

**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, 2005 to December 31, 2006



**FILED**  
11/16/2007



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OFFICIALS

Office

Official

Term

Clerk-Treasurer

V. Jill Johnson

12-16-04 to 12-31-07

President of the Town Council

Charles V. Briede

01-01-05 to 12-31-07



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the financial information presented herein of the Town of Sweetser (Town), for the period of January 1, 2005 to December 31, 2006. The Town's management is responsible for the financial information presented herein. Our responsibility is to express an opinion based on our examination.

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

In our opinion, the financial information referred to above presents fairly, in all material respects, the financial information of the Town for the years ended December 31, 2005 and 2006, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The Schedule of Capital Assets 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 basic financial information. They have not been subjected to the examination procedures applied to the basic financial information, and accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

October 18, 2007

TOWN OF SWEETSER  
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES  
ALL GOVERNMENTAL, PROPRIETARY, AND FIDUCIARY FUND TYPES  
As Of And For The Years Ended December 31, 2005 And 2006

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds:				
General	\$ 12,732	\$ 174,340	\$ 134,114	\$ 52,958
Motor Vehicle Highway	3,853	41,825	43,021	2,657
Local Road and Street	19,816	8,957	1,298	27,475
Park and Recreation	16,690	3,625	3,946	16,369
Law Enforcement Continuing Education	279	25	-	304
Park Nonreverting	1,966	126	-	2,092
Cumulative Capital Improvement	7,768	2,801	-	10,569
Cumulative Capital Development	18,375	16,655	-	35,030
Proprietary Funds:				
Wastewater Utility - Operating	35,597	349,001	196,400	188,198
Wastewater Utility - Bond and Interest	12,688	36,673	49,133	228
Wastewater Utility - Debt Service Reserve	22,861	56,746	-	79,607
Wastewater Utility - Reserve	22,348	-	-	22,348
Wastewater Utility - Improvement	111,524	-	56,638	54,886
Fiduciary Funds:				
Area Planning Commission Escrow	10,997	70	-	11,067
Payroll	5,968	97,361	100,634	2,695
Totals	<u>\$ 303,462</u>	<u>\$ 788,205</u>	<u>\$ 585,184</u>	<u>\$ 506,483</u>

	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
Governmental Funds:				
General	\$ 52,958	\$ 128,652	\$ 153,186	\$ 28,424
Motor Vehicle Highway	2,657	53,843	38,609	17,891
Local Road and Street	27,475	8,602	33,012	3,065
Park and Recreation	16,369	6,875	11,677	11,567
Law Enforcement Continuing Education	304	2,158	-	2,462
Park Nonreverting	2,092	13	-	2,105
Levy Excess	-	1,505	-	1,505
Cumulative Capital Improvement	10,569	3,237	11,207	2,599
Cumulative Capital Development	35,030	10,517	191	45,356
Proprietary Funds:				
Wastewater Utility - Operating	188,198	336,998	245,434	279,762
Wastewater Utility - Bond and Interest	228	49,542	47,858	1,912
Wastewater Utility - Debt Service Reserve	79,607	-	-	79,607
Wastewater Utility - Reserve	22,348	-	-	22,348
Wastewater Utility - Improvement	54,886	-	-	54,886
Fiduciary Funds:				
Area Planning Commission Escrow	11,067	214	-	11,281
Payroll	2,695	102,963	103,085	2,573
Totals	<u>\$ 506,483</u>	<u>\$ 705,119</u>	<u>\$ 644,259</u>	<u>\$ 567,343</u>

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

TOWN OF SWEETSER  
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

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

Note 2. Fund Accounting

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

Note 3. Budgets

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

Note 4. Property Taxes

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

Note 5. Deposits and Investments

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

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

TOWN OF SWEETSER  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF CAPITAL ASSETS  
 December 31, 2006

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.

Retroactive reporting of general infrastructure is not required. General infrastructure assets completed in future years will be reported.

<u>Primary Government</u>	<u>Ending Balance</u>
Business-type activities:	
Wastewater Utility:	
Capital assets, not being depreciated:	
Land	\$ 10,847
Improvements other than buildings	1,700,188
Machinery and equipment	<u>136,155</u>
 Total Wastewater Utility capital assets	 <u><u>\$ 1,847,190</u></u>

TOWN OF SWEETSER  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF LONG-TERM DEBT  
 December 31, 2006

Description of Debt	Ending Balance	Due Within One Year
Business-type Activities:		
Wastewater Utility		
Revenue bonds:		
1997 Sewage works refunding revenue bonds	\$ 30,000	\$ -
2003 Sewage improvement project	<u>450,000</u>	<u>-</u>
Total Wastewater Utility long-term debt	<u>\$ 480,000</u>	<u>\$ -</u>

TOWN OF SWEETSER  
EXAMINATION RESULTS AND COMMENTS

PENALTIES AND INTEREST

In 2005, the Town paid penalties and interest of \$944 to the Internal Revenue Service and \$274 to the Indiana Department of Revenue for the tax years 2002, 2003, and 2004. Penalties and interest were assessed for the late payment of taxes, incorrect amount of taxes paid, incorrect amounts reported on Internal Revenue Service Form W-2 (Wage and Tax Statement), and late filing of Form W-2. A similar comment appeared in prior Report B25839.

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Failure to pay claims or remit taxes in a timely manner could be an indicator of serious financial problems which should be investigated by the governmental unit.

Additionally officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the governmental unit.

Any penalties, interest, or other charges paid by the governmental unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

APPROPRIATIONS

Expenditures exceeded budgeted appropriations as follows:

Fund	Years	Excess Amount Expended
General Fund	2005	\$ 19,560
Motor Vehicle Highway Fund	2005	6,439
Cumulative Capital Improvement Fund	2006	1,107

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."

TOWN OF SWEETSER  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

POLICE DEPARTMENT RECEIPTS AND FEES

Receipts and fees collected by the police department were remitted to the Clerk-Treasurer less frequently than once a week. Some collections for handgun permits were held as long as 238 days before being remitted to the Clerk-Treasurer.

Receipts and fees collected by a police department should be remitted to the clerk-treasurer or city controller at least once each week. (Cities and Towns Bulletin and Uniform Compliance Guidelines, September 2003)

CAPITAL ASSETS

Capital asset records for Town assets were not maintained. A similar comment appeared in prior Report B25839.

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  
EXIT CONFERENCE

The contents of this report were discussed on October 18, 2007, with V. Jill Johnson, Clerk-Treasurer; Virginia Hiatt, Town Council member; and Charles V. Briede, President of the Town Council. The officials concurred with our findings.