

STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2765

AUDIT REPORT

OF

TOWN OF WINAMAC

PULASKI COUNTY, INDIANA

January 1, 2004 to December 31, 2005



FILED
09/19/2006

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Judy Heater	01-01-04 to 12-31-07
President of the Town Council	Kenneth McFarland Jack Winters	01-01-04 to 12-31-05 01-01-06 to 12-31-06
Town Manager	James Conner	01-01-04 to 12-31-06
Superintendent of Water Utility	Kevin Roe	01-01-04 to 12-31-06
Superintendent of Wastewater Utility	Brad Zellers	01-01-04 to 12-31-06
Superintendent of Electric Utility	Scott Hanson	01-01-04 to 12-31-06



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2765

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

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

TO: THE OFFICIALS OF THE TOWN OF WINAMAC, PULASKI 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 Winamac (Town), as of and for the years ended December 31, 2004 and 2005, 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, 2004 and 2005, 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 August 22, 2006, 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 Schedule of Funding Progress as listed in the table of contents, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The Town has not presented Management's Discussion and Analysis or Budgetary Comparison Schedules that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The Combining Schedules, as listed in the table of contents, Schedule of Capital Assets, and Schedule of Long-Term Debt are presented for additional analysis and are not a required part 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

August 22, 2006



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Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

TO: THE OFFICIALS OF THE TOWN OF WINAMAC, PULASKI COUNTY, INDIANA

We have audited the financial statements of the Town of Winamac (Town), as of and for the years ended December 31, 2004 and 2005, and have issued our report thereon dated August 22, 2006. 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.

Compliance

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 grants, 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 that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

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

August 22, 2006

TOWN OF WINAMAC
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For The Year Ended December 31, 2004

<u>Functions/Programs</u>	<u>Program Receipts</u>			<u>Net (Disbursement) Receipt and Changes in Net Assets</u>			
	<u>Disbursements</u>	<u>Charges for Services</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Primary Government</u>	<u>Total</u>
Primary government:							
Governmental activities:							
General government	\$ 423,711	\$ 26,448	\$ -	\$ (397,263)	\$ -		\$ (397,263)
Public safety	277,273	65,961	-	(211,312)	-		(211,312)
Highways and streets	174,777	-	-	(174,777)	-		(174,777)
Sanitation	50,017	-	-	(50,017)	-		(50,017)
Culture and recreation	118,861	9,093	-	(109,768)	-		(109,768)
Capital outlay	41,512	-	-	(41,512)	-		(41,512)
Total governmental activities	<u>1,086,151</u>	<u>101,502</u>	<u>-</u>	<u>(984,649)</u>	<u>-</u>		<u>(984,649)</u>
Business-type activities:							
Water	2,506,816	593,686	504,014	-	(1,409,116)		(1,409,116)
Wastewater	413,382	409,716	-	-	(3,666)		(3,666)
Electric	3,888,755	3,340,831	-	-	(547,924)		(547,924)
Total business-type activities	<u>6,808,953</u>	<u>4,344,233</u>	<u>504,014</u>	<u>-</u>	<u>(1,960,706)</u>		<u>(1,960,706)</u>
Total primary government	<u>\$ 7,895,104</u>	<u>\$ 4,445,735</u>	<u>\$ 504,014</u>	<u>(984,649)</u>	<u>(1,960,706)</u>		<u>(2,945,355)</u>
General receipts:							
Property taxes				826,987	-		826,987
Other local sources				106,060	27,855		133,915
Bonds and loans				-	2,895,900		2,895,900
Grants and contributions not restricted to specific programs				453,983	-		453,983
Unrestricted investment earnings				10,151	89,133		99,284
Total general receipts				<u>1,397,181</u>	<u>3,012,888</u>		<u>4,410,069</u>
Change in net assets				412,532	1,052,182		1,464,714
Net assets - beginning				<u>1,050,995</u>	<u>6,360,392</u>		<u>7,411,387</u>
Net assets - ending				<u>\$ 1,463,527</u>	<u>\$ 7,412,574</u>		<u>\$ 8,876,101</u>
<u>Assets</u>							
Cash and investments				\$ 556,036	\$ 4,253,643		\$ 4,809,679
Restricted assets:							
Cash and investments				<u>907,491</u>	<u>3,158,931</u>		<u>4,066,422</u>
Total assets				<u>\$ 1,463,527</u>	<u>\$ 7,412,574</u>		<u>\$ 8,876,101</u>
<u>Net Assets</u>							
Restricted for:							
Public safety				\$ 8,875	\$ -		\$ 8,875
Highways and streets				343,050	-		343,050
Culture and recreation				132,017	-		132,017
Debt service				-	2,245,434		2,245,434
Capital outlay				146,574	-		146,574
Other purposes				276,975	913,497		1,190,472
Unrestricted				<u>556,036</u>	<u>4,253,643</u>		<u>4,809,679</u>
Total net assets				<u>\$ 1,463,527</u>	<u>\$ 7,412,574</u>		<u>\$ 8,876,101</u>

