

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

AUDIT REPORT

OF

TOWN OF WINONA LAKE

KOSCIUSKO COUNTY, INDIANA

January 1, 2006 to December 31, 2007



FILED
09/25/2008

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Independent Auditor's Report on Financial Statements and Supplementary Schedule of Expenditures of Federal Awards	3-4
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards	5-6
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Activities and Net Assets – Cash and Investment Basis	7, 11
Fund Financial Statements:	
Governmental Funds:	
Statement of Assets and Fund Balances and Receipts, Disbursements, and Changes in Fund Balances – Cash and Investment Basis – Governmental Funds	8, 12
Proprietary Funds:	
Statement of Assets and Fund Balances and Receipts, Disbursements, and Changes in Fund Balances – Cash and Investment Basis – Proprietary Funds.....	9, 13
Fiduciary Funds:	
Statement of Additions, Deductions, and Changes in Cash and Investment Balances – Fiduciary Funds	10, 14
Notes to Financial Statements	15-24
Required Supplementary Information:	
Schedule of Funding Progress	25
Supplementary Information:	
Combining Schedule of Assets and Fund Balances and Receipts, Disbursements, and Changes in Fund Balances – Cash and Investment Basis – Other Governmental Funds.....	26-37
Schedule of Capital Assets.....	38
Schedule of Long-Term Debt	39
Audit Result and Comment:	
Compensation and Benefits	40
Supplemental Audit of Federal Awards:	
Independent Auditor's Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133.....	42-43
Schedule of Expenditures of Federal Awards	44
Note to Schedule of Expenditures of Federal Awards.....	45
Schedule of Findings and Questioned Costs	46-47
Auditee Prepared Schedules:	
Summary Schedule of Prior Audit Findings	48
Corrective Action Plan.....	49
Exit Conference.....	50

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Retha S. Hicks	01-01-04 to 12-31-11
President of the Town Council	Rolly Ortega Dave Delp Joy Lohse	01-01-06 to 12-31-06 01-01-07 to 12-31-07 01-01-08 to 12-31-08
Superintendent of Wastewater Utility	Severn Trent, Inc.	01-01-06 to 12-31-08



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

TO: THE OFFICIALS OF THE TOWN OF WINONA LAKE, KOSCIUSKO 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 Winona Lake (Town), as of and for the years ended December 31, 2006 and 2007, which collectively comprise the Town's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note I, the Town prepares its financial statements on the prescribed basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The basis of accounting noted above is a different basis than that used in the prior year.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash and investment balances of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town as of December 31, 2006 and 2007, and the respective cash receipts and cash disbursements during the years then ended on the basis of accounting described in Note I.

In accordance with Government Auditing Standards, we have also issued a report dated August 27, 2008, on our consideration of the Town's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. 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.

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 are necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The Combining Schedules, as listed in the Table of Contents, Schedule of Capital Assets, and Schedule of Long-Term Debt are presented for additional analysis and are not required parts of the basic financial statements. The Combining Schedules, as listed in the Table of Contents, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The Schedule of Capital Assets and Schedule of Long-Term Debt have not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

August 27, 2008



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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

TO: THE OFFICIALS OF THE TOWN OF WINONA LAKE, KOSCIUSKO COUNTY, INDIANA

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Winona Lake (Town), as of and for the years ended December 31, 2006 and 2007, which collectively comprise the Town's basic financial statements and have issued our report thereon dated August 27, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be significant deficiencies or material weaknesses, as defined above.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of the Town's management, Town Council, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

August 27, 2008

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

Functions/Programs	Program Receipts			Net (Disbursement) Receipt and Changes in Net Assets		
	Disbursements	Charges for Services	Operating Grants and Contributions	Primary Government		
				Governmental Activities	Business-Type Activities	Totals
Primary government:						
Governmental activities:						
General government	\$ 349,845	\$ 44,826	\$ -	\$ (305,019)	\$ -	\$ (305,019)
Public safety	692,396	1,856	441,703	(248,837)	-	(248,837)
Highways and streets	707,525	50	278,730	(428,745)	-	(428,745)
Sanitation	134,412	1,057	-	(133,355)	-	(133,355)
Economic development	107,187	-	89,126	(18,061)	-	(18,061)
Culture and recreation	260,293	22,596	-	(237,697)	-	(237,697)
Debt service	37,725	-	-	(37,725)	-	(37,725)
Total governmental activities	2,289,383	70,385	809,559	(1,409,439)	-	(1,409,439)
Business-type activities:						
Wastewater	646,767	776,671	-	-	129,904	129,904
Total primary government	\$ 2,936,150	\$ 847,056	\$ 809,559	(1,409,439)	129,904	(1,279,535)
General receipts:						
Property taxes				887,260	-	887,260
Other local sources				180,358	-	180,358
Grants and contributions not restricted to specific programs				703,973	-	703,973
Unrestricted investment earnings				83,297	62,575	145,872
Total general receipts				1,854,888	62,575	1,917,463
Change in net assets				445,449	192,479	637,928
Net assets - beginning				2,986,200	1,388,580	4,374,780
Net assets - ending				\$ 3,431,649	\$ 1,581,059	\$ 5,012,708
<u>Assets</u>						
Cash and investments				\$ 3,242,112	\$ 1,043,778	\$ 4,285,890
Restricted assets:						
Cash and investments				189,537	537,281	726,818
Total assets				\$ 3,431,649	\$ 1,581,059	\$ 5,012,708
<u>Net Assets</u>						
Restricted for:						
Debt service				\$ 189,537	\$ 396,500	\$ 586,037
Other purposes				-	140,781	140,781
Unrestricted				3,242,112	1,043,778	4,285,890
Total net assets				\$ 3,431,649	\$ 1,581,059	\$ 5,012,708

