

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

AUDIT REPORT

OF

TOWN OF UPLAND

GRANT COUNTY, INDIANA

January 1, 2006 to December 31, 2007



FILED
05/14/2008

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Independent Auditor's Report on Financial Statements and Supplementary Schedule of Expenditures of Federal Awards	3-4
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	5-6
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Activities and Net Assets – Cash and Investment Basis	7, 11
Fund Financial Statements:	
Governmental Funds:	
Statement of Assets and Fund Balances and Receipts, Disbursements, and Changes in Fund Balances – Cash and Investment Basis – Governmental Funds	8, 12
Proprietary Funds:	
Statement of Assets and Fund Balances and Receipts, Disbursements, and Changes in Fund Balances – Cash and Investment Basis – Proprietary Funds.....	9, 13
Fiduciary Funds:	
Statement of Additions, Deductions, and Changes in Cash and Investment Balances – Fiduciary Funds	10, 14
Notes to Financial Statements	15-20
Supplementary Information:	
Combining Schedule of Assets and Fund Balances and Receipts, Disbursements, and Changes in Fund Balances – Cash and Investment Basis – Other Governmental Funds.....	21, 23
Combining Schedule of Additions, Deductions, and Changes in Cash and Investment Balances – Private-Purpose Trust Funds	22, 24
Schedule of Capital Assets.....	25
Schedule of Long-Term Debt	26
Audit Results and Comments:	
Public Works Project	27
Hydrant Rental Not Paid.....	27
Delinquent Wastewater Accounts.....	28
Supplemental Audit of Federal Awards:	
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.....	30-31
Schedule of Expenditures of Federal Awards	32
Note to Schedule of Expenditures of Federal Awards.....	33
Schedule of Findings and Questioned Costs	34
Auditee Prepared Schedule:	
Summary Schedule of Prior Audit Findings	35
Exit Conference.....	36

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Jane E. Rockwell	01-01-04 to 12-31-11
President of the Town Council	Joe Romine Michael Cooper	01-01-06 to 12-31-07 01-01-08 to 12-31-08
Town Manager	Bruce Long, Jr.	01-01-06 to 12-31-08



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 UPLAND, 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 Upland (Town), as of and for the years ended December 31, 2006 and 2007, 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, 2006 and 2007, 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 April 9, 2008, 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 and grants. Our report on compliance and on internal control over financial reporting should be read along with this report.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of the Town taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of 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.

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

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

April 9, 2008



STATE OF INDIANA

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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 UPLAND, 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 Upland (Town), as of and for the years ended December 31, 2006 and 2007, which collectively comprise the Town's basic financial statements and have issued our report thereon dated April 9, 2008. 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.

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.

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.

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. We did not identify any deficiencies in internal control over financial reporting that we consider to be significant deficiencies or material weaknesses, as defined above.

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)

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.

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

April 9, 2008

TOWN OF UPLAND
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For The Year Ended December 31, 2006

Functions/Programs	Program Receipts				Net (Disbursements) Receipts and Changes in Net Assets		
	Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Totals
Primary government:							
Governmental activities:							
General government	\$ 144,543	\$ 11,922	\$ -	\$ 17,019	\$ (115,602)	\$ -	\$ (115,602)
Public safety	370,372	13,665	-	-	(356,707)	-	(356,707)
Highways and streets	155,128	-	142,067	32,974	19,913	-	19,913
Sanitation	76,283	69,303	-	-	(6,980)	-	(6,980)
Economic development	1,714	-	-	-	(1,714)	-	(1,714)
Culture and recreation	2,709	-	23,932	-	21,223	-	21,223
Interest on long-term debt	24,413	-	-	-	(24,413)	-	(24,413)
Total governmental activities	<u>775,162</u>	<u>94,890</u>	<u>165,999</u>	<u>49,993</u>	<u>(464,280)</u>	<u>-</u>	<u>(464,280)</u>
Business-type activities:							
Water	822,037	502,992	-	372,604	-	53,559	53,559
Wastewater	535,867	507,057	-	-	-	(28,810)	(28,810)
Total business-type activities	<u>1,357,904</u>	<u>1,010,049</u>	<u>-</u>	<u>372,604</u>	<u>-</u>	<u>24,749</u>	<u>24,749</u>
Total primary government	<u>\$ 2,133,066</u>	<u>\$ 1,104,939</u>	<u>\$ 165,999</u>	<u>\$ 422,597</u>	<u>(464,280)</u>	<u>24,749</u>	<u>(439,531)</u>
General receipts:							
Property taxes					209,626	-	209,626
Other local sources					168,343	-	168,343
Unrestricted investment earnings					2,900	4,710	7,610
Total general receipts					<u>380,869</u>	<u>4,710</u>	<u>385,579</u>
Change in net assets					(83,411)	29,459	(53,952)
Net assets - beginning					<u>404,840</u>	<u>699,499</u>	<u>1,104,339</u>
Net assets - ending					<u>\$ 321,429</u>	<u>\$ 728,958</u>	<u>\$ 1,050,387</u>
<u>Assets</u>							
Cash and investments					\$ 199,322	\$ 249,502	\$ 448,824
Restricted assets:							
Cash and investments					<u>122,107</u>	<u>479,456</u>	<u>601,563</u>
Total assets					<u>\$ 321,429</u>	<u>\$ 728,958</u>	<u>\$ 1,050,387</u>
<u>Net Assets</u>							
Restricted for:							
Debt service					\$ -	\$ 382,808	\$ 382,808
Highways					122,107	-	122,107
Depreciation					-	52,457	52,457
Construction					-	340	340
Other purposes					-	43,851	43,851
Unrestricted					<u>199,322</u>	<u>249,502</u>	<u>448,824</u>
Total net assets					<u>\$ 321,429</u>	<u>\$ 728,958</u>	<u>\$ 1,050,387</u>

