasonable assurance that controls will prevent or detect material misstatements in a timely manner. Additionally, the Town has no process to identify or communicate corrective actions to improve controls.

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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)

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

TOWN OF VAN BUREN
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

CIVIL TOWN OF VAN BUREN
P.O. BOX 392
VAN BUREN, INDIANA 46991
765-934-3991

TOWN COUNCIL

CORRECTIVE ACTION PLAN

March 28, 2011

FEDERAL FINDING 2010-1 INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

The Management of the Town of Van Buren has reviewed the Financial Statement Findings related to their audit for the years 2009 and 2010 and offer the following corrective actions.

1. Lack of Segregation of Duties: Control activities should be selected and developed at various levels of the Town to reduce risks to achievement of financial reporting objectives. The Clerk Treasurer's office will review their office procedures and attempt to institute duties that would involve, at least on a sample basis, reviews of the work being performed by each office employee. However, the Town is a very small governmental unit and management has determined that the cost associated with employing the additional staff necessary to properly segregate duties in the business office would outweigh the benefits of a stronger internal control structure used by their business office.
2. Preparing Financial Statements: Effective internal control over financial reporting involves the identification and analysis of the risks of material misstatement to the Town's audited financial statements and then determining how those identified risks should be managed. The Town officials will review their office procedures and attempt to institute duties that would involve reviews of the work being performed by each of their employees. However, the Town is a very small governmental unit and management has determined the cost associated with employing the additional staff necessary to properly segregate duties in the business office would outweigh the benefits of a stronger internal control structure. Management acknowledges and assumes the risks inherent with the current internal control structure used by their business office.
3. Monitoring of Controls: Effective internal control over financial reporting requires the Town Council to monitor and assess the quality of the Town's system of internal control. The Town Council will perform either an ongoing or separate evaluation of their system of internal controls. However, the Town is a very small governmental unit and management has determined the cost associated with employing the additional staff necessary to properly segregate duties in the business office would outweigh the benefits of a stronger internal control structure. Management acknowledges and assumes the risks inherent with the current internal control structure used by their business office.



Michelle M. Sexton
Clerk-Treasurer
Town of Van Buren

TOWN OF VAN BUREN
EXIT CONFERENCE

The contents of this report were discussed on March 28, 2011, with Michelle M. Sexton, Clerk-Treasurer, and Tony E. Manry, President of the Town Council. The officials concurred with our audit findings.