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

TOWN OF WINONA LAKE
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
GOVERNMENTAL FUNDS
For The Year Ended December 31, 2006

	General	CEDIT	Motor Vehicle Highway	Other Governmental Funds	Totals
Receipts:					
Taxes	\$ 374,598	\$ -	\$ 375,460	\$ 137,202	\$ 887,260
Licenses and permits	8,459	-	50	-	8,509
Intergovernmental	439,118	256,868	200,960	616,586	1,513,532
Charges for services	29,267	-	-	22,596	51,863
Fines and forfeits	8,157	-	-	1,856	10,013
Other	99,734	11,348	5,139	147,434	263,655
Total receipts	959,333	268,216	581,609	925,674	2,734,832
Disbursements:					
General government	349,445	-	-	400	349,845
Public safety	317,264	-	-	354,533	671,797
Highways and streets	35,908	-	608,578	-	644,486
Sanitation	134,412	-	-	-	134,412
Culture and recreation	6,535	-	-	122,573	129,108
Urban redevelopment and housing	-	-	-	107,187	107,187
Debt service:					
Principal	-	-	-	10,000	10,000
Interest	14,850	-	-	12,875	27,725
Capital outlay:					
Public safety	-	-	-	20,599	20,599
Highways and streets	-	63,039	-	-	63,039
Culture and recreation	-	131,185	-	-	131,185
Total disbursements	858,414	194,224	608,578	628,167	2,289,383
Excess (deficiency) of receipts over disbursements	100,919	73,992	(26,969)	297,507	445,449
Other financing sources (uses):					
Transfers in	-	-	-	85,000	85,000
Transfers out	(45,000)	-	(40,000)	-	(85,000)
Total other financing sources (uses)	(45,000)	-	(40,000)	85,000	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	55,919	73,992	(66,969)	382,507	445,449
Cash and investment fund balance - beginning	837,226	724,259	334,902	1,089,813	2,986,200
Cash and investment fund balance - ending	893,145	798,251	267,933	1,472,320	3,431,649
Cash and Investment Assets - December 31					
Cash and investments	893,145	798,251	267,933	1,282,783	3,242,112
Restricted assets:					
Cash and investments	-	-	-	189,537	189,537
Total cash and investment assets - December 31	893,145	798,251	267,933	1,472,320	3,431,649
Cash and Investment Fund Balance - December 31					
Restricted for:					
Debt service	-	-	-	189,537	189,537
Unrestricted	893,145	798,251	267,933	1,282,783	3,242,112
Total cash and investment fund balance - December 31	893,145	798,251	267,933	1,472,320	3,431,649

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

TOWN OF WINONA LAKE
STATEMENT OF ASSETS AND FUND BALANCES AND
RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
PROPRIETARY FUND
As of and for the Year Ended December 31, 2006

	Wastewater Utility
Operating receipts:	
Residential and commercial sales	\$ 754,104
Penalties	8,705
Tap fees	2,270
Other	11,592
Total operating receipts	776,671
Operating disbursements:	
Collection system expense - operations and maintenance:	
Salaries and wages	36,196
Materials and supplies	2,284
Contractual services	4,998
Repairs	63,941
Transportation	35
Miscellaneous	3,902
Treatment and disposal expense - operations and maintenance:	
Purchased wastewater treatment	230,154
Administrative and general:	
Salaries and wages	32,292
Employee pensions and benefits	24,305
Materials and supplies	3,088
Contractual services	124,471
Miscellaneous	18,094
Total operating disbursements	543,760
Excess of operating receipts over operating disbursements	232,911
Nonoperating receipts (disbursements):	
Interest and investment receipts	62,575
Debt service of principal	(97,545)
Interest and investment disbursement	(5,462)
Total nonoperating receipts (disbursements)	(40,432)
Excess of receipts over disbursements and nonoperating receipts (disbursements)	192,479
Cash and investment fund balance - beginning	1,388,580
Cash and investment fund balance - ending	\$ 1,581,059
<u>Cash and Investment Assets - December 31</u>	
Cash and investments	\$ 1,043,778
Restricted assets:	
Cash and investments	537,281
Total cash and investment assets - December 31	\$ 1,581,059
<u>Cash and Investment Fund Balance - December 31</u>	
Restricted for:	
Debt service	\$ 140,781
Other purposes	396,500
Unrestricted	1,043,778
Total cash and investment fund balance - December 31	\$ 1,581,059