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

TOWN OF UPLAND
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, 2006

	General	Motor Vehicle Highway	Riverboat	Other Governmental Funds	Totals
Receipts:					
Taxes	\$ 196,261	\$ -	\$ -	\$ 13,365	\$ 209,626
Licenses and permits	-	-	-	450	450
Intergovernmental	131,451	142,067	23,932	49,993	347,443
Charges for services	122,185	-	-	455	122,640
Other	11,592	-	-	-	11,592
Total receipts	461,489	142,067	23,932	64,263	691,751
Disbursements:					
General government	120,945	-	-	-	120,945
Public safety	257,500	8,823	-	652	266,975
Highways and streets	-	121,090	-	34,038	155,128
Sanitation	76,283	-	-	-	76,283
Economic development	1,714	-	-	-	1,714
Culture and recreation	2,709	-	-	-	2,709
Debt service:					
Principal	88,745	-	-	-	88,745
Interest	24,413	-	-	-	24,413
Capital outlay:					
Public safety	38,250	-	-	-	38,250
Total disbursements	610,559	129,913	-	34,690	775,162
Excess (deficiency) of receipts over disbursements	(149,070)	12,154	23,932	29,573	(83,411)
Cash and investment fund balance - beginning	195,549	91,708	72,009	45,574	404,840
Cash and investment fund balance - ending	<u>\$ 46,479</u>	<u>\$ 103,862</u>	<u>\$ 95,941</u>	<u>\$ 75,147</u>	<u>\$ 321,429</u>
<u>Cash and Investment Assets - December 31</u>					
Cash and investments	\$ 46,479	\$ -	\$ 95,941	\$ 56,902	\$ 199,322
Restricted assets:					
Cash and investments	-	103,862	-	18,245	122,107
Total cash and investment assets - December 31	<u>\$ 46,479</u>	<u>\$ 103,862</u>	<u>\$ 95,941</u>	<u>\$ 75,147</u>	<u>\$ 321,429</u>
<u>Cash and Investment Fund Balance - December 31</u>					
Restricted for:					
Highways	\$ -	\$ 103,862	\$ -	\$ 18,245	\$ 122,107
Unrestricted	46,479	-	95,941	56,902	199,322
Total cash and investment fund balance - December 31	<u>\$ 46,479</u>	<u>\$ 103,862</u>	<u>\$ 95,941</u>	<u>\$ 75,147</u>	<u>\$ 321,429</u>

