

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

EXAMINATION REPORT
OF
TOWN OF WAKARUSA
ELKHART COUNTY, INDIANA
January 1, 2004 to December 31, 2005



FILED
09/28/2006

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OFFICIALS

Office

Official

Term

Clerk-Treasurer

Joyce Hartman

01-01-04 to 12-31-07

President of the Town Council

Ronald Berkey

01-01-04 to 12-31-06



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF WAKARUSA, ELKHART COUNTY, INDIANA

We have examined the schedules of receipts, disbursements, and cash and investment balances of the Town of Wakarusa (Town), for the period of January 1, 2004 to December 31, 2005. The Town's management is responsible for the schedules. Our responsibility is to express an opinion based on our examination.

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

In our opinion, the schedules referred to above present fairly, in all material respects, the cash transactions of the Town for the years ended December 31, 2004 and 2005, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

August 23, 2006

TOWN OF WAKARUSA
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL, PROPRIETARY, AND FIDUCIARY FUND TYPES
As Of And For The Years Ended December 31, 2004 And 2005

	Cash and Investments 01-01-04	Receipts	Disbursements	Cash and Investments 12-31-04
Governmental Funds:				
General	\$ 138,435	\$ 1,509,666	\$ 1,002,097	\$ 646,004
Motor Vehicle Highway	360,005	341,688	576,368	125,325
Local Road and Street	19,050	17,498	19,452	17,096
Law Enforcement Continuing Education	1,182	756	1,505	433
Rainy Day	-	10,919	-	10,919
Police Nonreverting	-	1,531	-	1,531
EDIT Bond Debt Reserve	63,463	991	-	64,454
EDIT Bond and Interest	3	36,231	36,234	-
Cumulative Capital Improvement	12,276	6,038	-	18,314
Cumulative Capital Development	90,334	87,449	32,693	145,090
Cumulative Building and Fire Fighting Equipment	59,324	58,299	31,609	86,014
County Economic Development Income Tax	176,148	96,048	182,545	89,651
Industrial Drive Extension	-	106,329	96,306	10,023
Town Revitalization	-	450,036	450,036	-
Proprietary Funds:				
Water Utility - Operating	174,915	348,206	454,530	68,591
Water Utility - Bond and Interest	14,037	95,725	81,404	28,358
Water Utility - Depreciation	134,633	-	-	134,633
Water Utility - Customer Deposit	9,465	1,795	680	10,580
Water Utility - Debt Reserve	108,093	1,843	-	109,936
Wastewater Utility - Operating	175,668	356,832	296,259	236,241
Wastewater Utility - Bond and Interest	20,000	110,000	109,801	20,199
Wastewater Utility - Debt Reserve	54,734	778	-	55,512
Fiduciary Fund:				
Payroll	76	558,274	555,628	2,722
Totals	<u>\$ 1,611,841</u>	<u>\$ 4,196,932</u>	<u>\$ 3,927,147</u>	<u>\$ 1,881,626</u>
	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds:				
General	\$ 646,004	\$ 1,022,165	\$ 1,091,270	\$ 576,899
Motor Vehicle Highway	125,325	344,053	244,031	225,347
Local Road and Street	17,096	17,778	11,428	23,446
Law Enforcement Continuing Education	433	2,338	1,727	1,044
Rainy Day	10,919	-	-	10,919
Police Nonreverting	1,531	336	-	1,867
EDIT Bond Debt Reserve	64,454	1,341	-	65,795
EDIT Bond and Interest	-	35,641	34,934	707
Cumulative Capital Improvement	18,314	5,001	-	23,315
Cumulative Capital Development	145,090	53,810	42,725	156,175
Cumulative Building and Fire Fighting Equipment	86,014	35,875	32,341	89,548
County Economic Development Income Tax	89,651	186,202	35,642	240,211
Industrial Drive Extension	10,023	-	-	10,023
Proprietary Funds:				
Water Utility - Operating	68,591	375,648	321,181	123,058
Water Utility - Bond and Interest	28,358	77,000	79,664	25,694
Water Utility - Depreciation	134,633	-	96,216	38,417
Water Utility - Customer Deposit	10,580	1,720	-	12,300
Water Utility - Debt Reserve	109,936	2,689	-	112,625
Wastewater Utility - Operating	236,241	370,018	296,049	310,210
Wastewater Utility - Bond and Interest	20,199	120,000	109,324	30,875
Wastewater Utility - Debt Reserve	55,512	1,194	-	56,706
Fiduciary Funds:				
Levy Excess	-	21,746	-	21,746
Payroll	2,722	581,318	581,109	2,931
Totals	<u>\$ 1,881,626</u>	<u>\$ 3,255,873</u>	<u>\$ 2,977,641</u>	<u>\$ 2,159,858</u>

The accompanying notes are an integral part of the schedules.

TOWN OF WAKARUSA
NOTES TO SCHEDULES

Note 1. Introduction

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

Note 2. Fund Accounting

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

Note 3. Budgets

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

Note 4. Property Taxes

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

Note 5. Deposits and Investments

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

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

Note 6. Long-Term Debt

The Town has entered into general obligation bonds and revenue bonds for the acquisition and construction of major capital facilities for the Town and the Utilities and a capital lease for the purchase of an aerial fire truck. The outstanding principal at December 31, 2005, was \$190,000, \$805,000, and \$112,371, respectively.

TOWN OF WAKARUSA
EXAMINATION RESULTS AND COMMENTS

APPROPRIATIONS

The records presented for audit indicated that the Motor Vehicle Highway Fund expenditures for 2004 of \$576,368 exceeded the budgeted appropriations for the fund by \$190,100.

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

CAPITAL ASSET RECORDS

The Town identifies fixed asset additions and deletions for its annual CTAR-1 Report, but these amounts do not agree with the General Fixed Asset Account Group, Form 211 maintained by the Town. The Town has not recently taken a complete inventory of all capital assets it owns. The Town Fixed Asset Record, Form 211, does not accurately report the Town's fixed assets.

Every governmental unit should have a complete inventory of all capital assets owned which reflects their acquisition value. Such inventory should be recorded in the Capital Assets Ledger. A complete inventory should be taken every year for good internal control and for verifying account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TOWN OF WAKARUSA
EXIT CONFERENCE

The contents of this report were discussed on August 23, 2006, with Joyce Hartman, Clerk-Treasurer; and Ronald Berkey, President of the Town Council. The officials concurred with our findings.