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

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

	Agency Fund
	Payroll
Additions:	
Agency fund additions	\$ 703,442
Deductions:	
Agency fund deductions	700,659
Excess of total additions over total deductions	2,783
Cash and investment fund balance - beginning	2,758
Cash and investment fund balance - ending	\$ 5,541

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

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

Functions/Programs	Program Receipts			Net (Disbursement) Receipt and Changes in Net Assets		
	Disbursements	Charges for Services	Operating Grants and Contributions	Primary Government		
				Governmental Activities	Business-Type Activities	Totals
Primary government:						
Governmental activities:						
General government	\$ 404,479	\$ 23,967	\$ 65,318	\$ (315,194)	\$ -	\$ (315,194)
Public safety	909,109	13,903	574,547	(320,659)	-	(320,659)
Highways and streets	1,225,044	2,200	247,124	(975,720)	-	(975,720)
Sanitation	166,045	925	-	(165,120)	-	(165,120)
Economic development	34,605	14,514	-	(20,091)	-	(20,091)
Culture and recreation	200,085	26,125	-	(173,960)	-	(173,960)
Debt service	40,950	-	-	(40,950)	-	(40,950)
Total governmental activities	2,980,317	81,634	886,989	(2,011,694)	-	(2,011,694)
Business-type activities:						
Wastewater	863,997	948,450	-	-	84,453	84,453
Total primary government	\$ 3,844,314	\$ 1,030,084	\$ 886,989	(2,011,694)	84,453	(1,927,241)
General receipts:						
Property taxes				976,268	-	976,268
Other local sources				233,063	-	233,063
Grants and contributions not restricted to specific programs				715,664	-	715,664
Unrestricted investment earnings				196,782	88,563	285,345
Total general receipts				2,121,777	88,563	2,210,340
Change in net assets				110,083	173,016	283,099
Net assets - beginning				3,431,649	1,581,059	5,012,708
Net assets - ending				\$ 3,541,732	\$ 1,754,075	\$ 5,295,807
<u>Assets</u>						
Cash and investments				\$ 3,261,821	\$ 1,216,793	\$ 4,478,614
Restricted assets:						
Cash and investments				279,911	537,282	817,193
Total assets				\$ 3,541,732	\$ 1,754,075	\$ 5,295,807
<u>Net Assets</u>						
Restricted for:						
Debt service				\$ 279,911	\$ 140,781	\$ 420,692
Other purposes				-	396,501	396,501
Unrestricted				3,261,821	1,216,793	4,478,614
Total net assets				\$ 3,541,732	\$ 1,754,075	\$ 5,295,807

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

TOWN OF WINONA LAKE
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
GOVERNMENTAL FUNDS
For The Year Ended December 31, 2007

	General	CEDIT	Motor Vehicle Highway	Other Governmental Funds	Totals
Receipts:					
Taxes	\$ 406,844	\$ -	\$ 406,640	\$ 162,784	\$ 976,268
Licenses and permits	7,450	-	1,100	-	8,550
Intergovernmental	399,789	310,849	169,700	722,315	1,602,653
Charges for services	27,781	-	-	40,842	68,623
Fines and forfeits	4,461	-	-	-	4,461
Other	214,624	13,736	107,291	94,194	429,845
Total receipts	1,060,949	324,585	684,731	1,020,135	3,090,400
Disbursements:					
General government	404,479	-	-	-	404,479
Public safety	323,407	-	-	585,702	909,109
Highways and streets	37,730	-	584,720	35,069	657,519
Sanitation	166,045	-	-	-	166,045
Culture and recreation	44,551	-	-	155,534	200,085
Urban redevelopment and housing	-	-	-	34,605	34,605
Debt service:					
Principal	-	-	-	15,000	15,000
Interest	13,700	-	-	12,250	25,950
Capital outlay:					
Highways and streets	-	567,525	-	-	567,525
Total disbursements	989,912	567,525	584,720	838,160	2,980,317
Excess (deficiency) of receipts over disbursements	71,037	(242,940)	100,011	181,975	110,083
Cash and investment fund balance - beginning	893,145	798,251	267,933	1,472,320	3,431,649
Cash and investment fund balance - ending	<u>\$ 964,182</u>	<u>\$ 555,311</u>	<u>\$ 367,944</u>	<u>\$ 1,654,295</u>	<u>\$ 3,541,732</u>
<u>Cash and Investment Assets - December 31</u>					
Cash and investments	\$ 964,182	\$ 555,311	\$ 367,944	\$ 1,374,384	\$ 3,261,821
Restricted assets:					
Cash and investments	-	-	-	279,911	279,911
Total cash and investment assets - December 31	<u>\$ 964,182</u>	<u>\$ 555,311</u>	<u>\$ 367,944</u>	<u>\$ 1,654,295</u>	<u>\$ 3,541,732</u>
<u>Cash and Investment Fund Balance - December 31</u>					
Restricted for:					
Debt service	\$ -	\$ -	\$ -	\$ 279,911	\$ 279,911
Unrestricted	964,182	555,311	367,944	1,374,384	3,261,821
Total cash and investment fund balance - December 31	<u>\$ 964,182</u>	<u>\$ 555,311</u>	<u>\$ 367,944</u>	<u>\$ 1,654,295</u>	<u>\$ 3,541,732</u>