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

TOWN OF UPLAND
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, 2006

	Water Utility	Wastewater Utility	Totals
Operating receipts:			
Metered water receipts:			
Residential	\$ 253,176	\$ -	\$ 253,176
Commercial	175,935	-	175,935
Fire protection receipts	43,994	-	43,994
Penalties	2,107	6,997	9,104
Other water receipts	27,780	-	27,780
Measured revenue:			
Residential	-	236,966	236,966
Commercial	-	256,714	256,714
Other	-	6,380	6,380
	<u>502,992</u>	<u>507,057</u>	<u>1,010,049</u>
Operating disbursements:			
Equipment and capital improvements	372,604	-	372,604
Salaries and wages	105,624	122,813	228,437
Employee pensions and benefits	32,553	33,410	65,963
Purchased power	12,794	60,263	73,057
Chemicals	1,478	14,799	16,277
Material and supplies	52,033	61,792	113,825
Miscellaneous disbursements	79,307	64,412	143,719
	<u>656,393</u>	<u>357,489</u>	<u>1,013,882</u>
Excess (deficiency) of operating receipts over operating disbursements	<u>(153,401)</u>	<u>149,568</u>	<u>(3,833)</u>
Nonoperating receipts (disbursements):			
Interest and investment receipts	2,278	2,432	4,710
Debt service of principal	(126,000)	(100,000)	(226,000)
Interest and investment disbursement	(39,644)	(78,378)	(118,022)
	<u>(163,366)</u>	<u>(175,946)</u>	<u>(339,312)</u>
Deficiency of receipts over disbursements and nonoperating receipts (disbursements)	(316,767)	(26,378)	(343,145)
Capital contributions	<u>372,604</u>	<u>-</u>	<u>372,604</u>
Excess (deficiency) of receipts and contributions over disbursements	55,837	(26,378)	29,459
Cash and investment fund balance - beginning	<u>357,318</u>	<u>342,181</u>	<u>699,499</u>
Cash and investment fund balance - ending	<u>\$ 413,155</u>	<u>\$ 315,803</u>	<u>\$ 728,958</u>
<u>Cash and Investment Assets - December 31</u>			
Cash and investments	\$ 146,719	\$ 102,783	\$ 249,502
Restricted assets:			
Cash and investments	<u>266,436</u>	<u>213,020</u>	<u>479,456</u>
Total cash and investment assets - December 31	<u>\$ 413,155</u>	<u>\$ 315,803</u>	<u>\$ 728,958</u>
<u>Cash and Investment Fund Balance - December 31</u>			
Restricted for:			
Debt service	\$ 178,943	\$ 203,865	\$ 382,808
Depreciation	43,302	9,155	52,457
Construction	340	-	340
Other purposes	43,851	-	43,851
Unrestricted	<u>146,719</u>	<u>102,783</u>	<u>249,502</u>
Total cash and investment fund balance - December 31	<u>\$ 413,155</u>	<u>\$ 315,803</u>	<u>\$ 728,958</u>

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

TOWN OF UPLAND
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
FIDUCIARY FUNDS
For The Year Ended December 31, 2006

	<u>Private-Purpose Trust Funds</u>	<u>Agency Funds</u>
Additions:		
Contributions:		
Other	\$ 380	\$ -
Agency fund additions	<u>-</u>	<u>481,876</u>
Total additions	<u>380</u>	<u>481,876</u>
Deductions:		
Administrative and general	38,886	-
Agency fund deductions	<u>-</u>	<u>479,672</u>
Total deductions	<u>38,886</u>	<u>479,672</u>
Excess (deficiency) of total additions over total deductions	(38,506)	2,204
Cash and investment fund balance - beginning	<u>195,179</u>	<u>6,448</u>
Cash and investment fund balance - ending	<u><u>\$ 156,673</u></u>	<u><u>\$ 8,652</u></u>

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

TOWN OF UPLAND
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For The Year Ended December 31, 2007

Functions/Programs	Program Receipts				Net (Disbursements) Receipts and Changes in Net Assets		
	Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Totals
Primary government:							
Governmental activities:							
General government	\$ 147,442	\$ 12,491	\$ -	\$ 15,806	\$ (119,145)	\$ -	\$ (119,145)
Public safety	408,773	15,686	85,483	-	(307,604)	-	(307,604)
Highways and streets	170,651	-	139,229	33,113	1,691	-	1,691
Sanitation	91,654	69,886	-	-	(21,768)	-	(21,768)
Economic development	1,714	-	-	-	(1,714)	-	(1,714)
Culture and recreation	1,513	-	23,981	-	22,468	-	22,468
Interest on long-term debt	20,260	-	-	-	(20,260)	-	(20,260)
Total governmental activities	<u>842,007</u>	<u>98,063</u>	<u>248,693</u>	<u>48,919</u>	<u>(446,332)</u>	<u>-</u>	<u>(446,332)</u>
Business-type activities:							
Water	617,717	514,572	-	121,214	-	18,069	18,069
Wastewater	774,466	516,511	-	118,879	-	(139,076)	(139,076)
Total business-type activities	<u>1,392,183</u>	<u>1,031,083</u>	<u>-</u>	<u>240,093</u>	<u>-</u>	<u>(121,007)</u>	<u>(121,007)</u>
Total primary government	<u>\$ 2,234,190</u>	<u>\$ 1,129,146</u>	<u>\$ 248,693</u>	<u>\$ 289,012</u>	<u>(446,332)</u>	<u>(121,007)</u>	<u>(567,339)</u>
General receipts:							
Property taxes					309,741	-	309,741
Other local sources					163,709	-	163,709
Bonds and loans					-	107,000	107,000
Unrestricted investment earnings					11,750	17,810	29,560
Total general receipts					<u>485,200</u>	<u>124,810</u>	<u>610,010</u>
Change in net assets					38,868	3,803	42,671
Net assets - beginning					<u>321,429</u>	<u>728,958</u>	<u>1,050,387</u>
Net assets - ending					<u>\$ 360,297</u>	<u>\$ 732,761</u>	<u>\$ 1,093,058</u>
<u>Assets</u>							
Cash and investments					\$ 229,532	\$ 110,134	\$ 339,666
Restricted assets:							
Cash and investments					<u>130,765</u>	<u>622,627</u>	<u>753,392</u>
Total assets					<u>\$ 360,297</u>	<u>\$ 732,761</u>	<u>\$ 1,093,058</u>
<u>Net Assets</u>							
Restricted for:							
Debt service					\$ -	\$ 533,349	\$ 533,349
Depreciation					-	42,110	42,110
Construction					-	340	340
Highways					130,765	-	130,765
Other purposes					-	46,828	46,828
Unrestricted					<u>229,532</u>	<u>110,134</u>	<u>339,666</u>
Total net assets					<u>\$ 360,297</u>	<u>\$ 732,761</u>	<u>\$ 1,093,058</u>