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

TOWN OF WINAMAC
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, 2004

	General	Motor Vehicle Highway	Other Governmental Funds	Totals
Receipts:				
Taxes	\$ 448,589	\$ 147,514	\$ 230,884	\$ 826,987
Licenses and permits	1,165	-	300	1,465
Intergovernmental	208,351	96,191	138,814	443,356
Charges for services	64,244	437	33,369	98,050
Fines and forfeits	1,806	-	181	1,987
Other	<u>16,959</u>	<u>9,531</u>	<u>348</u>	<u>26,838</u>
 Total receipts	 <u>741,114</u>	 <u>253,673</u>	 <u>403,896</u>	 <u>1,398,683</u>
Disbursements:				
General government	396,834	-	26,877	423,711
Public safety	268,952	-	8,321	277,273
Highways and streets	-	166,412	8,365	174,777
Sanitation	49,527	-	490	50,017
Culture and recreation	-	-	118,861	118,861
Capital outlay:				
Highways and streets	<u>-</u>	<u>-</u>	<u>41,512</u>	<u>41,512</u>
 Total disbursements	 <u>715,313</u>	 <u>166,412</u>	 <u>204,426</u>	 <u>1,086,151</u>
 Excess of receipts over disbursements	 <u>25,801</u>	 <u>87,261</u>	 <u>199,470</u>	 <u>312,532</u>
Other financing sources (uses)				
Interfund services provided and used	100,000	-	-	100,000
Transfers in	-	-	40,000	40,000
Transfers out	<u>(40,000)</u>	<u>-</u>	<u>-</u>	<u>(40,000)</u>
 Total other financing sources	 <u>60,000</u>	 <u>-</u>	 <u>40,000</u>	 <u>100,000</u>
 Excess of receipts and other financing sources over disbursements and other financing uses	 <u>85,801</u>	 <u>87,261</u>	 <u>239,470</u>	 <u>412,532</u>
 Cash and investment fund balance - beginning	 <u>470,235</u>	 <u>199,540</u>	 <u>381,220</u>	 <u>1,050,995</u>
 Cash and investment fund balance - ending	 <u>\$ 556,036</u>	 <u>\$ 286,801</u>	 <u>\$ 620,690</u>	 <u>\$ 1,463,527</u>
<u>Cash and Investment Assets - December 31</u>				
Cash and investments	\$ 556,036	\$ -	\$ -	\$ 556,036
Restricted assets:				
Cash and investments	<u>-</u>	<u>286,801</u>	<u>620,690</u>	<u>907,491</u>
 Total cash and investment assets - December 31	 <u>\$ 556,036</u>	 <u>\$ 286,801</u>	 <u>\$ 620,690</u>	 <u>\$ 1,463,527</u>
<u>Cash and Investment Fund Balance - December 31</u>				
Restricted for:				
Highways and streets	\$ -	\$ 286,801	\$ 56,249	\$ 343,050
Public safety	-	-	8,875	8,875
Culture and recreation	-	-	132,017	132,017
Capital outlay	-	-	146,574	146,574
Other purposes	-	-	276,975	276,975
Unrestricted	<u>556,036</u>	<u>-</u>	<u>-</u>	<u>556,036</u>
 Total cash and investment fund balance - December 31	 <u>\$ 556,036</u>	 <u>\$ 286,801</u>	 <u>\$ 620,690</u>	 <u>\$ 1,463,527</u>

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

TOWN OF WINAMAC
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, 2004

	Water Utility	Wastewater Utility	Electric Utility	Total
Operating receipts:				
Residential sales	\$ -	\$ -	\$ 1,625,597	\$ 1,625,597
Commercial and industrial sales	-	-	1,582,890	1,582,890
Public street and highway lighting	-	-	42,700	42,700
Measured revenue:				
Residential and commercial	457,040	362,176	-	819,216
Insurance proceeds	-	8,845	8,972	17,817
Other	<u>136,646</u>	<u>38,695</u>	<u>80,672</u>	<u>256,013</u>
Total operating receipts	<u>593,686</u>	<u>409,716</u>	<u>3,340,831</u>	<u>4,344,233</u>
Operating disbursements:				
Equipment and capital improvements	2,105,218	66,032	188,751	2,360,001
Salaries and wages	135,874	104,048	239,649	479,571
Employee pensions and benefits	42,211	32,973	67,370	142,554
Purchased power	11,428	17,080	2,855,825	2,884,333
Fuel for power production	-	2,873	-	2,873
Chemicals	6,015	2,689	-	8,704
Material and supplies	31,823	27,003	146,598	205,424
Contractual services	18,042	21,950	24,624	64,616
Rents	6,000	6,000	-	12,000
Transportation disbursements	2,409	128	11,262	13,799
Miscellaneous disbursements	<u>36,803</u>	<u>9,606</u>	<u>174,676</u>	<u>221,085</u>
Total operating disbursements	<u>2,395,823</u>	<u>290,382</u>	<u>3,708,755</u>	<u>6,394,960</u>
Excess (deficiency) of operating receipts over (under) operating disbursements	<u>(1,802,137)</u>	<u>119,334</u>	<u>(367,924)</u>	<u>(2,050,727)</u>
Nonoperating receipts (disbursements):				
Bond proceeds	2,895,900	-	-	2,895,900
Interest and investment receipts	13,439	4,090	71,604	89,133
Miscellaneous receipts	5,200	-	22,655	27,855
Debt service of principal	(30,000)	(112,650)	-	(142,650)
Interest and investment disbursement	(80,993)	(10,350)	-	(91,343)
Miscellaneous disbursements	<u>-</u>	<u>-</u>	<u>(180,000)</u>	<u>(180,000)</u>
Total nonoperating receipts (disbursements)	<u>2,803,546</u>	<u>(118,910)</u>	<u>(85,741)</u>	<u>2,598,895</u>
Excess (deficiency) of receipts over (under) disbursements and nonoperating receipts (disbursements)	1,001,409	424	(453,665)	548,168
Capital contributions	<u>504,014</u>	<u>-</u>	<u>-</u>	<u>504,014</u>
Excess (deficiency) of receipts and contributions in over (under) disbursements	1,505,423	424	(453,665)	1,052,182
Cash and investment fund balance - beginning	<u>367,962</u>	<u>481,798</u>	<u>5,510,632</u>	<u>6,360,392</u>
Cash and investment fund balance - ending	<u>\$ 1,873,385</u>	<u>\$ 482,222</u>	<u>\$ 5,056,967</u>	<u>\$ 7,412,574</u>
<u>Cash and Investment Assets - December 31</u>				
Cash and investments	\$ 404,563	\$ 265,103	\$ 3,583,977	\$ 4,253,643
Restricted assets:				
Cash and investments	<u>1,468,822</u>	<u>217,119</u>	<u>1,472,990</u>	<u>3,158,931</u>
Total cash and investment assets - December 31	<u>\$ 1,873,385</u>	<u>\$ 482,222</u>	<u>\$ 5,056,967</u>	<u>\$ 7,412,574</u>
<u>Cash and Investment Fund Balance - December 31</u>				
Restricted for:				
Debt service	\$ 1,349,676	\$ 216,336	\$ 679,422	\$ 2,245,434
Other purposes	119,146	783	793,568	913,497
Unrestricted	<u>404,563</u>	<u>265,103</u>	<u>3,583,977</u>	<u>4,253,643</u>
Total cash and investment fund balance - December 31	<u>\$ 1,873,385</u>	<u>\$ 482,222</u>	<u>\$ 5,056,967</u>	<u>\$ 7,412,574</u>

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

TOWN OF WINAMAC
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
FIDUCIARY FUNDS
For The Year Ended December 31, 2004