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

TOWN OF WINONA LAKE
STATEMENT OF ASSETS AND FUND BALANCES AND
RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
PROPRIETARY FUND
As of and for the Year Ended December 31, 2007

	Wastewater Utility
Operating receipts:	
Residential and commercial sales	\$ 912,754
Penalties	8,431
Tap fees	2,228
Other	25,037
Total operating receipts	948,450
Operating disbursements:	
Collection system expense - operations and maintenance:	
Salaries and wages	41,509
Materials and supplies	2,052
Contractual services	3,363
Repairs	39,446
Transportation	1,771
Miscellaneous	4,447
Treatment and disposal expense - operations and maintenance:	
Purchased wastewater treatment	449,735
Administrative and general:	
Salaries and wages	33,533
Employee pensions and benefits	30,057
Contractual services	127,040
Miscellaneous	28,491
Total operating disbursements	761,444
Excess of operating receipts over operating disbursements	187,006
Nonoperating receipts (disbursements):	
Interest and investment receipts	88,563
Debt service of principal	(98,765)
Interest and investment disbursement	(3,788)
Total nonoperating receipts (disbursements)	(13,990)
Excess of receipts over disbursements and nonoperating receipts (disbursements)	173,016
Cash and investment fund balance - beginning	1,581,059
Cash and investment fund balance - ending	\$ 1,754,075
<u>Cash and Investment Assets - December 31</u>	
Cash and investments	\$ 1,216,793
Restricted assets:	
Cash and investments	537,282
Total cash and investment assets - December 31	\$ 1,754,075
<u>Cash and Investment Fund Balance - December 31</u>	
Restricted for:	
Debt service	\$ 140,781
Other purposes	396,501
Unrestricted	1,216,793
Total cash and investment fund balance - December 31	\$ 1,754,075

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

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

	Agency Fund
	Payroll
Additions:	
Contributions:	
Agency fund additions	\$ 823,158
Deductions:	
Agency fund deductions	822,559
Excess of total additions over total deductions	599
Cash and investment fund balance - beginning	5,541
Cash and investment fund balance - ending	\$ 6,140

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

TOWN OF WINONA LAKE
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, wastewater, and urban redevelopment and housing.

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

Primary Government: Town of Winona Lake

In determining the financial reporting entity, the Town complies with the provisions of GASB Statement No. 14, *The Financial Reporting Entity*.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The Statement of Activities and Net Assets – Cash and Investment Basis displays information about the reporting government as a whole. It includes all funds of the reporting entity except for fiduciary funds. The statement distinguishes between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, 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 CEDIT fund (capital projects) accounts for the Town's use of economic development income tax revenues.

The motor vehicle highway fund (special revenue) accounts for the activities of maintaining the Town's streets.

The Town reports the following major proprietary fund:

The wastewater utility fund accounts for the operation of the wastewater treatment plant, pumping stations, and collection systems.

TOWN OF WINONA LAKE
NOTES TO FINANCIAL STATEMENTS
(Continued)

Additionally, the Town reports the following fund type:

The agency fund accounts for assets held by the Town as an agent for payroll deductions.

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.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

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.

2. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the Town in June and in 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

TOWN OF WINONA LAKE
NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

3. 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.

4. 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.

5. 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, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general receipts rather than as program receipts. Likewise, general receipts include all taxes.

TOWN OF WINONA LAKE
NOTES TO FINANCIAL STATEMENTS
(Continued)

2. Operating Receipts and Disbursements

Operating receipts and disbursements for proprietary funds and the similar discretely presented component unit result from providing services and producing and delivering goods and/or services. They also include all receipts and disbursements not related to capital and related financing, noncapital financing, or investing activities.

F. Internal and Interfund Balances and Activities

In the process of aggregating the financial information for the government-wide Statement of Activities and Net Assets – Cash and Investment Basis, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified.

Fund Financial Statements

1. Interfund services – Sales or purchases of goods and services between funds are reported as receipts and disbursements.
2. Interfund reimbursements – Repayments from funds responsible for certain disbursements to the funds that initially paid for them are not reported as reimbursements but as adjustments to disbursements in the respective funds.
3. Interfund transfers – Flow of assets from one fund to another where repayment is not expected are 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 government-wide Statement of Activities and Net Assets – 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.

Prior to the first required publication, the fiscal officer of the Town submits to the governing board a proposed operating budget for the year commencing the following January 1. Prior to adoption, the budget is advertised and public hearings are conducted by the governing board to obtain taxpayer comments. In September of each year, the governing board, through the passage of a resolution/ ordinance, approves the budget for the next year. Copies of the budget resolution/ordinance and the

TOWN OF WINONA LAKE
NOTES TO FINANCIAL STATEMENTS
(Continued)

advertisement for funds for which property taxes are levied or highway use taxes are received are sent to the Indiana Department of Local Government Finance. The budget becomes legally enacted after the fiscal officer of the Town receives approval of the Indiana Department of Local Government Finance.