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

TOWN OF UPLAND
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, 2007

	General	Motor Vehicle Highway	Riverboat	Other Governmental Funds	Totals
Receipts:					
Taxes	\$ 290,692	\$ -	\$ -	\$ 19,049	\$ 309,741
Licenses and permits	-	-	-	580	580
Intergovernmental	121,960	139,229	23,981	134,402	419,572
Charges for services	125,422	-	-	261	125,683
Fines and forfeits	-	-	-	18	18
Other	25,141	140	-	-	25,281
Total receipts	563,215	139,369	23,981	154,310	880,875
Disbursements:					
General government	122,528	-	-	-	122,528
Public safety	254,149	8,776	-	87,357	350,282
Highways and streets	-	127,997	6,905	35,749	170,651
Sanitation	91,654	-	-	-	91,654
Economic development	1,714	-	-	-	1,714
Culture and recreation	1,513	-	-	-	1,513
Debt service:					
Principal	58,544	-	-	-	58,544
Interest	20,260	-	-	-	20,260
Capital outlay:					
Public safety	24,861	-	-	-	24,861
Total disbursements	575,223	136,773	6,905	123,106	842,007
Excess (deficiency) of receipts over disbursements	(12,008)	2,596	17,076	31,204	38,868
Other financing sources (uses):					
Interfund loan made or received	75,000	-	(75,000)	-	-
Interfund loan repayments made or received	(75,000)	-	75,000	-	-
Total other financing sources (uses)	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(12,008)	2,596	17,076	31,204	38,868
Cash and investment fund balance - beginning	46,479	103,862	95,941	75,147	321,429
Cash and investment fund balance - ending	<u>\$ 34,471</u>	<u>\$ 106,458</u>	<u>\$ 113,017</u>	<u>\$ 106,351</u>	<u>\$ 360,297</u>
<u>Cash and Investment Assets - December 31</u>					
Cash and investments	\$ 34,471	\$ -	\$ 113,017	\$ 82,044	\$ 229,532
Restricted assets:					
Cash and investments	-	106,458	-	24,307	130,765
Total cash and investment assets - December 31	<u>\$ 34,471</u>	<u>\$ 106,458</u>	<u>\$ 113,017</u>	<u>\$ 106,351</u>	<u>\$ 360,297</u>
<u>Cash and Investment Fund Balance - December 31</u>					
Restricted for:					
Highways	\$ -	\$ 106,458	\$ -	\$ 24,307	\$ 130,765
Unrestricted	34,471	-	113,017	82,044	229,532
Total cash and investment fund balance - December 31	<u>\$ 34,471</u>	<u>\$ 106,458</u>	<u>\$ 113,017</u>	<u>\$ 106,351</u>	<u>\$ 360,297</u>