	<u>Private-Purpose Trust Funds</u>	<u>Agency Funds</u>
Additions:		
Contributions:		
Other	\$ 18,916	\$ -
Investment earnings:		
Interest	39	-
Agency fund additions	-	879,365
Total additions	<u>18,955</u>	<u>879,365</u>
Deductions:		
Administrative and general	33,500	-
Agency fund deductions	-	877,979
Total deductions	<u>33,500</u>	<u>877,979</u>
Excess (deficiency) of total additions over (under) total deductions	(14,545)	1,386
Cash and investment fund balance - beginning	<u>34,333</u>	<u>7,074</u>
Cash and investment fund balance - ending	<u>\$ 19,788</u>	<u>\$ 8,460</u>

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

TOWN OF WINAMAC
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For The Year Ended December 31, 2005

<u>Functions/Programs</u>			Program Receipts	Net (Disbursement) Receipt and Changes in Net Assets		
			Primary Government			
	Disbursements	Charges for Services	Governmental Activities	Business-Type Activities	Total	
Primary government:						
Governmental activities:						
General government	\$ 545,235	\$ 20,377	\$ (524,858)	\$ -	\$ (524,858)	
Public safety	261,091	51,579	(209,512)	-	(209,512)	
Highways and streets	186,239	-	(186,239)	-	(186,239)	
Sanitation	55,153	-	(55,153)	-	(55,153)	
Culture and recreation	136,352	11,719	(124,633)	-	(124,633)	
Capital outlay	18,982	-	(18,982)	-	(18,982)	
Total governmental activities	1,203,052	83,675	(1,119,377)	-	(1,119,377)	
Business-type activities:						
Water	1,556,267	659,333	-	(896,934)	(896,934)	
Wastewater	435,482	417,908	-	(17,574)	(17,574)	
Electric	4,211,496	3,439,799	-	(771,697)	(771,697)	
Total business-type activities	6,203,245	4,517,040	-	(1,686,205)	(1,686,205)	
Total primary government	\$ 7,406,297	\$ 4,600,715	(1,119,377)	(1,686,205)	(2,805,582)	
General receipts:						
Property taxes			475,287	-	475,287	
Other local sources			100,000	98,000	198,000	
Grants and contributions not restricted to specific programs			400,252	-	400,252	
Unrestricted investment earnings			22,542	149,034	171,576	
Total general receipts			998,081	247,034	1,245,115	
Change in net assets			(121,296)	(1,439,171)	(1,560,467)	
Net assets - beginning			1,463,527	7,412,574	8,876,101	
Net assets - ending			\$ 1,342,231	\$ 5,973,403	\$ 7,315,634	
<u>Assets</u>						
Cash and investments			\$ 445,827	\$ 3,514,565	\$ 3,960,392	
Restricted assets:						
Cash and investments			896,404	2,458,838	3,355,242	
Total assets			\$ 1,342,231	\$ 5,973,403	\$ 7,315,634	
<u>Net Assets</u>						
Restricted for:						
Public safety			\$ 8,982	\$ -	\$ 8,982	
Highways and streets			334,283	-	334,283	
Culture and recreation			92,479	-	92,479	
Debt service			-	1,429,818	1,429,818	
Capital outlay			173,523	-	173,523	
Other purposes			287,137	1,029,020	1,316,157	
Unrestricted			445,827	3,514,565	3,960,392	
Total net assets			\$ 1,342,231	\$ 5,973,403	\$ 7,315,634	

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

TOWN OF WINAMAC
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, 2005

	<u>General</u>	<u>Motor Vehicle Highway</u>	<u>Other Governmental Funds</u>	<u>Totals</u>
Receipts:				
Taxes	\$ 298,490	\$ 81,778	\$ 95,019	\$ 475,287
Licenses and permits	1,005	-	160	1,165
Intergovernmental	201,480	86,369	98,449	386,298
Charges for services	50,171	44	26,160	76,375
Fines and forfeits	6,076	-	59	6,135
Other	<u>34,815</u>	<u>969</u>	<u>712</u>	<u>36,496</u>
Total receipts	<u>592,037</u>	<u>169,160</u>	<u>220,559</u>	<u>981,756</u>
Disbursements:				
General government	446,118	-	99,117	545,235
Public safety	260,975	-	116	261,091
Highways and streets	-	166,366	19,873	186,239
Sanitation	55,153	-	-	55,153
Culture and recreation	-	-	136,352	136,352
Capital outlay:				
Highways and streets	<u>-</u>	<u>-</u>	<u>18,982</u>	<u>18,982</u>
Total disbursements	<u>762,246</u>	<u>166,366</u>	<u>274,440</u>	<u>1,203,052</u>
Excess (deficiency) of receipts over (under) disbursements	<u>(170,209)</u>	<u>2,794</u>	<u>(53,881)</u>	<u>(221,296)</u>
Other financing sources (uses)				
Interfund services provided and used	100,000	-	-	100,000
Transfers in	-	-	40,000	40,000
Transfers out	<u>(40,000)</u>	<u>-</u>	<u>-</u>	<u>(40,000)</u>
Total other financing sources	<u>60,000</u>	<u>-</u>	<u>40,000</u>	<u>100,000</u>
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	<u>(110,209)</u>	<u>2,794</u>	<u>(13,881)</u>	<u>(121,296)</u>
Cash and investment fund balance - beginning	<u>556,036</u>	<u>286,801</u>	<u>620,690</u>	<u>1,463,527</u>
Cash and investment fund balance - ending	<u>\$ 445,827</u>	<u>\$ 289,595</u>	<u>\$ 606,809</u>	<u>\$ 1,342,231</u>
<u>Cash and Investment Assets - December 31</u>				
Cash and investments	\$ 445,827	\$ -	\$ -	\$ 445,827
Restricted assets:				
Cash and investments	<u>-</u>	<u>289,595</u>	<u>606,809</u>	<u>896,404</u>
Total cash and investment assets - December 31	<u>\$ 445,827</u>	<u>\$ 289,595</u>	<u>\$ 606,809</u>	<u>\$ 1,342,231</u>
<u>Cash and Investment Fund Balance - December 31</u>				
Restricted for:				
Highway and streets	\$ -	\$ 289,595	\$ 44,688	\$ 334,283
Public safety	-	-	8,982	8,982
Culture and recreation	-	-	92,479	92,479
Capital outlay	-	-	173,523	173,523
Other purposes	-	-	287,137	287,137
Unrestricted	<u>445,827</u>	<u>-</u>	<u>-</u>	<u>445,827</u>
Total cash and investment fund balance - December 31	<u>\$ 445,827</u>	<u>\$ 289,595</u>	<u>\$ 606,809</u>	<u>\$ 1,342,231</u>

