

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

EXAMINATION REPORT
OF
TOWN OF WAKARUSA
ELKHART COUNTY, INDIANA
January 1, 2006 to December 31, 2007



FILED
02/20/2008

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OFFICIALS

Office

Official

Term

Clerk-Treasurer

Joyce Hartman

01-01-04 to 12-31-11

President of the Town Council

Ronald Berkey

01-01-06 to 12-31-08



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

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

INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the financial information presented herein of the Town of Wakarusa (Town), for the period of January 1, 2006 to December 31, 2007. 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, 2006 and 2007, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The Schedule of Long-Term Debt, as listed in the Table of Contents, is presented for additional analysis and is not a required part of the basic financial information. It has not been subjected to the examination procedures applied to the basic financial information, and accordingly, we express no opinion on it.

STATE BOARD OF ACCOUNTS

February 4, 2008

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, 2006 And 2007

	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
Governmental Funds:				
General	\$ 576,799	\$ 971,273	\$ 1,043,912	\$ 504,160
Motor Vehicle Highway	225,347	572,383	354,204	443,526
Local Road and Street	23,446	17,631	11,486	29,591
Special Park	-	20,273	20,273	-
Law Enforcement Continuing Education	1,044	1,709	1,691	1,062
Rainy Day	10,919	-	-	10,919
Police Non-Reverting	1,867	896	-	2,763
Police FACT Grant	-	2,638	3,408	(770)
Levy Excess	21,746	-	21,746	-
EDIT Bond Interest	707	37,000	7,127	30,580
EDIT Debt Reserve	65,795	2,169	-	67,964
Cumulative Capital Improvement	23,315	5,780	-	29,095
Cumulative Capital Development	156,175	55,688	171,036	40,827
Cumulative Building and Fire Fighting Equipment	89,548	37,125	57,209	69,464
County Economic Development Income Tax	240,211	110,112	139,218	211,105
Major Moves Construction	-	257,772	-	257,772
Industrial Drive Extension	10,023	-	10,023	-
Proprietary Funds:				
Water Utility - Operating	123,058	353,111	392,542	83,627
Water Utility - Bond and Interest	25,694	69,727	77,918	17,503
Water Utility - Depreciation	38,417	-	-	38,417
Water Utility - Customer Deposit	12,300	1,000	-	13,300
Water Utility - Debt Reserve	112,625	4,221	-	116,846
Water Utility - Improvement	-	-	-	-
Wastewater Utility - Operating	310,210	335,813	416,495	229,528
Wastewater Utility - Bond and Interest	30,875	85,800	109,094	7,581
Wastewater Utility - Debt Reserve	56,706	2,058	-	58,764
Fiduciary Fund:				
Payroll	2,931	622,941	625,721	151
Totals	<u>\$ 2,159,758</u>	<u>\$ 3,567,120</u>	<u>\$ 3,463,103</u>	<u>\$ 2,263,775</u>

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Governmental Funds:				
General	\$ 504,160	\$ 1,277,800	\$ 1,145,522	\$ 636,438
Motor Vehicle Highway	443,526	195,608	336,771	302,363
Local Road and Street	29,591	17,686	3,322	43,955
Law Enforcement Continuing Education	1,062	1,799	555	2,306
Rainy Day	10,919	8,002	-	18,921
Police Non-Reverting	2,763	654	-	3,417
Police FACT Grant	(770)	7,815	7,051	(6)
DUI Task Force	-	2,812	2,812	-
Operation Pull Over	-	646	641	5
EDIT Bond Interest	30,580	33,821	64,401	-
EDIT Debt Reserve	67,964	2,683	-	70,647
Cumulative Capital Improvement	29,095	5,684	-	34,779
Cumulative Capital Development	40,827	52,920	-	93,747
Cumulative Building and Fire Fighting Equipment	69,464	35,279	65,609	39,134
County Economic Development Income Tax	211,105	111,619	33,180	289,544
Major Moves Construction	257,772	18,974	-	276,746
Proprietary Funds:				
Water Utility - Operating	83,627	413,062	469,562	27,127
Water Utility - Bond and Interest	17,503	103,144	81,059	39,588
Water Utility - Depreciation	38,417	-	38,417	-
Water Utility - Customer Deposit	13,300	1,040	880	13,460
Water Utility - Debt Reserve	116,846	51,065	-	167,911
Wastewater Utility - Operating	229,528	350,901	349,214	231,215
Wastewater Utility - Bond and Interest	7,581	46,651	54,232	-
Wastewater Utility - Debt Reserve	58,764	188	-	58,952
Fiduciary Fund:				
Payroll	151	669,597	669,489	259
Totals	<u>\$ 2,263,775</u>	<u>\$ 3,409,450</u>	<u>\$ 3,322,717</u>	<u>\$ 2,350,508</u>

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

TOWN OF WAKARUSA
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, 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.

TOWN OF WAKARUSA
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 December 31, 2007

The Town has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental Activities:		
Capital leases:		
Aerial Fire Apparatus	\$ 58,866	\$ 31,609
Bonds payable:		
General obligation bonds:		
1992 EDIT Bonds	<u>145,000</u>	<u>34,933</u>
Total governmental activities debt	<u>\$ 203,866</u>	<u>\$ 66,542</u>
Business-type Activities:		
Water Utility		
Revenue bonds:		
1999 Waterworks Bonds	<u>\$ 720,000</u>	<u>\$ 78,335</u>

TOWN OF WAKARUSA
EXAMINATION RESULTS AND COMMENTS

APPROPRIATIONS

The records presented for examination indicated the following expenditures in excess of budgeted appropriations:

Fund	Years	Excess Amount Expended
Motor Vehicle Highway	2007	\$ 3,771
EDIT Bond Interest	2007	25,402

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."

PUBLIC WORKS CONTRACT CHANGE ORDER

The Town of Wakarusa entered into a contract for construction work on Olive and Sycamore Streets. The contract was approved by the Town Council on March 3, 2007. During the course of the projects, some changes needed to be made which resulted in additional costs to the Town. These costs were approved by Town personnel and the Council President but not by the whole Council.

If, in the course of construction, reconstruction or repair of a public work project, it becomes necessary to change or alter the original specifications, a change order may be issued to add, delete, or change an item or items in the original contract. All change orders must be directly related to the original public work project.

Addendum. The change order becomes an addendum to the contract and must be approved and signed by the board and the contractor. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

CAPITAL ASSET RECORDS

The Town identifies capital 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.

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 February 4, 2008, with Joyce Hartman, Clerk-Treasurer; and Ronald Berkey, President of the Town Council. The officials concurred with our findings.