

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

EXAMINATION REPORT
OF
TOWN OF SWEETSER
GRANT COUNTY, INDIANA
January 1, 2009 to December 31, 2010



FILED
10/12/2011

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	V. Jill Johnson Jamie Briede (Interim) Robert D. Highley	01-01-08 to 06-15-11 06-16-11 to 07-14-11 07-15-11 to 12-31-11
President of the Town Council	Mary Asher Charles V. Briede	01-01-09 to 12-31-09 01-01-10 to 12-31-11



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 ACCOUNTANT'S REPORT

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

We have examined the financial statements of the Town of Sweetser (Town), for the period of January 1, 2009 to December 31, 2010. The Town's management is responsible for the financial statements. 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 statements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

As discussed in Note 1, the Town prepares its financial statements on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The basis noted above is a different basis than that used in the prior year.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the Town for the years ended December 31, 2009 and 2010, on the basis of accounting described in Note 1.

The Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis and Schedule of Long-Term Debt, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statements. They have not been subjected to the examination procedures applied to the financial statements and, accordingly, we express no opinion on them.

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

August 24, 2011

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FINANCIAL STATEMENTS

TOWN OF SWEETSER
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For The Year Ended December 31, 2009

	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
General	\$ 19,385	\$ 229,668	\$ 199,473	\$ 49,580
Motor Vehicle Highway	24,876	26,969	39,289	12,556
Local Road and Street	3,592	7,359	-	10,951
Parks and Recreation	7,207	12,284	14,053	5,438
Parks Non-reverting	2,131	8,007	-	10,138
Area Planning Commission - Escrow	11,709	105	-	11,814
Local Law Enforcement Continuing Education	2,052	8,594	2,798	7,848
Rainy Day	2,288	1,868	3,107	1,049
Police Department Grants	-	1,175	1,080	95
Cumulative Capital Improvement	7,197	2,778	-	9,975
Cumulative Capital Development	61,706	7,765	-	69,471
Payroll	2,622	108,054	107,823	2,853
Wastewater Operating	578,181	396,775	378,816	596,140
Wastewater Debt Service	45,000	-	-	45,000
Wastewater Improvement	54,886	-	-	54,886
Wastewater Bond and Interest	3,053	39,459	39,133	3,379
Totals	<u>\$ 825,885</u>	<u>\$ 850,860</u>	<u>\$ 785,572</u>	<u>\$ 891,173</u>

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

TOWN OF SWEETSER
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For The Year Ended December 31, 2010

	Cash and Investments 01-01-10	Receipts	Disbursements	Cash and Investments 12-31-10
General	\$ 49,580	\$ 210,912	\$ 169,248	\$ 91,244
Motor Vehicle Highway	12,556	35,659	42,264	5,951
Local Road and Street	10,951	7,730	-	18,681
Parks and Recreation	5,438	5,653	9,231	1,860
Parks Non-reverting	10,138	345	10,483	-
Economic Development Income Tax	-	5,724	-	5,724
Area Planning Commission - Escrow	11,814	54	-	11,868
Local Law Enforcement Continuing Education	7,848	7,112	6,509	8,451
Rainy Day	1,049	243	-	1,292
Levy Excess	-	253	-	253
Police Department Grants	95	4,300	3,998	397
Cumulative Capital Improvement	9,975	2,653	2,000	10,628
Cumulative Capital Development	69,471	7,530	73,515	3,486
Payroll	2,853	132,544	132,339	3,058
Wastewater Operating	596,140	340,549	319,921	616,768
Wastewater Debt Service	45,000	-	-	45,000
Wastewater Improvement	54,886	-	-	54,886
Wastewater Bond and Interest	3,379	38,720	38,332	3,767
Totals	<u>\$ 891,173</u>	<u>\$ 799,981</u>	<u>\$ 807,840</u>	<u>\$ 883,314</u>

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

TOWN OF SWEETSER
NOTES TO FINANCIAL STATEMENTS

Note 1. 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 some or all of the following services: public safety (police and fire), highways and streets, culture and recreation, public improvements, planning and zoning, general administrative services, and wastewater.

The accompanying financial statements present the financial information for the Town (primary government), and does not include financial information for any of the Town's legally separate component units, which accounting principles generally accepted in the United States of America require to be reported with the financial information of the Town (primary government.)

B. Basis of Accounting

The financial statements are reported on a regulatory basis of accounting prescribed by the State Board of Accounts in accordance with state statute (IC 5-11-1-6), 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 regulatory 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.

C. Cash and Investments

Investments are stated at cost. Any changes in fair value of the investments are reported as receipts in the year of the sale of the investment.