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

TOWN OF WINAMAC
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, 2005

	Water Utility	Wastewater Utility	Electric Utility	Total
Operating receipts:				
Residential sales	\$ -	\$ -	\$ 1,703,866	\$ 1,703,866
Commercial and industrial sales	-	-	1,610,938	1,610,938
Public street and highway lighting	-	-	42,700	42,700
Measured revenue:				
Residential and commercial	518,653	397,949	-	916,602
Insurance proceeds	-	13,274	-	13,274
Other	<u>140,680</u>	<u>6,685</u>	<u>82,295</u>	<u>229,660</u>
Total operating receipts	<u>659,333</u>	<u>417,908</u>	<u>3,439,799</u>	<u>4,517,040</u>
Operating disbursements:				
Equipment and capital improvements	1,044,475	69,588	145,614	1,259,677
Salaries and wages	135,637	112,225	254,443	502,305
Employee pensions and benefits	44,132	35,776	70,691	150,599
Purchased power	12,974	21,584	3,265,149	3,299,707
Fuel for power production	-	4,959	-	4,959
Chemicals	6,332	4,259	-	10,591
Material and supplies	23,101	22,487	117,040	162,628
Contractual services	18,292	25,599	23,170	67,061
Rents	6,000	6,000	-	12,000
Transportation disbursements	1,420	1,716	21,718	24,854
Miscellaneous disbursements	<u>43,564</u>	<u>8,004</u>	<u>187,349</u>	<u>238,917</u>
Total operating disbursements	<u>1,335,927</u>	<u>312,197</u>	<u>4,085,174</u>	<u>5,733,298</u>
Excess (deficiency) of operating receipts over (under) operating disbursements	<u>(676,594)</u>	<u>105,711</u>	<u>(645,375)</u>	<u>(1,216,258)</u>
Nonoperating receipts (disbursements):				
Interest and investment receipts	2,741	8,225	138,068	149,034
Miscellaneous receipts	-	-	98,000	98,000
Debt service of principal	(110,000)	(105,000)	-	(215,000)
Interest and investment disbursement	(110,340)	(18,285)	-	(128,625)
Miscellaneous disbursements	<u>-</u>	<u>-</u>	<u>(126,322)</u>	<u>(126,322)</u>
Total nonoperating receipts (disbursements)	<u>(217,599)</u>	<u>(115,060)</u>	<u>109,746</u>	<u>(222,913)</u>
Deficiency of receipts under disbursements and nonoperating disbursements	(894,193)	(9,349)	(535,629)	(1,439,171)
Cash and investment fund balance - beginning	<u>1,873,385</u>	<u>482,222</u>	<u>5,056,967</u>	<u>7,412,574</u>
Cash and investment fund balance - ending	<u>\$ 979,192</u>	<u>\$ 472,873</u>	<u>\$ 4,521,338</u>	<u>\$ 5,973,403</u>
<u>Cash and Investment Assets - December 31</u>				
Cash and investments	\$ 449,425	\$ 252,201	\$ 2,812,939	\$ 3,514,565
Restricted assets:				
Cash and investments	<u>529,767</u>	<u>220,672</u>	<u>1,708,399</u>	<u>2,458,838</u>
Total cash and investment assets - December 31	<u>\$ 979,192</u>	<u>\$ 472,873</u>	<u>\$ 4,521,338</u>	<u>\$ 5,973,403</u>
<u>Cash and Investment Fund Balance - December 31</u>				
Restricted for:				
Debt service	\$ 351,329	\$ 218,879	\$ 859,610	\$ 1,429,818
Other purposes	178,438	1,793	848,789	1,029,020
Unrestricted	<u>449,425</u>	<u>252,201</u>	<u>2,812,939</u>	<u>3,514,565</u>
Total cash and investment fund balance - December 31	<u>\$ 979,192</u>	<u>\$ 472,873</u>	<u>\$ 4,521,338</u>	<u>\$ 5,973,403</u>

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

TOWN OF WINAMAC
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
FIDUCIARY FUNDS
For The Year Ended December 31, 2005

	Private-Purpose Trust Funds	Agency Funds
Additions:		
Contributions:		
Other	\$ 19,380	\$ -
Investment earnings:		
Interest	58	-
Agency fund additions	-	916,636
Total additions	19,438	916,636
Deductions:		
Administrative and general	34,215	-
Agency fund deductions	-	917,887
Total deductions	34,215	917,887
Deficiency of total additions under total deductions	(14,777)	(1,251)
Cash and investment fund balance - beginning	19,788	8,460
Cash and investment fund balance - ending	\$ 5,011	\$ 7,209

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

TOWN OF WINAMAC
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, culture and recreation, public improvements, planning and zoning, general administrative services, electric, water, wastewater, and urban redevelopment.

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

Primary Government: Town of Winamac and its Utilities

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 display 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 non-exchange 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 operation and maintenance of the Town's streets.

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.

The electric utility fund accounts for the operation of the electric distribution system.

TOWN OF WINAMAC
NOTES TO FINANCIAL STATEMENTS
(Continued)

Additionally, the Town reports the following fund types:

The private-purpose trust fund reports a trust arrangement under which principal and income benefit the PARK Gift, James Neilbert Cemetery Trust and Marshall Carper Cemetery Trust.

Agency funds account for assets held by the Town as an agent for its employees.

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 its 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. Operating disbursements for enterprise funds include the cost of sales and services and administrative costs. All receipts and disbursements not meeting this definition are reported as nonoperating receipts and disbursements. Internal service funds are used to account for activities provided to other departments or agencies primarily with the government. The Town does not have any internal service funds.

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.

TOWN OF WINAMAC
NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

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, and (2) capital grants and contributions. Internally dedicated resources are reported as general receipts rather than as program receipts. Likewise, general receipts include all taxes.

2. Operating Receipts and Disbursements

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities are provided to people outside the government (enterprise funds) or other departments or agencies primarily within the government (internal service funds). The Town does not have any internal service funds.

