

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

EXAMINATION REPORT  
OF  
TOWN OF WINSLOW  
PIKE COUNTY, INDIANA  
January 1, 2005 to December 31, 2006



**FILED**  
10/26/2007



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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Joetta M. Gudorf	01-01-04 to 12-31-07
President of the Town Council	Mick Aldridge	01-01-05 to 12-31-05
	George Bruce	01-01-06 to 09-11-06
	Glendel Ashby	09-12-06 to 12-31-07



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF WINSLOW, PIKE COUNTY, INDIANA

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

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

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

The Schedule of Capital Assets and Schedule of Long-Term Debt, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the basic financial information. They have not been subjected to the examination procedures applied to the basic financial information, and accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

August 20, 2007

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

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds:				
General	\$ 82,150	\$ 151,415	\$ 168,927	\$ 64,638
Motor Vehicle Highway	18,421	45,511	55,529	8,403
Local Road and Street	434	4,141	3,791	784
Accident Report	127	-	127	-
Law Enforcement Continuing Education	93	224	282	35
Economic Development	33,202	14,620	33,095	14,727
Rainy Day	4,917	-	-	4,917
Community Center Donation	4,836	14,149	23,599	(4,614)
Winslow Good Start	490	423	832	81
WGS - Young at Heart	-	-	165	(165)
BIF WCC Grant II	2,629	-	588	2,041
DOC Grant	-	66,000	66,000	-
Levy Excess	190	-	-	190
WCC Foundation	5,148	3,403	8,525	26
FEMA	-	1,426	-	1,426
Cumulative Capital Improvement	35,383	3,329	10,000	28,712
Cumulative Capital Development	10,536	3,662	6,000	8,198
Proprietary Funds:				
Water Utility - Operating	22,649	182,794	172,425	33,018
Water Utility - Bond and Interest	5,838	46,389	51,484	743
Water Utility - Depreciation	29,043	251	16,509	12,785
Water Utility - Customer Deposit	25,668	3,900	3,341	26,227
Wastewater Utility - Operating	44,192	157,628	131,086	70,734
Wastewater Utility - Bond and Interest	19,564	42,301	41,450	20,415
Wastewater Utility - Depreciation	76,819	1,359	8,996	69,182
Wastewater Utility - Reserve	12,108	-	-	12,108
Fiduciary Fund:				
Payroll	1,080	197,080	198,072	88
Totals	<u>\$ 435,517</u>	<u>\$ 940,005</u>	<u>\$ 1,000,823</u>	<u>\$ 374,699</u>

	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
Governmental Funds:				
General	\$ 64,638	\$ 156,939	\$ 166,345	\$ 55,232
Motor Vehicle Highway	8,403	48,761	48,715	8,449
Local Road and Street	784	6,329	3,625	3,488
Law Enforcement Continuing Education	35	299	105	229
Economic Development	14,727	16,152	2,750	28,129
Rainy Day	4,917	-	-	4,917
Community Center Donation	(4,614)	23,578	26,370	(7,406)
Winslow Good Start	81	-	82	(1)
WGS - Young at Heart	(165)	165	-	-
BIF WCC Grant II	2,041	-	1,631	410
DOC Grant	-	44,500	44,500	-
Levy Excess	190	-	190	-
WCC Foundation	26	-	14	12
FEMA	1,426	-	1,426	-
Cumulative Capital Improvement	28,712	3,615	4,031	28,296
Cumulative Capital Development	8,198	3,605	-	11,803
Proprietary Funds:				
Water Utility - Operating	33,018	172,248	201,781	3,485
Water Utility - Bond and Interest	743	42,838	42,433	1,148
Water Utility - Depreciation	12,785	12,435	16,643	8,577
Water Utility - Customer Deposit	26,227	4,875	4,663	26,439
Wastewater Utility - Operating	70,734	154,879	169,023	56,590
Wastewater Utility - Bond and Interest	20,415	51,617	41,900	30,132
Wastewater Utility - Depreciation	69,182	21,029	17,497	72,714
Wastewater Utility - Customer Deposit	12,108	-	-	12,108
Fiduciary Fund:				
Payroll	88	216,967	216,544	511
Totals	<u>\$ 374,699</u>	<u>\$ 980,831</u>	<u>\$ 1,010,268</u>	<u>\$ 345,262</u>

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

TOWN OF WINSLOW  
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

The Town was established under the laws of the State of Indiana. The Town provides the following services: public safety (police and fire), highways and streets, public improvements, general administrative services, water and wastewater.

Note 2. Fund Accounting

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

Note 3. Budgets

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

Note 4. Property Taxes

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

Note 5. Deposits and Investments

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

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

TOWN OF WINSLOW  
NOTES TO FINANCIAL INFORMATION  
(Continued)

Note 6. 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 this 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 members' 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. That 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

Funding Policy and Annual Pension Cost

The contribution requirements of the plan members for PERF are established by the Board of Trustees of PERF.

TOWN OF WINSLOW  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF CAPITAL ASSETS

For The Years Ended December 31, 2005 and 2006

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

General infrastructure assets are included if acquired (purchased, constructed, or donated) after July 1, 1980, or if they received major renovations, restorations, or improvements after that date. The government was able to estimate the historical cost for the initial reporting of these assets through backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year.) As the government constructs or acquires additional capital assets each period, including infrastructure assets, they are reported at historical cost.