The Town's management cannot transfer budgeted appropriations between object classifications of a budget without approval of the governing board. The Indiana Department of Local Government Finance must approve any revisions to the appropriations for any fund or any department of the General Fund. The legal level of budgetary control is by object and department within the fund for the General Fund and by object within the fund for all other budgeted funds.

III. Detailed Notes on All Funds

A. Deposits and Investments

1. Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Indiana Code 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision. The Town does not have a deposit policy for custodial credit risk.

The bank balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

2. Investments

As of December 31, 2007, the Town had the following investments: Corporate Stock, \$15,466. These investments were given to the Town.

Statutory Authorization for Investments

Indiana Code 5-13-9 authorizes the Town to invest in securities backed by the full faith and credit of the United States Treasury or fully guaranteed by the United States of America and issued by the United States Treasury, a federal agency, a federal instrumentality, or a federal government sponsored enterprise. Indiana Code also authorizes the Town to invest in securities fully guaranteed and issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise. These investments are required by statute to have a stated final maturity of not more than two years.

Indiana Code also provides for investment in money market mutual funds that are in the form of securities of, or interest in, an open-end, no-load, management-type investment company or investment trust registered under the provision of the federal Investment Company Act of 1940, as amended. Investments in money market mutual funds may not exceed 50% of the funds held by the Town and available for investment. The portfolio of an investment company or investment trust used must be limited to direct obligations of the United States of America, obligations issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise or repurchase agreements fully collateralized by direct obligations of the United States of America or obligations issued by a federal agency, a federal

TOWN OF WINONA LAKE
NOTES TO FINANCIAL STATEMENTS
(Continued)

instrumentality, or a federal government sponsored enterprise. The form of securities of, or interest in, an investment company or investment trust must be rated as AAA, or its equivalent by Standard and Poor's Corporation or its successor or Aaa, or its equivalent, by Moody's Investors Service, Inc., or its successor. The form of securities in an investment company or investment trust should have a stated final maturity of one day.

Additionally, the Town may enter into repurchase agreements with depositories designated by the State Board of Finance as depositories for state deposits involving the Town's purchase and guaranteed resale of any interest-bearing obligations issued or fully insured or guaranteed by the United States of America, a United States of America government agency, an instrumentality of the United States of America, or a federal government sponsored enterprise. The repurchase agreement is considered to have a stated final maturity of one day. This agreement must be fully collateralized by interest-bearing obligations as determined by their current market value.

Investment Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The Town does not have a formal investment policy for custodial credit risk for investments.

The following investments held by the Town were exposed to custodial credit risks because they are uninsured and unregistered with securities held by the counterparty, or the counterparty's trust department or agent, either in the government's name or not in the government's name: Corporate Stock, \$15,466.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Town must follow state statute and limit the stated final maturities of the investments to no more than two years. The Town does not have a formal investment policy for interest rate risk for investments. None of the Town's investments are subject to interest rate risk.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The distribution of securities with credit ratings is summarized below. The Town does not have a formal investment policy for credit risk for investments. None of the Town's investments are subject to interest rate risk.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The Town does not have a policy in regards to concentration of credit risk. United States of America government and United States of America governmental agency securities are exempt from this policy requirement. All of the Town's investments were in Corporate Stock, \$15,466, which were donated to the Town.

TOWN OF WINONA LAKE
NOTES TO FINANCIAL STATEMENTS
(Continued)

Foreign Currency Risk

The Town does not have a formal policy in regards to foreign currency risk. None of the Town's investments were subject to foreign currency risk.

B. Interfund Transfers

Interfund transfers for the years ended December 31, 2006 and 2007, were as follows:

Transfer From	Transfer To	2006
General Fund	Other Governmental funds	\$ 45,000
Motor Vehicle Highway Fund	Other Governmental funds	40,000
Total		\$ 85,000

The Town typically uses transfers for cash flow purposes as provided by various statutory provisions.

C. Restatements and Reclassifications

For the year ended December 31, 2006, certain changes have been made to the financial statements to more appropriately reflect financial activity of the Town. The following schedule presents a summary of restated beginning balances by opinion unit. Prior period adjustments represent previously omitted corporate stock given to the Town during 2003.

Opinion Unit	Balance as Reported December 31, 2005	Prior Period Adjustments	Balance as Restated January 1, 2006
Governmental activities	\$ 2,975,297	\$ 10,903	\$ 2,986,200
Other governmental funds	1,078,910	10,903	1,089,813

IV. Other Information

A. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; and natural disasters.

The risks of torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters are covered by commercial insurance from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance by major category of risk.

TOWN OF WINONA LAKE
NOTES TO FINANCIAL STATEMENTS
(Continued)

Job Related Illnesses or Injuries to Employees

During 1995, the Town joined other governmental entities in the Indiana Public Employers' Plan (IPEP), a public entity risk pool currently operating as a common risk management and insurance program for approximately 740 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 workers' compensation insurance plans for the benefit of member governments. 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.