TOWN OF WINAMAC
NOTES TO FINANCIAL STATEMENTS
(Continued)

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 – Cash and Investment Basis.

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.

On or before August 31, 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.

TOWN OF WINAMAC
 NOTES TO FINANCIAL STATEMENTS
 (Continued)

III. Detailed Notes on All Funds

A. 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.

B. Interfund Transfers

Interfund transfers for the years ended December 31, 2004 and 2005, were as follows:

Transfer From	Transfer To	2004	2005
General Fund	Other governmental	<u>\$ 40,000</u>	<u>\$ 40,000</u>

The Town typically uses transfers to fund ongoing operating subsidies.

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; medical benefits to employees; and natural disasters.

The risks of torts; theft of, damage to, and destruction of assets; errors and omissions; medical benefits to employees; 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.

During 1992, the Town joined with other governmental entities to form the Indiana Public Employers' Plan, a public entity risk pool currently operating as a common risk management and insurance program for 562 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 group workers compensation insurance plans. The Town pays an annual premium to the risk pool for its workers compensation 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. Subsequent Events

The Town received approval in July 2006 for a \$523,000 Federal Grant for the Opera House Renovation. The unit will be issuing bonds in 2007 for a 13 year Combined Sewer Overflow project mandated by Indiana Department of Homeland Security for around \$8,000,000 to \$9,000,000 to separate the Stormwater from the Wastewater Utility.

TOWN OF WINAMAC
NOTES TO FINANCIAL STATEMENTS
(Continued)

C. Contingent Liabilities

The Town has been made a party defendant related to post closure expenses for a portion of property that the Town formally used as a public dumping site. The Town could be held responsible for up to 30% of the total cost of the clean-up. Currently information is not available to determine the amount of liability this suit could represent.

D. Rate Structure – Enterprise Funds

Water Utility

On September 8, 1987, the Town Council adopted Ordinance No. 1987-2 to withdraw from the jurisdiction of the Indiana Utility Regulatory Commission. The current rate structure was approved by the Council on September 2, 2003.

Wastewater Utility

The current rate structure was approved by the Town Council on August 11, 1997.

Electric Utility

On September 8, 1987, the Town Council adopted Ordinance No. 1987-2 to withdraw from the jurisdiction of the Indiana Utility Regulatory Commission. The current rate structure was approved by the Council on January 13, 2003.

E. Pension Plan

Public Employees' Retirement Fund

Plan Description

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

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

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

TOWN OF WINAMAC
NOTES TO FINANCIAL STATEMENTS
(Continued)

Funding Policy and Annual Pension Cost

The contribution requirements of plan members for PERF are established by the Board of Trustees of PERF. The Town's annual pension cost and related information, as provided by the actuary, is presented in this note.

Information to segregate the assets/liabilities and the actuarial study figures between the Town and the Utilities is not available.

Actuarial Information for the Above Plan

	PERF
Annual required contribution	\$ 31,048
Interest on net pension obligation	(3,888)
Adjustment to annual required contribution	4,431
Annual pension cost	31,591
Contributions made	37,708
Decrease in net pension obligation	(6,117)
Net pension obligation, beginning of year	(53,633)
Net pension obligation, end of year	\$ (59,750)
Contribution rates:	
Town	4.25%
Plan members	3%
Actuarial valuation date	07-01-05
Actuarial cost method	Entry age
Amortization method	Level percentage of projected payroll, closed
Amortization period	40 years
Amortization period (from date)	07-01-97
Asset valuation method	75% of expected Actuarial value plus 25% of market value

Actuarial Assumptions

Investment rate of return	7.25%
Projected future salary increases:	
Total	5%
Attributed to inflation	4%
Attributed to merit/seniority	1%
Cost-of-living adjustments	2%

TOWN OF WINAMAC
NOTES TO FINANCIAL STATEMENTS
(Continued)

Three Year Trend Information

	<u>Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
PERF	06-30-03	\$ 33,642	116%	\$ (40,322)
	06-30-04	27,987	148%	(53,633)
	06-30-05	31,591	135%	(59,750)

TOWN OF WINAMAC
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF FUNDING PROGRESS

Public Employees' Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Excess of Assets Over (Unfunded) AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Excess (Unfunded) AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-03	\$ 605,748	\$ 553,177	\$ 52,571	110%	\$ 678,093	8%
07-01-04	622,886	587,103	35,783	106%	721,426	5%
07-01-05	652,667	741,242	(88,575)	88%	731,357	(12%)

TOWN OF WINAMAC
 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, 2004

	Local Roads and Streets	Parks	Recreation	Law Enforcement Continuing Education	Riverboat	Rainy Day
Receipts:						
Taxes	\$ -	\$ 95,753	\$ 98,456	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	300	-	-
Intergovernmental	9,685	12,863	14,467	-	15,247	-
Charges for services	-	2,724	6,369	404	-	-
Fines and forfeits	-	-	-	36	-	-
Other	-	-	-	-	-	-
Total receipts	<u>9,685</u>	<u>111,340</u>	<u>119,292</u>	<u>740</u>	<u>15,247</u>	<u>-</u>
Disbursements:						
General government	-	-	-	-	-	-
Public safety	-	-	-	493	-	-
Highways and streets	8,365	-	-	-	-	-
Sanitation	-	-	-	-	-	-
Culture and recreation	-	72,538	46,323	-	-	-
Capital outlay:						
Highways and streets	-	-	-	-	-	-
Total disbursements	<u>8,365</u>	<u>72,538</u>	<u>46,323</u>	<u>493</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over (under) disbursements	<u>1,320</u>	<u>38,802</u>	<u>72,969</u>	<u>247</u>	<u>15,247</u>	<u>-</u>
Other financing sources						
Transfers in	-	-	-	-	-	40,000
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	1,320	38,802	72,969	247	15,247	40,000
Cash and investment fund balance - beginning	<u>54,929</u>	<u>44,994</u>	<u>(24,748)</u>	<u>6,299</u>	<u>15,290</u>	<u>40,000</u>
Cash and investment fund balance - ending	<u>\$ 56,249</u>	<u>\$ 83,796</u>	<u>\$ 48,221</u>	<u>\$ 6,546</u>	<u>\$ 30,537</u>	<u>\$ 80,000</u>
Cash and Investment Assets - December 31						
Restricted assets:						
Cash and investments	<u>\$ 56,249</u>	<u>\$ 83,796</u>	<u>\$ 48,221</u>	<u>\$ 6,546</u>	<u>\$ 30,537</u>	<u>\$ 80,000</u>
Cash and Investment Fund Balance - December 31						
Restricted for:						
Highway and streets	\$ 56,249	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	-	-	-	6,546	-	-
Culture and recreation	-	83,796	48,221	-	-	-
Capital outlay	-	-	-	-	-	-
Other purposes	-	-	-	-	30,537	80,000
Total cash and investment fund balance - December 31	<u>\$ 56,249</u>	<u>\$ 83,796</u>	<u>\$ 48,221</u>	<u>\$ 6,546</u>	<u>\$ 30,537</u>	<u>\$ 80,000</u>