D. Receipts

Receipts are presented in the aggregate on the face of the financial statements. The aggregate receipts may include, but are not limited to, the following sources:

Taxes, which can include one or more of the following: property taxes, certified shares (local option tax), property tax replacement credit (local option tax), county option income tax, wheel tax, innkeepers tax, food and beverage tax, county economic development income tax, boat and trailer excise tax, county adjusted gross income tax, and other taxes that are set by the Town.

Special assessments which include amounts levied against certain properties to defray all or part of the cost of a specific capital improvement or service deemed to benefit primarily those properties.

TOWN OF SWEETSER
NOTES TO FINANCIAL STATEMENTS
(Continued)

License and permits which includes amounts received from businesses, occupations, or non-businesses that must be licensed before doing business within the government's jurisdiction or permits levied according to the benefits presumably conferred by the permit. Examples of license and permits include: peddler licenses, dog tax licenses, auctioneer license, building and planning permits, demolition permits, electrical permits, sign permits, and gun permits.

Intergovernmental receipts which includes receipts from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of this type of receipts includes, but is not limited to: federal grants, state grants, cigarette tax distributions received from the state, motor vehicle highway distribution received from the state, local road and street distribution received from the state, financial institution tax received from the state, auto excise surtax received from the state, commercial vehicle excise tax received from the state, major moves distributions received from the state, and riverboat receipts received from the county.

Charges for services which can include, but are not limited to the following: planning commission charges, building department charges, copies of public records, copy machine charges, accident report copies, gun permit applications, 911 telephone services, recycling fees, dog pound fees, emergency medical service fees, park rental fees, swimming pool receipts, cable TV receipts, ordinance violations, fines and fees, bond forfeitures, court costs, and court receipts.

Fines and forfeits which includes receipts derived from fines and penalties imposed for the commission of statutory offenses, violation of lawful administrative rules and regulations (fines), and for the neglect of official duty and monies derived from confiscating deposits held as performance guarantees (forfeitures).

Net proceeds from borrowings which includes receipts from general obligation bonds, notes and loans.

Intergovernmental loan activity which includes amounts received from other funds as loans on a temporary basis.

Transfers in which includes funds authorized by statute, ordinance, resolution or court order to be transferred in from another fund.

Utility receipts which are comprised mostly of charges for current services.

Internal service receipts which are comprised mostly of fees received for services performed for other funds.

Fiduciary receipts which are comprised mostly of contributions to the pensions funds from state and local sources.

TOWN OF SWEETSER
NOTES TO FINANCIAL STATEMENTS
(Continued)

E. Disbursements

Disbursements are presented in the aggregate on the face of the financial statements. The aggregate disbursements may include, but are not limited to, the following uses:

Personal services include outflows for salaries, wages and related employee benefits provided for all persons employed. In those units where sick leave, vacation leave, over-time compensation, and other such benefits are appropriated separately, such payments would also be included.

Supplies which includes articles and commodities that are entirely consumed and materially altered when used and/or show rapid depreciation after use for a short period of time. Examples of supplies include office supplies, operating supplies, and repair and maintenance supplies.

Other services and charges which includes, but is not limited to: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

Debt service principal and interest which includes fixed obligations resulting from financial transactions previously entered into by the Town. It includes all expenditures for the reduction of the principal and interest of the Town's general obligation indebtedness.

Capital outlay which includes all outflows for land, infrastructure, buildings, improvements, machinery and equipment having an appreciable and calculable period of usefulness.

Interfund loan payments and loans made which includes amounts that are owed to a particular fund by another fund.

Transfers out which includes funds authorized by statute, ordinance, resolution or court order to be transferred to another fund.

F. Interfund Transfers

The Town may, from time to time, transfer money from one fund to another. These transfers, if any, are included as a part of the receipts and disbursements of the affected funds and as a part of total receipts and disbursements. The transfers are used for cash flow purposes as provided by various statutory provisions.

G. Fund Accounting

Separate funds are established, maintained, and reported by the Town. Each fund is used to account for money received from and used for specific sources and uses as determined by various regulations. Restrictions on some funds are set by statute while other funds are internally restricted by the Town. The money accounted for in a specific fund may only be available for use for certain, legally restricted purposes. Additionally, some funds are used to account for assets held by the Town in a trustee capacity as an agent of individuals, private organizations, other funds, or other governmental units and therefore the funds cannot be used for any expenditures of the unit itself.