B. Subsequent Events

During 2008, the Town hired a financial consultant to study the effects of a possible bond issue to finance street improvements.

C. Conduit Debt Obligation

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

During 2006, the Town approved two economic development revenue bond issues for a total of \$23,000,000. No information is available for the aggregate principal outstanding on previously issued economic development revenue bond issues.

D. Rate Structure – Enterprise Funds

Wastewater Utility

The current rate structure was approved by the Town Council on November 28, 2006.

E. Pension Plan

Agent Multiple-Employer Defined Benefit 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

TOWN OF WINONA LAKE
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

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.

Actuarial Information for the Above Plan

	PERF
Annual required contribution	\$ 15,141
Interest on net pension obligation	(1,258)
Adjustment to annual required contribution	1,434
Annual pension cost	15,317
Contributions made	22,340
Decrease in net pension obligation	(7,023)
Net pension obligation, beginning of year	(17,353)
Net pension obligation, end of year	\$ (24,376)

TOWN OF WINONA LAKE
NOTES TO FINANCIAL STATEMENTS
(Continued)

	PERF
Contribution rates:	
Town	5.25%
Plan members	3%
Actuarial valuation date	07-01-07
Actuarial cost method	Entry age
Amortization method	Level percentage of projected payroll, closed
Amortization period	30 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%

Three Year Trend Information

	Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
PERF	06-30-05	\$ 9,738	191%	\$ (13,325)
	06-30-06	16,161	125%	(17,353)
	06-30-07	15,317	146%	(24,376)

TOWN OF WINONA LAKE
 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 AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Excess AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-05	\$ 463,384	\$ 409,417	\$ 53,967	113%	\$ 362,874	15%
07-01-06	582,490	439,782	142,708	132%	404,229	35%
07-01-07	583,186	419,663	163,523	139%	443,366	37%

TOWN OF WINONA LAKE
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2006

	Local Road and Street	Canal Project	Parks and Recreation	Winona Lake Days Donations	Winona Lake Improvement Donations	Law Enforcement Continuing Education
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	40,646	-	-	-	-	-
Charges for services	-	-	22,596	-	-	-
Fines and forfeits	-	-	-	-	-	1,856
Other	-	16,770	11,360	35,298	1,000	-
Total receipts	40,646	16,770	33,956	35,298	1,000	1,856
Disbursements:						
General government	-	-	-	-	400	-
Public safety	-	-	-	-	-	10
Culture and recreation	-	53,776	21,129	7,668	-	-
Urban redevelopment and housing	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Capital outlay:						
Public safety	-	-	-	-	-	-
Total disbursements	-	53,776	21,129	7,668	400	10
Excess (deficiency) of receipts over disbursements	40,646	(37,006)	12,827	27,630	600	1,846
Other financing sources (uses):						
Transfer In	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	40,646	(37,006)	12,827	27,630	600	1,846
Cash and investment fund balance - beginning	46,281	37,426	49,204	30,943	10,195	4,069
Cash and investment fund balance - ending	<u>\$ 86,927</u>	<u>\$ 420</u>	<u>\$ 62,031</u>	<u>\$ 58,573</u>	<u>\$ 10,795</u>	<u>\$ 5,915</u>
<u>Cash and Investment Assets - December 31</u>						
Cash and investments	\$ 86,927	\$ 420	\$ 62,031	\$ 58,573	\$ 10,795	\$ 5,915
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - December 31	<u>\$ 86,927</u>	<u>\$ 420</u>	<u>\$ 62,031</u>	<u>\$ 58,573</u>	<u>\$ 10,795</u>	<u>\$ 5,915</u>
<u>Cash and Investment Fund Balance - December 31</u>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	<u>86,927</u>	<u>420</u>	<u>62,031</u>	<u>58,573</u>	<u>10,795</u>	<u>5,915</u>
Total cash and investment fund balance - December 31	<u>\$ 86,927</u>	<u>\$ 420</u>	<u>\$ 62,031</u>	<u>\$ 58,573</u>	<u>\$ 10,795</u>	<u>\$ 5,915</u>

TOWN OF WINONA LAKE
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2006
 (Continued)

	DUI State Grant	OPO Grant Winona Lake	OPO State Grant	Police Vending Machine	Police Donation	LLE Block Grant
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	17,950	1,587	11,881	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other	-	-	-	417	863	-
Total receipts	17,950	1,587	11,881	417	863	-
Disbursements:						
General government	-	-	-	-	-	-
Public safety	23,965	1,785	7,299	404	6,130	-
Culture and recreation	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Capital outlay:						
Public safety	-	-	-	-	-	-
Total disbursements	23,965	1,785	7,299	404	6,130	-
Excess (deficiency) of receipts over disbursements	(6,015)	(198)	4,582	13	(5,267)	-
Other financing sources (uses):						
Transfer In	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(6,015)	(198)	4,582	13	(5,267)	-
Cash and investment fund balance - beginning	6,029	550	-	1,367	5,871	15
Cash and investment fund balance - ending	<u>\$ 14</u>	<u>\$ 352</u>	<u>\$ 4,582</u>	<u>\$ 1,380</u>	<u>\$ 604</u>	<u>\$ 15</u>
Cash and Investment Assets - December 31						
Cash and investments	\$ 14	\$ 352	\$ 4,582	\$ 1,380	\$ 604	\$ 15
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - December 31	<u>\$ 14</u>	<u>\$ 352</u>	<u>\$ 4,582</u>	<u>\$ 1,380</u>	<u>\$ 604</u>	<u>\$ 15</u>
Cash and Investment Fund Balance - December 31						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	14	352	4,582	1,380	604	15
Total cash and investment fund balance - December 31	<u>\$ 14</u>	<u>\$ 352</u>	<u>\$ 4,582</u>	<u>\$ 1,380</u>	<u>\$ 604</u>	<u>\$ 15</u>