TOWN OF WINAMAC
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2004
 (Continued)

	Cumulative Capital Improvement	Cumulative Capital Development	County Economic Development Income Tax	Special Cemetery	Parking Violations	DARE
Receipts:						
Taxes	\$ -	\$ 36,675	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	9,023	4,707	38,618	-	-	-
Charges for services	-	-	-	2,550	-	-
Fines and forfeits	-	-	-	-	145	-
Other	-	-	-	-	-	-
Total receipts	9,023	41,382	38,618	2,550	145	-
Disbursements:						
General government	-	-	-	27	600	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Capital outlay:						
Highways and streets	-	20,000	-	-	-	190
Total disbursements	-	20,000	-	27	600	190
Excess (deficiency) of receipts over (under) disbursements	9,023	21,382	38,618	2,523	(455)	(190)
Other financing sources						
Transfers in	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	9,023	21,382	38,618	2,523	(455)	(190)
Cash and investment fund balance - beginning	24,279	61,621	116,014	9,283	1,854	190
Cash and investment fund balance - ending	\$ 33,302	\$ 83,003	\$ 154,632	\$ 11,806	\$ 1,399	\$ -
Cash and Investment Assets - December 31						
Restricted assets:						
Cash and investments	\$ 33,302	\$ 83,003	\$ 154,632	\$ 11,806	\$ 1,399	\$ -
Cash and Investment Fund Balance - December 31						
Restricted for:						
Highway and streets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	-	-	-	-	1,399	-
Culture and recreation	-	-	-	-	-	-
Capital outlay	33,302	83,003	-	-	-	-
Other purposes	-	-	154,632	11,806	-	-
Total cash and investment fund balance - December 31	\$ 33,302	\$ 83,003	\$ 154,632	\$ 11,806	\$ 1,399	\$ -

TOWN OF WINAMAC
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2004
 (Continued)

	Law Enforcement Grant	Police Vest Grant	Cumulative Storm Sewer Building	Sidewalk Replacement	Opera House Planning Grant	Totals
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 230,884
Licenses and permits	-	-	-	-	-	300
Intergovernmental	7,235	719	-	-	26,250	138,814
Charges for services	-	-	-	21,322	-	33,369
Fines and forfeits	-	-	-	-	-	181
Other	-	-	348	-	-	348
Total receipts	7,235	719	348	21,322	26,250	403,896
Disbursements:						
General government	-	-	-	-	26,250	26,877
Public safety	7,828	-	-	-	-	8,321
Highways and streets	-	-	-	-	-	8,365
Sanitation	-	-	490	-	-	490
Culture and recreation	-	-	-	-	-	118,861
Capital outlay:						
Highways and streets	-	-	-	21,322	-	41,512
Total disbursements	7,828	-	490	21,322	26,250	204,426
Excess (deficiency) of receipts over (under) disbursements	(593)	719	(142)	-	-	199,470
Other financing sources						
Transfers in	-	-	-	-	-	40,000
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(593)	719	(142)	-	-	239,470
Cash and investment fund balance - beginning	804	-	30,411	-	-	381,220
Cash and investment fund balance - ending	<u>\$ 211</u>	<u>\$ 719</u>	<u>\$ 30,269</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 620,690</u>
Cash and Investment Assets - December 31						
Restricted assets:						
Cash and investments	<u>\$ 211</u>	<u>\$ 719</u>	<u>\$ 30,269</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 620,690</u>
Cash and Investment Fund Balance - December 31						
Restricted for:						
Highway and streets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 56,249
Public safety	211	719	-	-	-	8,875
Culture and recreation	-	-	-	-	-	132,017
Capital outlay	-	-	30,269	-	-	146,574
Other purposes	-	-	-	-	-	276,975
Total cash and investment fund balance - December 31	<u>\$ 211</u>	<u>\$ 719</u>	<u>\$ 30,269</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 620,690</u>

TOWN OF WINAMAC
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PRIVATE-PURPOSE TRUST FUNDS
 For The Year Ended December 31, 2004

	<u>Park Gift</u>	<u>Neilbert Cemetery</u>	<u>Carper Cemetery</u>	<u>Total</u>
Additions:				
Contributions:				
Other	\$ 18,916	\$ -	\$ -	\$ 18,916
Investment earnings:				
Interest	-	6	33	39
Total additions	<u>18,916</u>	<u>6</u>	<u>33</u>	<u>18,955</u>
Deductions:				
Administrative and general	<u>33,450</u>	<u>-</u>	<u>50</u>	<u>33,500</u>
Excess (deficiency) of total additions over (under) total deductions	(14,534)	6	(17)	(14,545)
Cash and investment fund balance - beginning	<u>30,224</u>	<u>518</u>	<u>3,591</u>	<u>34,333</u>
Cash and investment fund balance - ending	<u>\$ 15,690</u>	<u>\$ 524</u>	<u>\$ 3,574</u>	<u>\$ 19,788</u>

TOWN OF WINAMAC
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 AGENCY FUNDS
 For The Year Ended December 31, 2004

	<u>Payroll</u>	<u>Park Sales Tax</u>	<u>Total</u>
Additions:			
Agency fund additions	\$ 879,202	\$ 163	\$ 879,365
Deductions:			
Agency fund deductions	<u>877,813</u>	<u>166</u>	<u>877,979</u>
Excess (deficiency) of total additions over (under) total deductions	1,389	(3)	1,386
Cash and investment fund balance - beginning	<u>7,070</u>	<u>4</u>	<u>7,074</u>
Cash and investment fund balance - ending	<u>\$ 8,459</u>	<u>\$ 1</u>	<u>\$ 8,460</u>