TOWN OF SWEETSER
NOTES TO FINANCIAL STATEMENTS
(Continued)

Note 2. Budgets

The operating budget is initially prepared and approved at the local level. The fiscal officer of the Town submits a proposed operating budget to the governing board for the following calendar year. The budget is advertised as required by law. Prior to adopting the budget, the governing board conducts public hearings and obtains taxpayer comments. Prior to November 1, the governing board approves the budget for the next year. The budget for funds for which property taxes are levied or highway use taxes are received is subject to final approval by the Indiana Department of Local Government Finance.

Note 3. Property Taxes

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the Town in June and December; however, situations can arise which would delay the distributions. 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 normally become delinquent if not paid by May 10 and November 10, respectively.

Note 4. Deposits and Investments

Deposits, made in accordance with state statute (IC 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 5. Risk Management

The Town may be exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents; and natural disasters.

These risks can be mitigated through the purchase of insurance, establishment of a self-insurance fund, and/or participation in a risk pool. The purchase of insurance transfers the risk to an independent third party. The establishment of a self-insurance fund allows the Town to set aside money for claim settlements. The self-insurance fund would be included in the financial statements. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks. These risks may also be mitigated by the Town by recording as a disbursement and replacement items purchased.

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SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the Town's Annual Reports can be found on the Indiana Transparency Portal website: www.in.gov/itp/annual_reports/.

TOWN OF SWEETSER
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2009

	General	Motor Vehicle Highway	Local Road and Street	Parks and Recreation	Parks Non-reverting	Area Planning Commission - Escrow
Cash and investments - beginning	\$ 19,385	\$ 24,876	\$ 3,592	\$ 7,207	\$ 2,131	\$ 11,709
Receipts:						
Taxes	73,519	2,099	-	3,828	-	-
Intergovernmental	90,162	24,870	7,359	521	-	-
Charges for services	45,665	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	20,322	-	-	7,935	8,007	105
Total receipts	<u>229,668</u>	<u>26,969</u>	<u>7,359</u>	<u>12,284</u>	<u>8,007</u>	<u>105</u>
Disbursements:						
Personal services	63,968	20,303	-	-	-	-
Supplies	5,022	5,182	-	4,517	-	-
Other services and charges	78,280	13,804	-	2,472	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	4,941	-	-	2,064	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	47,262	-	-	5,000	-	-
Total disbursements	<u>199,473</u>	<u>39,289</u>	<u>-</u>	<u>14,053</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>30,195</u>	<u>(12,320)</u>	<u>7,359</u>	<u>(1,769)</u>	<u>8,007</u>	<u>105</u>
Cash and investments - ending	<u>\$ 49,580</u>	<u>\$ 12,556</u>	<u>\$ 10,951</u>	<u>\$ 5,438</u>	<u>\$ 10,138</u>	<u>\$ 11,814</u>

TOWN OF SWEETSER
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2009
 (Continued)

	Local Law Enforcement Continuing Education	Rainy Day	Police Department Grants	Cumulative Capital Improvement	Cumulative Capital Development	Payroll
Cash and investments - beginning	\$ 2,052	\$ 2,288	\$ -	\$ 7,197	\$ 61,706	\$ 2,622
Receipts:						
Taxes	-	-	-	-	6,833	-
Intergovernmental	-	367	1,175	2,778	932	-
Charges for services	600	-	-	-	-	-
Fines and forfeits	4,891	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	3,103	1,501	-	-	-	108,054
Total receipts	<u>8,594</u>	<u>1,868</u>	<u>1,175</u>	<u>2,778</u>	<u>7,765</u>	<u>108,054</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	2,798	3,107	1,080	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	107,823
Total disbursements	<u>2,798</u>	<u>3,107</u>	<u>1,080</u>	<u>-</u>	<u>-</u>	<u>107,823</u>
Excess (deficiency) of receipts over disbursements	<u>5,796</u>	<u>(1,239)</u>	<u>95</u>	<u>2,778</u>	<u>7,765</u>	<u>231</u>
Cash and investments - ending	<u>\$ 7,848</u>	<u>\$ 1,049</u>	<u>\$ 95</u>	<u>\$ 9,975</u>	<u>\$ 69,471</u>	<u>\$ 2,853</u>

TOWN OF SWEETSER
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2009
 (Continued)