TOWN OF WINONA LAKE
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2006
 (Continued)

	LLE Block Grant Reimbursement Phil	LLE Block Grant Reimbursement Larry	LLE Block Grant Reimbursement Chris	LLE Block Grant Reimbursement Andrea	LLE Block Grant Reimbursement John	LLE Block Grant Reimbursement Jeanette
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	73,750	73,750	73,750	32,500	32,500	45,939
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total receipts	<u>73,750</u>	<u>73,750</u>	<u>73,750</u>	<u>32,500</u>	<u>32,500</u>	<u>45,939</u>
Disbursements:						
General government	-	-	-	-	-	-
Public safety	64,149	63,588	66,220	13,084	15,980	26,437
Culture and recreation	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Capital outlay:						
Public safety	-	-	-	-	-	-
Total disbursements	<u>64,149</u>	<u>63,588</u>	<u>66,220</u>	<u>13,084</u>	<u>15,980</u>	<u>26,437</u>
Excess (deficiency) of receipts over disbursements	<u>9,601</u>	<u>10,162</u>	<u>7,530</u>	<u>19,416</u>	<u>16,520</u>	<u>19,502</u>
Other financing sources (uses):						
Transfer In	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	9,601	10,162	7,530	19,416	16,520	19,502
Cash and investment fund balance - beginning	<u>9,632</u>	<u>9,993</u>	<u>12,449</u>	-	-	-
Cash and investment fund balance - ending	<u>\$ 19,233</u>	<u>\$ 20,155</u>	<u>\$ 19,979</u>	<u>\$ 19,416</u>	<u>\$ 16,520</u>	<u>\$ 19,502</u>
<u>Cash and Investment Assets - December 31</u>						
Cash and investments	\$ 19,233	\$ 20,155	\$ 19,979	\$ 19,416	\$ 16,520	\$ 19,502
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - December 31	<u>\$ 19,233</u>	<u>\$ 20,155</u>	<u>\$ 19,979</u>	<u>\$ 19,416</u>	<u>\$ 16,520</u>	<u>\$ 19,502</u>
<u>Cash and Investment Fund Balance - December 31</u>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	<u>19,233</u>	<u>20,155</u>	<u>19,979</u>	<u>19,416</u>	<u>16,520</u>	<u>19,502</u>
Total cash and investment fund balance - December 31	<u>\$ 19,233</u>	<u>\$ 20,155</u>	<u>\$ 19,979</u>	<u>\$ 19,416</u>	<u>\$ 16,520</u>	<u>\$ 19,502</u>

TOWN OF WINONA LAKE
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2006
 (Continued)

	DUI	Community Drug Free - LLEL	Housing and Urban Development	Housing Authority Reimbursement	Housing Authority Rehabilitation	Redevelopment District Bond
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 94,845
Intergovernmental	4,346	73,750	-	-	89,126	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other	-	-	-	20,412	7,267	-
Total receipts	4,346	73,750	-	20,412	96,393	94,845
Disbursements:						
General government	-	-	-	-	-	-
Public safety	4,346	61,136	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Urban redevelopment and housing	-	-	91	13,861	93,235	-
Debt service:						
Principal	-	-	-	-	-	10,000
Interest	-	-	-	-	-	12,875
Capital outlay:						
Public safety	-	-	-	-	-	-
Total disbursements	4,346	61,136	91	13,861	93,235	22,875
Excess (deficiency) of receipts over disbursements	-	12,614	(91)	6,551	3,158	71,970
Other financing sources (uses):						
Transfer In	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	12,614	(91)	6,551	3,158	71,970
Cash and investment fund balance - beginning	-	7,409	5,779	127,311	-	117,567
Cash and investment fund balance - ending	\$ -	\$ 20,023	\$ 5,688	\$ 133,862	\$ 3,158	\$ 189,537
Cash and Investment Assets - December 31						
Cash and investments	\$ -	\$ 20,023	\$ 5,688	\$ 133,862	\$ 3,158	\$ -
Restricted assets:						
Cash and investments	-	-	-	-	-	189,537
Total cash and investment assets - December 31	\$ -	\$ 20,023	\$ 5,688	\$ 133,862	\$ 3,158	\$ 189,537
Cash and Investment Fund Balance - December 31						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 189,537
Unrestricted	-	20,023	5,688	133,862	3,158	-
Total cash and investment fund balance - December 31	\$ -	\$ 20,023	\$ 5,688	\$ 133,862	\$ 3,158	\$ 189,537