TOWN OF WINAMAC
 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, 2005

	Local Roads and Streets	Parks	Recreation	Law Enforcement Continuing Education	Riverboat	Rainy Day
Receipts:						
Taxes	\$ -	\$ 41,747	\$ 32,000	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	160	-	-
Intergovernmental	8,312	6,297	4,827	-	15,247	-
Charges for services	-	2,665	9,054	354	-	-
Fines and forfeits	-	-	-	24	-	-
Other	-	224	-	-	-	-
Total receipts	<u>8,312</u>	<u>50,933</u>	<u>45,881</u>	<u>538</u>	<u>15,247</u>	<u>-</u>
Disbursements:						
General government	-	-	-	-	-	80,000
Public safety	-	-	-	116	-	-
Highways and streets	19,873	-	-	-	-	-
Culture and recreation	-	89,756	46,596	-	-	-
Capital outlay:						
Highways and streets	-	-	-	-	-	-
Total disbursements	<u>19,873</u>	<u>89,756</u>	<u>46,596</u>	<u>116</u>	<u>-</u>	<u>80,000</u>
Excess (deficiency) of receipts over (under) disbursements	<u>(11,561)</u>	<u>(38,823)</u>	<u>(715)</u>	<u>422</u>	<u>15,247</u>	<u>(80,000)</u>
Other financing sources						
Transfers in	-	-	-	-	-	40,000
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(11,561)</u>	<u>(38,823)</u>	<u>(715)</u>	<u>422</u>	<u>15,247</u>	<u>(40,000)</u>
Cash and investment fund balance - beginning	<u>56,249</u>	<u>83,796</u>	<u>48,221</u>	<u>6,546</u>	<u>30,537</u>	<u>80,000</u>
Cash and investment fund balance - ending	<u>\$ 44,688</u>	<u>\$ 44,973</u>	<u>\$ 47,506</u>	<u>\$ 6,968</u>	<u>\$ 45,784</u>	<u>\$ 40,000</u>
<u>Cash and Investment Assets - December 31</u>						
Restricted assets:						
Cash and investments	<u>\$ 44,688</u>	<u>\$ 44,973</u>	<u>\$ 47,506</u>	<u>\$ 6,968</u>	<u>\$ 45,784</u>	<u>\$ 40,000</u>
<u>Cash and Investment Fund Balance - December 31</u>						
Restricted for:						
Highways and streets	\$ 44,688	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	-	-	-	6,968	-	-
Culture and recreation	-	44,973	47,506	-	-	-
Capital outlay	-	-	-	-	-	-
Other purposes	-	-	-	-	45,784	40,000
Total cash and investment fund balance - December 31	<u>\$ 44,688</u>	<u>\$ 44,973</u>	<u>\$ 47,506</u>	<u>\$ 6,968</u>	<u>\$ 45,784</u>	<u>\$ 40,000</u>

TOWN OF WINAMAC
 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, 2005
 (Continued)

	Cumulative Capital Improvement	Cumulative Capital Development	County Economic Development Income Tax	Special Cemetery	Parking Violations	Law Enforcement Grant
Receipts:						
Taxes	\$ -	\$ 21,272	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	7,475	3,209	34,332	-	-	-
Charges for services	-	-	-	600	-	-
Fines and forfeits	-	-	-	-	35	-
Other	-	-	-	-	-	-
Total receipts	<u>7,475</u>	<u>24,481</u>	<u>34,332</u>	<u>600</u>	<u>35</u>	<u>-</u>
Disbursements:						
General government	-	-	-	17	350	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Capital outlay:						
Highways and streets	4,987	487	-	-	-	-
Total disbursements	<u>4,987</u>	<u>487</u>	<u>-</u>	<u>17</u>	<u>350</u>	<u>-</u>
Excess (deficiency) of receipts over (under) disbursements	<u>2,488</u>	<u>23,994</u>	<u>34,332</u>	<u>583</u>	<u>(315)</u>	<u>-</u>
Other financing sources						
Transfers in	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>2,488</u>	<u>23,994</u>	<u>34,332</u>	<u>583</u>	<u>(315)</u>	<u>-</u>
Cash and investment fund balance - beginning	<u>33,302</u>	<u>83,003</u>	<u>154,632</u>	<u>11,806</u>	<u>1,399</u>	<u>211</u>
Cash and investment fund balance - ending	<u>\$ 35,790</u>	<u>\$ 106,997</u>	<u>\$ 188,964</u>	<u>\$ 12,389</u>	<u>\$ 1,084</u>	<u>\$ 211</u>
<u>Cash and Investment Assets - December 31</u>						
Restricted assets:						
Cash and investments	<u>\$ 35,790</u>	<u>\$ 106,997</u>	<u>\$ 188,964</u>	<u>\$ 12,389</u>	<u>\$ 1,084</u>	<u>\$ 211</u>
<u>Cash and Investment Fund Balance - December 31</u>						
Restricted for:						
Highways and streets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	-	-	-	-	1,084	211
Culture and recreation	-	-	-	-	-	-
Capital outlay	35,790	106,997	-	-	-	-
Other purposes	-	-	188,964	12,389	-	-
Total cash and investment fund balance - December 31	<u>\$ 35,790</u>	<u>\$ 106,997</u>	<u>\$ 188,964</u>	<u>\$ 12,389</u>	<u>\$ 1,084</u>	<u>\$ 211</u>

TOWN OF WINAMAC
 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, 2005
 (Continued)