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

TOWN OF UPLAND
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, 2007

	Water Utility	Wastewater Utility	Totals
Operating receipts:			
Metered water receipts:			
Residential	\$ 261,190	\$ -	\$ 261,190
Commercial	189,138	-	189,138
Fire protection receipts	23,535	-	23,535
Penalties	2,215	7,451	9,666
Other water revenue	38,494	-	38,494
Measured revenue:			
Residential	-	241,184	241,184
Commercial	-	261,281	261,281
Other	-	6,595	6,595
	<u>514,572</u>	<u>516,511</u>	<u>1,031,083</u>
Total operating receipts			
Operating disbursements:			
Equipment and capital improvements	121,214	222,789	344,003
Salaries and wages	106,591	125,926	232,517
Employee pensions and benefits	33,311	34,906	68,217
Purchased power	15,295	61,098	76,393
Chemicals	3,627	14,214	17,841
Material and supplies	62,221	78,180	140,401
Miscellaneous disbursements	85,289	58,425	143,714
	<u>427,548</u>	<u>595,538</u>	<u>1,023,086</u>
Total operating disbursements			
Excess (deficiency) of operating receipts over operating disbursements	<u>87,024</u>	<u>(79,027)</u>	<u>7,997</u>
Nonoperating receipts (disbursements):			
Loan proceeds	-	107,000	107,000
Interest and investment receipts	10,353	7,457	17,810
Debt service of principal	(129,713)	(105,000)	(234,713)
Interest and investment disbursement	(60,456)	(73,928)	(134,384)
	<u>(179,816)</u>	<u>(64,471)</u>	<u>(244,287)</u>
Total nonoperating receipts (disbursements)			
Deficiency of receipts over disbursements and nonoperating receipts (disbursements)	(92,792)	(143,498)	(236,290)
Capital contributions	<u>121,214</u>	<u>118,879</u>	<u>240,093</u>
Excess (deficiency) of receipts and contributions over disbursements	28,422	(24,619)	3,803
Cash and investment fund balance - beginning	<u>413,155</u>	<u>315,803</u>	<u>728,958</u>
Cash and investment fund balance - ending	<u>\$ 441,577</u>	<u>\$ 291,184</u>	<u>\$ 732,761</u>
<u>Cash and Investment Assets - December 31</u>			
Cash and investments	\$ 50,060	\$ 60,074	\$ 110,134
Restricted assets:			
Cash and investments	<u>391,517</u>	<u>231,110</u>	<u>622,627</u>
Total cash and investment assets - December 31	<u>\$ 441,577</u>	<u>\$ 291,184</u>	<u>\$ 732,761</u>
<u>Cash and Investment Fund Balance - December 31</u>			
Restricted for:			
Debt service	\$ 344,349	\$ 189,000	\$ 533,349
Depreciation	-	42,110	42,110
Construction	340	-	340
Other purposes	46,828	-	46,828
Unrestricted	<u>50,060</u>	<u>60,074</u>	<u>110,134</u>
Total cash and investment fund balance - December 31	<u>\$ 441,577</u>	<u>\$ 291,184</u>	<u>\$ 732,761</u>

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

TOWN OF UPLAND
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
FIDUCIARY FUNDS
For The Year Ended December 31, 2007

	Private-Purpose Trust Funds	Agency Funds
Additions:		
Contributions:		
Other	\$ 8,532	\$ -
Investment earnings:		
Interest	397	-
Agency fund additions	-	477,304
Total additions	8,929	477,304
Deductions:		
Administrative and general	33,377	-
Agency fund deductions	-	479,546
Total deductions	33,377	479,546
Deficiency of total additions over total deductions	(24,448)	(2,242)
Cash and investment fund balance - beginning	156,673	8,652
Cash and investment fund balance - ending	\$ 132,225	\$ 6,410

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

TOWN OF UPLAND
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, general administrative services, water, and wastewater.

The Town's financial reporting entity is composed of the primary government, the Town of Upland.

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, liabilities, 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 funds:

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 motor vehicle highway fund accounts for the Town's allocation of collections by the state for certain taxes, duties, and fees on motor vehicles, trailers, motor vehicle fuel or motor vehicle owners or operators. This fund is used for construction, repairs, maintenance, and related expenditures for highways and streets.

The riverboat fund accounts for riverboat taxes received under Indiana Code 4-33-12-6 or Indiana Code 4-33-13, or a share of a city's or county's riverboat taxes. This fund may be used for any legal or corporate purpose of the town.

TOWN OF UPLAND
NOTES TO FINANCIAL STATEMENTS
(Continued)

The Town reports the following major proprietary 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.

Additionally, the Town reports the following fund types:

The private-purpose trust fund reports a trust arrangement under which principal and income benefit the donor-specified groups, including recreational participants.

Agency funds account for assets held by the Town as an agent for other funds and serve as control of accounts for certain cash transactions during the time they are a liability to the Town.

C. Measurement Focus and Basis of Accounting

The government-wide, governmental fund, proprietary fund, and fiduciary 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 the Utilities. 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.

TOWN OF UPLAND
NOTES TO FINANCIAL STATEMENTS
(Continued)

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 non-operating 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.

D. Assets and Cash and Investment Balances

1. 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.

2. 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.

3. Long-Term Debt

Long-term debt arising from cash basis transactions of governmental and proprietary funds is not reported as liabilities in the basic financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as disbursements.

4. 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."

It is the Town's policy to first use restricted net assets prior to the use of unrestricted net assets when a disbursement is incurred for purposes for which both restricted and unrestricted net assets are available.

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 UPLAND
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 Balances and 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 and balances 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.

Government-Wide Financial Statements

Interfund activity and balances, if any, are eliminated or reclassified in the government-wide financial statements as follows:

Internal activities – 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 services between funds, if any, are not eliminated in the Statement of Activities and Net Assets – Cash and Investment Basis.