	12/31/2005 Ending Balance	12/31/2006 Ending Balance
<u>Primary Government</u>		
Governmental activities:		
Capital assets, not being depreciated:		
Land	\$ 51,000	\$ 51,000
Buildings	901,673	901,673
Machinery and equipment	48,323	48,323
Transportation equipment	<u>140,575</u>	<u>132,500</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 1,141,571</u>	<u>\$ 1,133,496</u>
<u>Primary Government</u>	Ending Balance	Ending Balance
Business-type activities:		
Water Utility:		
Capital assets, not being depreciated:		
Land	\$ 8,051	\$ 8,051
Capital assets, being depreciated:		
Buildings	1,022,583	1,022,583
Improvements other than buildings	1,105,652	1,105,652
Machinery and equipment	<u>46,154</u>	<u>46,154</u>
Total Water Utility capital assets	<u>2,182,440</u>	<u>2,182,440</u>
Wastewater Utility:		
Capital assets, not being depreciated:		
Land	128,727	128,727
Capital assets, being depreciated:		
Buildings	43,472	43,472
Improvements other than buildings	3,560,098	3,560,098
Machinery and equipment	106,945	113,308
Transportation equipment	<u>5,500</u>	<u>5,500</u>
Total Wastewater Utility capital assets	<u>3,844,742</u>	<u>3,851,105</u>
Total business-type activities capital assets	<u>\$ 6,027,182</u>	<u>\$ 6,033,545</u>

TOWN OF WINSLOW  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF LONG-TERM DEBT

For The Years Ended December 31, 2005 and 2006

CAPITAL LEASES

The Unit type has entered into the following capital leases:

Description of Asset	Ending Balance 12/31/2005	Due Within One Year	Ending Balance 12/31/2006	Due Within One Year
<b>Governmental Activities:</b>				
Capital leases:				
2005 Ford Explorer	\$ 15,038	\$ 7,308	\$ 7,730	\$ 7,730
<b>Business-type Activities:</b>				
Water Utility				
Revenue bonds:				
1982 Bonds	335,000	14,000	321,000	15,000
2003 Refunding Bonds	117,000	4,000	113,000	4,000
Total Water Utility	452,000	18,000	434,000	19,000
Wastewater Utility				
Revenue bonds:				
1982 Bonds	598,000	12,000	586,000	12,000
Total business-type activities long-term debt:	\$ 1,050,000	\$ 30,000	\$ 1,020,000	\$ 31,000

TOWN OF WINSLOW  
EXAMINATION RESULTS AND COMMENTS

INTEREST AND PENALTIES ON INVESTMENTS

Interest of \$105.39 earned on the Water Utility customer deposit investment was automatically added to the principal. A penalty of \$129.19 was deducted from the investment.

Interest on investments should not be automatically added into the investment. Instead, interest on investments should be paid to the governmental unit at each maturity date and posted to the appropriate fund. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the governmental unit. Any penalties, interest or other charges paid by the governmental unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

RECEIPT ISSUANCE

In some instances receipts were not issued or recorded. The Winslow Community Center (WCC) has volunteer co-directors who collect rental fees for the building, fees for catered dinners, concessions, donations, etc. Receipts are not written for monies collected. The co-director takes a deposit to the bank once a month. The amounts deposited by the WCC co-director were \$10,207.50 and \$17,706.00 for the years of 2005 and 2006, respectively.

Indiana Code 5-13-6-1(d) states: "A city (other than a consolidated city) or a town shall deposit funds not later than the next business day following the receipt of the funds in depositories (1) selected by the city or town as provided in an ordinance adopted by the city or the town; and (2) approved as depositories of state funds."

Receipts shall be issued and recorded at the time of the transaction; for example, when cash or a check is received, a receipt is to be immediately prepared and given to the person making payment. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TRANSACTION RECORDING

The Town of Winslow received a grant from the Department of Natural Resources for \$2,314 as a matching grant with the Winslow Volunteer Fire Department. These monies were never deposited into the Town funds, but instead deposited with the Winslow Volunteer Fire Department.

All financial transactions pertaining to the governmental unit should be recorded in the records of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Indiana Code 5-13-6-1(d) states: "A city (other than a consolidated city) or a town shall deposit funds not later than the next business day following the receipt of the funds in depositories (1) selected by the city or town as provided in an ordinance adopted by the city or the town; and (2) approved as depositories of state funds."

TOWN OF WINSLOW  
EXAMINATION 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 appeared in prior reports.

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. . . ."

COMPENSATION AND BENEFITS

There were several problems noted with payroll, including incorrect rates of pay, time sheet errors, errors on employee service records, and no compensation for hours worked.

Numerous employees were not paid according to the salary ordinance. The incorrect pay rate was paid in 2004 and 2005 for two employees.

Two employees were paid at a rate of pay that was not discussed at a Town Council meeting.

One employee was shorted one day of carryover sick leave from 2006 to 2007, due to a calculation error on the employee service record.

TOWN OF WINSLOW  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

One employee is employed by both the Town and the Utility. This employee maintains two time sheets and is paid at two different rates of pay. Numerous errors occurred, including overlapping time periods worked in the same day, on multiple pay periods, and hours worked that were missed for compensation. The supervisors were not reviewing the time sheets.

These errors were corrected prior to the completion of the examination.

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, and resolution or salary schedule adopted by the governing body unless otherwise authorized by statute. Compensation should be made in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

OVERDRAWN CASH BALANCES

The cash balances of the Community Center Donation Fund and the WGS - Young at Heart Fund, were overdrawn in 2005.

The cash balances of the Community Center Donation Fund and the Winslow Good Start Fund were overdrawn in 2006.

The cash balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TOWN OF WINSLOW  
EXIT CONFERENCE

The contents of this report were discussed on August 20, 2007, with Joetta M. Gudorf, Clerk-Treasurer; and Glendel Ashby, President of the Town Council.