	Wastewater Operating	Wastewater Debt Service	Wastewater Improvement	Wastewater Bond and Interest	Totals
Cash and investments - beginning	\$ 578,181	\$ 45,000	\$ 54,886	\$ 3,053	\$ 825,885
Receipts:					
Taxes	-	-	-	-	86,279
Intergovernmental	-	-	-	-	128,164
Charges for services	-	-	-	-	46,265
Fines and forfeits	-	-	-	-	4,891
Utility fees	318,247	-	-	-	318,247
Other receipts	78,528	-	-	39,459	267,014
Total receipts	<u>396,775</u>	<u>-</u>	<u>-</u>	<u>39,459</u>	<u>850,860</u>
Disbursements:					
Personal services	-	-	-	-	84,271
Supplies	-	-	-	-	14,721
Other services and charges	-	-	-	-	101,541
Debt service - principal and interest	-	-	-	39,133	39,133
Capital outlay	66,734	-	-	-	73,739
Utility operating expenses	125,380	-	-	-	125,380
Other disbursements	186,702	-	-	-	346,787
Total disbursements	<u>378,816</u>	<u>-</u>	<u>-</u>	<u>39,133</u>	<u>785,572</u>
Excess (deficiency) of receipts over disbursements	<u>17,959</u>	<u>-</u>	<u>-</u>	<u>326</u>	<u>65,288</u>
Cash and investments - ending	<u>\$ 596,140</u>	<u>\$ 45,000</u>	<u>\$ 54,886</u>	<u>\$ 3,379</u>	<u>\$ 891,173</u>

TOWN OF SWEETSER
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010

	General	Motor Vehicle Highway	Local Road and Street	Parks and Recreation	Parks Non-reverting	Economic Development Income Tax	Area Planning Commission - Escrow
Cash and investments - beginning	\$ 49,580	\$ 12,556	\$ 10,951	\$ 5,438	\$ 10,138	\$ -	\$ 11,814
Receipts:							
Taxes	70,804	9,988	-	4,815	-	-	-
Intergovernmental	92,977	25,671	7,730	654	-	5,724	-
Charges for services	46,402	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	729	-	-	184	345	-	54
Total receipts	<u>210,912</u>	<u>35,659</u>	<u>7,730</u>	<u>5,653</u>	<u>345</u>	<u>5,724</u>	<u>54</u>
Disbursements:							
Personal services	79,464	20,967	-	-	-	-	-
Supplies	7,330	4,441	-	809	-	-	-
Other services and charges	81,407	12,856	-	2,520	10,483	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	1,047	4,000	-	5,902	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	<u>169,248</u>	<u>42,264</u>	<u>-</u>	<u>9,231</u>	<u>10,483</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>41,664</u>	<u>(6,605)</u>	<u>7,730</u>	<u>(3,578)</u>	<u>(10,138)</u>	<u>5,724</u>	<u>54</u>
Cash and investments - ending	<u>\$ 91,244</u>	<u>\$ 5,951</u>	<u>\$ 18,681</u>	<u>\$ 1,860</u>	<u>\$ -</u>	<u>\$ 5,724</u>	<u>\$ 11,868</u>

TOWN OF SWEETSER
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Local Law Enforcement Continuing Education	Rainy Day	Levy Excess	Police Department Grants	Cumulative Capital Improvement	Cumulative Capital Development
Cash and investments - beginning	\$ 7,848	\$ 1,049	\$ -	\$ 95	\$ 9,975	\$ 69,471
Receipts:						
Taxes	-	-	-	-	-	6,629
Intergovernmental	-	243	253	4,300	2,653	901
Charges for services	720	-	-	-	-	-
Fines and forfeits	6,392	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-
Total receipts	<u>7,112</u>	<u>243</u>	<u>253</u>	<u>4,300</u>	<u>2,653</u>	<u>7,530</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	6,509	-	-	3,998	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	2,000	73,515
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	<u>6,509</u>	<u>-</u>	<u>-</u>	<u>3,998</u>	<u>2,000</u>	<u>73,515</u>
Excess (deficiency) of receipts over disbursements	<u>603</u>	<u>243</u>	<u>253</u>	<u>302</u>	<u>653</u>	<u>(65,985)</u>
Cash and investments - ending	<u>\$ 8,451</u>	<u>\$ 1,292</u>	<u>\$ 253</u>	<u>\$ 397</u>	<u>\$ 10,628</u>	<u>\$ 3,486</u>