TOWN OF UPLAND
NOTES TO FINANCIAL STATEMENTS
(Continued)

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. In September of each year, 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

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 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.

2. Investments

Authorization for investment activity is stated in Indiana Code 5-13.

Investment Policies

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.

TOWN OF UPLAND
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 these risks have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance by major category of risk.

Job Related Illnesses Or Injuries To Employees

During 1990, the Town joined the Indiana Public Employer's Plan, Inc., 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. Conduit Debt Obligation

From time to time, the Town has issued Economic Development Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Neither the Town, the State, nor any political subdivision thereof is obligated in any manner for the repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying notes to the financial statements.

As of December 31, 2007, there were three series of Economic Development Revenue Bonds outstanding with an aggregate principal amount payable of \$4,315,000.

C. Rate Structure – Enterprise Funds

Water Utility

On October 11, 1995, the Town Council adopted Ordinance No. 7-1995 to withdraw from the jurisdiction of the Indiana Utility Regulatory Commission. The current rate structure was approved by the Town Council on June 22, 2005.

Wastewater Utility

The current rate structure was approved by the Town Council on November 26, 2003.

TOWN OF UPLAND
 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, 2006

	Local Road and Street	Law Enforcement Continuing Education	Assistant Firefighters	Cumulative Capital Improvement	Cumulative Capital Development	Totals
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 13,365	\$ 13,365
Licenses and permits	-	450	-	-	-	450
Intergovernmental	32,974	-	-	13,585	3,434	49,993
Charges for services	-	455	-	-	-	455
Total receipts	32,974	905	-	13,585	16,799	64,263
Disbursements:						
Public safety	-	652	-	-	-	652
Highways and streets	28,832	-	-	5,206	-	34,038
Total disbursements	28,832	652	-	5,206	-	34,690
Excess of receipts over disbursements	4,142	253	-	8,379	16,799	29,573
Cash and investment fund balance - beginning	14,103	2,641	369	14,083	14,378	45,574
Cash and investment fund balance - ending	<u>\$ 18,245</u>	<u>\$ 2,894</u>	<u>\$ 369</u>	<u>\$ 22,462</u>	<u>\$ 31,177</u>	<u>\$ 75,147</u>
Cash and Investment Assets - December 31						
Cash and investments	\$ -	\$ 2,894	\$ 369	\$ 22,462	\$ 31,177	\$ 56,902
Restricted assets:						
Cash and investments	18,245	-	-	-	-	18,245
Total cash and investment assets - December 31	<u>\$ 18,245</u>	<u>\$ 2,894</u>	<u>\$ 369</u>	<u>\$ 22,462</u>	<u>\$ 31,177</u>	<u>\$ 75,147</u>
Cash and Investment Fund Balance - December 31						
Restricted for:						
Highways	\$ 18,245	\$ -	\$ -	\$ -	\$ -	\$ 18,245
Unrestricted	-	2,894	369	22,462	31,177	56,902
Total cash and investment fund balance - December 31	<u>\$ 18,245</u>	<u>\$ 2,894</u>	<u>\$ 369</u>	<u>\$ 22,462</u>	<u>\$ 31,177</u>	<u>\$ 75,147</u>

TOWN OF UPLAND
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PRIVATE-PURPOSE TRUST FUNDS
 For The Year Ended December 31, 2006

	Donation	Recreation Donation	Totals
Additions:			
Contributions:			
Other	\$ 100	\$ 280	\$ 380
Deductions:			
Administrative and general	2,936	35,950	38,886
Deficiency of total additions over total deductions	(2,836)	(35,670)	(38,506)
Cash and investment fund balance - beginning	32,485	162,694	195,179
Cash and investment fund balance - ending	\$ 29,649	\$ 127,024	\$ 156,673