	Police Vest Grant	Cumulative Storm Sewer Building	Sidewalk Replacement	Opera House Planning Grant	Totals
Receipts:					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 95,019
Licenses and permits	-	-	-	-	160
Intergovernmental	-	-	-	18,750	98,449
Charges for services	-	-	13,487	-	26,160
Fines and forfeits	-	-	-	-	59
Other	-	488	-	-	712
	<u>-</u>	<u>488</u>	<u>13,487</u>	<u>18,750</u>	<u>220,559</u>
Total receipts	-	488	13,487	18,750	220,559
Disbursements:					
General government	-	-	-	18,750	99,117
Public safety	-	-	-	-	116
Highways and streets	-	-	-	-	19,873
Culture and recreation	-	-	-	-	136,352
Capital outlay:					
Highways and streets	-	21	13,487	-	18,982
	<u>-</u>	<u>21</u>	<u>13,487</u>	<u>18,750</u>	<u>274,440</u>
Total disbursements	-	21	13,487	18,750	274,440
Excess (deficiency) of receipts over (under) disbursements	<u>-</u>	<u>467</u>	<u>-</u>	<u>-</u>	<u>(53,881)</u>
Other financing sources					
Transfers in	-	-	-	-	40,000
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>40,000</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	467	-	-	(13,881)
Cash and investment fund balance - beginning	<u>719</u>	<u>30,269</u>	<u>-</u>	<u>-</u>	<u>620,690</u>
Cash and investment fund balance - ending	<u>\$ 719</u>	<u>\$ 30,736</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 606,809</u>
<u>Cash and Investment Assets - December 31</u>					
Restricted assets:					
Cash and investments	<u>\$ 719</u>	<u>\$ 30,736</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 606,809</u>
<u>Cash and Investment Fund Balance - December 31</u>					
Restricted for:					
Highways and streets	\$ -	\$ -	\$ -	\$ -	\$ 44,688
Public safety	719	-	-	-	8,982
Culture and recreation	-	-	-	-	92,479
Capital outlay	-	30,736	-	-	173,523
Other purposes	-	-	-	-	287,137
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>287,137</u>
Total cash and investment fund balance - December 31	<u>\$ 719</u>	<u>\$ 30,736</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 606,809</u>

TOWN OF WINAMAC
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PRIVATE-PURPOSE TRUST FUNDS
 For The Year Ended December 31, 2005

	<u>Park Gift</u>	<u>Neilbert Cemetery</u>	<u>Carper Cemetery</u>	<u>Total</u>
Additions:				
Contributions:				
Other	\$ 19,380	\$ -	\$ -	\$ 19,380
Investment earnings:				
Interest	-	9	49	58
Total additions	<u>19,380</u>	<u>9</u>	<u>49</u>	<u>19,438</u>
Deductions:				
Administrative and general	<u>34,165</u>	<u>-</u>	<u>50</u>	<u>34,215</u>
Excess (deficiency) of total additions over (under) total deductions	(14,785)	9	(1)	(14,777)
Cash and investment fund balance - beginning	<u>15,690</u>	<u>524</u>	<u>3,574</u>	<u>19,788</u>
Cash and investment fund balance - ending	<u>\$ 905</u>	<u>\$ 533</u>	<u>\$ 3,573</u>	<u>\$ 5,011</u>

TOWN OF WINAMAC
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 AGENCY FUNDS
 For The Year Ended December 31, 2005

	Payroll	Park Sales Tax	Total
Additions:			
Agency fund additions	\$ 916,476	\$ 160	\$ 916,636
Deductions:			
Agency fund deductions	917,726	161	917,887
Deficiency of total additions under total deductions	(1,250)	(1)	(1,251)
Cash and investment fund balance - beginning	8,459	1	8,460
Cash and investment fund balance - ending	\$ 7,209	\$ -	\$ 7,209

TOWN OF WINAMAC
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSET
 For The Year Ended December 31, 2005

Primary Government	Ending Balance
Governmental activities:	
Capital assets, not being depreciated:	
Infrastructure	\$ 87,392
Buildings	1,062,886
Improvement other than buildings	625,793
Machinery and equipment	1,122,086
Total governmental activities, capital assets not being depreciated	\$ 2,898,157
Business-type activities:	
Water utility:	
Land	\$ 4,499
Buildings	1,679,675
Improvement other than buildings	2,694,543
Machinery and equipment	50,378
Total water utility capital assets	4,429,095
Wastewater utility:	
Land	47,612
Buildings	142,368
Improvement other than buildings	4,184,163
Machinery and equipment	334,090
Total wastewater utility capital assets	4,708,233
Electric utility:	
Land	31,500
Buildings	496,120
Improvement other than buildings	3,619,354
Machinery and equipment	465,821
Total electric utility capital assets	4,612,795
Total business-type activities	\$ 13,750,123

TOWN OF WINAMAC
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 For The Year Ended December 31, 2005

<u>Description of Assets</u>		<u>Present Value of Net Minimum Lease Payments</u>
Wastewater Sewer Vac		<u>\$ 113,233</u>
	<u>Ending Balance</u>	<u>Due Within One Year</u>
Business-type activities		
Water utility		
Revenue bonds:		
2004 Revenue Bonds	\$ 2,800,000	\$ 110,000
Wastewater utility		
Revenue bonds:		
1998 Revenue Bonds	<u>345,000</u>	<u>110,000</u>
Total business-type activities	<u>\$ 3,145,000</u>	<u>\$ 220,000</u>

SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2765

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

TO: THE OFFICIALS OF THE TOWN OF WINAMAC, PULASKI COUNTY, INDIANA

Compliance

We have audited the compliance of the Town of Winamac (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, 2004 and 2005. 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; 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, 2004 and 2005.

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 and to test and report on internal control over compliance in accordance with OMB Circular A-133.

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)

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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

August 22, 2006

TOWN OF WINAMAC
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Years Ended December 31, 2004 and 2005

Federal Grantor Agency/Pass-Through Entity Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 12-31-04	Total Federal Awards Expended 12-31-05
<u>U.S. HOUSING AND URBAN DEVELOPMENT (HUD)</u>				
Pass-Through Indiana Office of Community and Rural Affairs Community Development Block Grants/State's Program Vurpillat Opera House Rehabilitation	14.228	B01DC180001PL-01-056	\$ 26,250	\$ 18,750
Water Treatment Plant Upgrade		B03DC18001CF-03-218	475,000	-
Total federal awards expended			<u>\$ 501,250</u>	<u>\$ 18,750</u>

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

TOWN OF WINAMAC
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

I. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Town of Winamac (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 Units with populations under 5,000 shall be conducted biennially. Such audits shall include both years within the biennial period.

TOWN OF WINAMAC
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
Reportable conditions 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
Reportable conditions 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 Grants/State's Program

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 WINAMAC
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

TOWN OF WINAMAC
EXIT CONFERENCE

The contents of this report were discussed on August 22, 2006, with Judy Heater, Clerk-Treasurer; and Jack Winters, President of the Town Council. Our audit disclosed no material items that warrant comment at this time.