TOWN OF SWEETSER
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Payroll	Wastewater Operating	Wastewater Debt Service	Wastewater Improvement	Wastewater Bond and Interest	Totals
Cash and investments - beginning	\$ 2,853	\$ 596,140	\$ 45,000	\$ 54,886	\$ 3,379	\$ 891,173
Receipts:						
Taxes	-	-	-	-	-	92,236
Intergovernmental	-	-	-	-	-	141,106
Charges for services	-	-	-	-	-	47,122
Fines and forfeits	-	-	-	-	-	6,392
Utility fees	-	324,493	-	-	-	324,493
Other receipts	132,544	16,056	-	-	38,720	188,632
Total receipts	<u>132,544</u>	<u>340,549</u>	<u>-</u>	<u>-</u>	<u>38,720</u>	<u>799,981</u>
Disbursements:						
Personal services	-	-	-	-	-	100,431
Supplies	-	-	-	-	-	12,580
Other services and charges	-	-	-	-	-	117,773
Debt service - principal and interest	-	-	-	-	38,332	38,332
Capital outlay	-	32,595	-	-	-	119,059
Utility operating expenses	-	140,413	-	-	-	140,413
Other disbursements	132,339	146,913	-	-	-	279,252
Total disbursements	<u>132,339</u>	<u>319,921</u>	<u>-</u>	<u>-</u>	<u>38,332</u>	<u>807,840</u>
Excess (deficiency) of receipts over disbursements	<u>205</u>	<u>20,628</u>	<u>-</u>	<u>-</u>	<u>388</u>	<u>(7,859)</u>
Cash and investments - ending	<u>\$ 3,058</u>	<u>\$ 616,768</u>	<u>\$ 45,000</u>	<u>\$ 54,886</u>	<u>\$ 3,767</u>	<u>\$ 883,314</u>

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

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Business-type activities:		
Wastewater Utility:		
Revenue bonds:		
2003 Sewage improvement project	\$ 390,000	\$ 8,756

TOWN OF SWEETSER
EXAMINATION RESULTS AND COMMENTS

RAINY DAY FUND - SOURCES AND USES

During 2009, receipts totaling \$1,500 from the sale of surplus property was posted to the Rainy Day Fund. The Rainy Day Fund did not purchase the property.

Proceeds generated by the sale or rental of property should be receipted into the fund which originally purchased the property unless otherwise provided by statute. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Sources and uses of funds should be limited to those authorized by the enabling statute, ordinance, resolution, or grant agreement. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

APPROPRIATIONS

The Rainy Day Fund expenditures exceeded budgeted appropriations by \$819 in 2009.

The General Fund expenditures exceeded budgeted appropriations by \$13,862 in 2009. The overdrawn General Fund budget occurred as a result of the General Fund reimbursing the Wastewater Operating Fund for their one-half share of the cost of the purchase of land.

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

CAPITAL ASSET RECORDS

Capital asset records were not maintained. A similar comment appeared in prior Report B35444.

Every governmental unit should have a complete inventory of all capital assets owned which reflect 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 SWEETSER
EXAMINATION RESULTS AND COMMENTS
(Continued)

REAL ESTATE PURCHASE

On August 13, 2009, the Town Council adopted Resolution 2009-9 authorizing the expenditure of funds from the Wastewater Utility and the General Fund for the acquisition of certain real estate from BMM, Inc. of Sweetser, Indiana. Two appraisals were received as required and the appraisals were in the amount of \$69,000 and \$36,000. The average of these appraisals is \$52,500. Town officials chose to disregard the low appraisal and obtained a third appraisal in the amount of \$51,000. The average of the two higher appraisals is \$60,000. The Town agreed to purchase the real estate for \$67,500.

The Town purchased the real estate on September 30, 2009, by issuing a check from the Wastewater Operating Fund for \$67,025 (\$67,500 less \$475 net settlement credits). The seller in turn donated \$12,500 to the Town, which was receipted to the Wastewater Operating Fund, resulting in a net purchase price of \$54,525. The net purchase price paid was greater than the average of the original two appraisals by \$2,025.

Indiana Code 36-1-10.5-5 states:

"A purchasing agent shall purchase land or a structure only after compliance with the following procedures:

- (1) The fiscal body of the political subdivision shall pass a resolution to the effect that it is interested in making a purchase of specified land or a structure.
- (2) The purchasing agent shall appoint two (2) appraisers to appraise the fair market value of the land or structure. The appraisers must be professionally engaged in making appraisals or be trained as an appraiser and licensed as a broker under IC 25-34.1.
- (3) The appraisers shall return their separate appraisals to the purchasing agent within thirty (30) days after the date of their appointment. The purchasing agent shall keep the appraisals on file in the purchasing agent's office for five (5) years after they are given to the purchasing agent.
- (4) The purchasing agent shall give a copy of both appraisals to the fiscal body."

Indiana Code 36-1-10.5-6 states: "A purchasing agent may not purchase any land or structure for a price greater than the average of the two (2) appraisals received under section 5 of this chapter."

TOWN OF SWEETSER
EXIT CONFERENCE

The contents of this report were discussed on August 24, 2011, with Robert D. Highley, Clerk-Treasurer; and Steve L. Kelley, Town Council member.