TOWN OF UPLAND
 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, 2007

	Local Road and Street	Law Enforcement Continuing Education	Assistant Firefighters	Cumulative Capital Improvement	Cumulative Capital Development	Totals
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 19,049	\$ 19,049
Licenses and permits	-	580	-	-	-	580
Intergovernmental	33,113	-	85,483	13,358	2,448	134,402
Charges for services	-	261	-	-	-	261
Fines and forfeits	-	18	-	-	-	18
Total receipts	33,113	859	85,483	13,358	21,497	154,310
Disbursements:						
Public safety	-	1,505	85,852	-	-	87,357
Highways and streets	27,051	-	-	8,698	-	35,749
Total disbursements	27,051	1,505	85,852	8,698	-	123,106
Excess (deficiency) of receipts over disbursements	6,062	(646)	(369)	4,660	21,497	31,204
Cash and investment fund balance - beginning	18,245	2,894	369	22,462	31,177	75,147
Cash and investment fund balance - ending	<u>\$ 24,307</u>	<u>\$ 2,248</u>	<u>\$ -</u>	<u>\$ 27,122</u>	<u>\$ 52,674</u>	<u>\$ 106,351</u>
<u>Cash and Investment Assets - December 31</u>						
Cash and investments	\$ -	\$ 2,248	\$ -	\$ 27,122	\$ 52,674	\$ 82,044
Restricted assets:						
Cash and investments	24,307	-	-	-	-	24,307
Total cash and investment assets - December 31	<u>\$ 24,307</u>	<u>\$ 2,248</u>	<u>\$ -</u>	<u>\$ 27,122</u>	<u>\$ 52,674</u>	<u>\$ 106,351</u>
<u>Cash and Investment Fund Balance - December 31</u>						
Restricted for:						
Highways	\$ 24,307	\$ -	\$ -	\$ -	\$ -	\$ 24,307
Unrestricted	-	2,248	-	27,122	52,674	82,044
Total cash and investment fund balance - December 31	<u>\$ 24,307</u>	<u>\$ 2,248</u>	<u>\$ -</u>	<u>\$ 27,122</u>	<u>\$ 52,674</u>	<u>\$ 106,351</u>

TOWN OF UPLAND
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PRIVATE-PURPOSE TRUST FUNDS
 For The Year Ended December 31, 2007

	Donation	Recreation Donation	Totals
Additions:			
Contributions:			
Other	\$ 8,334	\$ 198	\$ 8,532
Investment earnings:			
Interest	-	397	397
Total additions	8,334	595	8,929
Deductions:			
Administrative and general	4,499	28,878	33,377
Excess (deficiency) of total additions over total deductions	3,835	(28,283)	(24,448)
Cash and investment fund balance - beginning	29,649	127,024	156,673
Cash and investment fund balance - ending	\$ 33,484	\$ 98,741	\$ 132,225

TOWN OF UPLAND
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS

For The Year Ended December 31, 2007

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.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 80,580
Buildings	1,383,256
Improvements other than buildings	1,082,953
Machinery and equipment	200,113
Transportation equipment	<u>247,724</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 2,994,626</u>
Business-type activities:	
Water Utility:	
Capital assets, not being depreciated:	
Land	\$ 10,112
Buildings	2,532,568
Improvements other than buildings	2,421,391
Machinery and equipment	364,085
Transportation equipment	<u>108,126</u>
Total Water Utility capital assets	<u>5,436,282</u>
Wastewater Utility:	
Capital assets, not being depreciated:	
Land	34,678
Construction in progress	229,579
Buildings	345,071
Improvements other than buildings	7,885,759
Machinery and equipment	267,270
Transportation equipment	<u>108,126</u>
Total Wastewater Utility capital assets	<u>8,870,483</u>
Total business-type activities capital assets	<u>\$ 14,306,765</u>

TOWN OF UPLAND
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 For The Year Ended December 31, 2007

The Town has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental Activities:		
Loan payable:		
Town hall loan	\$ 336,339	\$ 44,450
Business-type Activities:		
Water Utility		
Loan payable:		
State revolving fund loan	\$ 1,894,918	***
Revenue bonds:		
1998 bonds	<u>590,000</u>	<u>117,648</u>
Total Water Utility	<u>2,484,918</u>	<u>117,648</u>
Wastewater Utility		
Loan payable:		
Pacesetter bank loan	107,000	***
Revenue bonds:		
1998 bonds	<u>1,430,000</u>	<u>184,202</u>
Total Wastewater Utility	<u>1,537,000</u>	<u>184,202</u>
Total business-type activities debt	<u>\$ 4,021,918</u>	<u>\$ 301,850</u>

*** Draws on loan not completed; therefore repayment schedule has not yet been determined.

TOWN OF UPLAND
AUDIT RESULTS AND COMMENTS

PUBLIC WORKS PROJECT

On April 11 and April 18, 2006, the Town advertised for bids for a water treatment plant. The bids were to be opened on May 10, 2006. On May 4, 2006, addendum 1 was sent to all contractors who had requested bid packages on this project. The addendum postponed the bid opening until May 24, 2006, because all specifications had not yet been completed for the project. Addendum 2 was issued on May 10, 2006, containing 59 items of additional clarification for the project. Addendum 3 was issued on May 19, 2006, containing an additional 6 items of clarification. Addendum 4 was issued on May 23, 2006, with 2 more items of clarification, for a total of 67 items of clarification issued on or after the original bid date of May 10, 2006. Addendum 4 also instructed contractors that the total bid shall be based on specified equipment. The time between the first publication and the actual bid date was 43 days. Only one bid (\$1,932,000) was received on this water treatment plant project.

Indiana Code 36-1-12-4(a) states in part: "This section applies whenever the cost of a public work project will be: (1) at least seventy-five thousand dollars (\$75,000) in: (A) a consolidated city or second class city; (B) a county containing a consolidated city or second class city; or (C) a regional water or sewage district established under IC 13-26; (2) at least fifty thousand dollars (\$50,000) in: (A) a third class city or town with a population of more than five thousand (5,000), or (B) a county containing a third class city or town with a population of more than five thousand (5,000); or (3) at least twenty-five thousand dollars (\$25,000) in a political subdivision or an agency not described in subdivision (1) or (2)."

Indiana Code 36-1-12-4(b) states in part: "The board must comply with the following procedure: (1) The board shall prepare general plans and specifications describing the kind of public work required, but shall avoid specifications which might unduly limit competition. . . . (2) The board shall file the plans and specifications in a place reasonably accessible to the public, which shall be specified in the notice required by subdivision (3). (3) Upon the filing of the plans and specifications, the board shall publish notice in accordance with IC 5-3-1 calling for sealed proposals for the public work needed. (4) The notice must specify the place where the plans and specifications are on file and the date fixed for receiving bids. (5) The period of time between the date of the first publication and the date of receiving bids shall be governed by the size of the contemplated project in the discretion of the board, but it may not be more than six (6) weeks."

HYDRANT RENTAL NOT PAID

The Town of Upland owes the Water Utility hydrant rental of \$23,535 for the year 2007, pursuant to Rate Ordinance 5-2005 passed by the Town Council on June 22, 2005.

Each governmental unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TOWN OF UPLAND
AUDIT RESULTS AND COMMENTS
(Continued)

DELINQUENT WASTEWATER ACCOUNTS

Delinquent wastewater fees and penalties had not been recorded with the County Recorder nor were they certified to the County Auditor which would result in a lien against the property. This comment also appeared in prior Report B28045.

Indiana Code 36-9-23-33 states in part:

"(b) Except as provided in subsection (l), the officer charged with the collection of fees and penalties assessed under this chapter shall enforce their payment. As often as the officer determines is necessary in a calendar year, the officer shall prepare either of the following:

(1) A list of the delinquent fees and penalties that are enforceable under this section, which must include the following:

(A) The name or names of the owner or owners of each lot or parcel of real property on which fees are delinquent.

(B) A description of the premises, as shown by the records of the county auditor.

(C) The amount of the delinquent fees, together with the penalty.

(2) An individual instrument for each lot or parcel of real property on which the fees are delinquent.

(c) The officer shall record a copy of each list or each individual instrument with the county recorder . . .

(e) Using the lists and instruments prepared under subsection (b) and recorded under subsection (c), the officer shall, not later than ten (10) days after the list or each individual instrument is recorded under subsection (c), certify to the county auditor a list of the liens that remain unpaid for collection in the next May. . . ."

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
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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 UPLAND, GRANT COUNTY, INDIANA

Compliance

We have audited the compliance of the Town of Upland (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 each of its major federal programs for the years ended December 31, 2006 and 2007. The Town's major federal programs are 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 each of its major federal programs 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 each of its major federal programs for the years ended December 31, 2006 and 2007.

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.

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)

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 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.

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

April 9, 2008

TOWN OF UPLAND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Years Ended December 31, 2006 and 2007

Federal Grantor Agency/Pass-Through Entity Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 12-31-06	Total Federal Awards Expended 12-31-07
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>				
Pass-Through Indiana Office of Community and Rural Affairs Community Development Block Grant/State's Program	14.228			
		CF-05-210	\$ 475,887	\$ 17,931
		CF-07-112	-	91,419
			<u>475,887</u>	<u>109,350</u>
Total for federal grantor agency				
<u>U.S. ENVIRONMENTAL PROTECTION AGENCY</u>				
Pass-Through Indiana Department of Environmental Management Capitalization Grants for Clean Water State Revolving Funds	66.458	DW 050727 01	<u>459,567</u>	<u>299,871</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>				
Direct Grant Assistance to Firefighters Grant	97.044	EMW-2006-FG-00879	-	85,483
Total federal awards expended			<u>\$ 935,454</u>	<u>\$ 494,704</u>

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

TOWN OF UPLAND
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 Upland (Town) and is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Accordingly, the amount of federal awards expended is based on when the activity related to the award occurs. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

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 under 5,000 shall be conducted biennially. Such audits shall include both years within the biennial period.

TOWN OF UPLAND
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?	no
Control 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
Control 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 Programs:

CFDA Number	Name of Federal Program or Cluster
14.228	Community Development Block Grant/State's Program
66.458	Capitalization Grants for Clean Water State Revolving Funds

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

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

TOWN OF UPLAND
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

TOWN OF UPLAND
EXIT CONFERENCE

The contents of this report were discussed on April 9, 2008, with Jane E. Rockwell, Clerk-Treasurer. The official concurred with our audit findings.