TOWN OF WINONA LAKE
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2006
 (Continued)

	Christmas Decorations	Firefighting	Senior Center	Brownfield Grant	Flowing Well Donation
Receipts:					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-
Charges for services	-	-	-	-	-
Fines and forfeits	-	-	-	-	-
Other	9	2,000	38	-	52,000
Total receipts	9	2,000	38	-	52,000
Disbursements:					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Culture and recreation	-	-	-	-	40,000
Urban redevelopment and housing	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Capital outlay:					
Public safety	-	-	-	-	-
Total disbursements	-	-	-	-	40,000
Excess (deficiency) of receipts over disbursements	9	2,000	38	-	12,000
Other financing sources (uses):					
Transfer In	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	9	2,000	38	-	12,000
Cash and investment fund balance - beginning	863	1,400	55	14	155,025
Cash and investment fund balance - ending	<u>\$ 872</u>	<u>\$ 3,400</u>	<u>\$ 93</u>	<u>\$ 14</u>	<u>\$ 167,025</u>
<u>Cash and Investment Assets - December 31</u>					
Cash and investments	\$ 872	\$ 3,400	\$ 93	\$ 14	\$ 167,025
Restricted assets:					
Cash and investments	-	-	-	-	-
Total cash and investment assets - December 31	<u>\$ 872</u>	<u>\$ 3,400</u>	<u>\$ 93</u>	<u>\$ 14</u>	<u>\$ 167,025</u>
<u>Cash and Investment Fund Balance - December 31</u>					
Restricted for:					
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	872	3,400	93	14	167,025
Total cash and investment fund balance - December 31	<u>\$ 872</u>	<u>\$ 3,400</u>	<u>\$ 93</u>	<u>\$ 14</u>	<u>\$ 167,025</u>

TOWN OF WINONA LAKE
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2006
 (Continued)

	Rainy Day	Riverboat Gambling	Cumulative Capital Improvement	Cumulative Capital Development	Totals
Receipts:					
Taxes	\$ -	\$ -	\$ -	\$ 42,357	\$ 137,202
Intergovernmental	-	25,089	14,243	5,779	616,586
Charges for services	-	-	-	-	22,596
Fines and forfeits	-	-	-	-	1,856
Other	-	-	-	-	147,434
Total receipts	-	25,089	14,243	48,136	925,674
Disbursements:					
General government	-	-	-	-	400
Public safety	-	-	-	-	354,533
Culture and recreation	-	-	-	-	122,573
Urban redevelopment and housing	-	-	-	-	107,187
Debt service:					
Principal	-	-	-	-	10,000
Interest	-	-	-	-	12,875
Capital outlay:					
Public safety	-	-	-	20,599	20,599
Total disbursements	-	-	-	20,599	628,167
Excess (deficiency) of receipts over disbursements	-	25,089	14,243	27,537	297,507
Other financing sources (uses):					
Transfer In	85,000	-	-	-	85,000
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	85,000	25,089	14,243	27,537	382,507
Cash and investment fund balance - beginning	25,616	75,493	133,304	215,953	1,089,813
Cash and investment fund balance - ending	<u>\$ 110,616</u>	<u>\$ 100,582</u>	<u>\$ 147,547</u>	<u>\$ 243,490</u>	<u>\$ 1,472,320</u>
<u>Cash and Investment Assets - December 31</u>					
Cash and investments	\$ 110,616	\$ 100,582	\$ 147,547	\$ 243,490	\$ 1,282,783
Restricted assets:					
Cash and investments	-	-	-	-	189,537
Total cash and investment assets - December 31	<u>\$ 110,616</u>	<u>\$ 100,582</u>	<u>\$ 147,547</u>	<u>\$ 243,490</u>	<u>\$ 1,472,320</u>
<u>Cash and Investment Fund Balance - December 31</u>					
Restricted for:					
Debt service	\$ -	\$ -	\$ -	\$ -	\$ 189,537
Unrestricted	110,616	100,582	147,547	243,490	1,282,783
Total cash and investment fund balance - December 31	<u>\$ 110,616</u>	<u>\$ 100,582</u>	<u>\$ 147,547</u>	<u>\$ 243,490</u>	<u>\$ 1,472,320</u>

TOWN OF WINONA LAKE
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2007

	Local Road and Street	Canal Project	Parks and Recreation	Winona Lake Days Donations	Winona Lake Improvement Donations	Law Enforcement Continuing Education
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	40,750	-	-	65,318	-	-
Charges for services	-	-	26,125	-	-	-
Other	-	19,100	11,932	35,291	-	1,486
Total receipts	40,750	19,100	38,057	100,609	-	1,486
Disbursements:						
Public safety	-	-	-	-	-	1,191
Highways and streets	-	-	-	-	-	-
Culture and recreation	-	5,633	30,208	119,693	-	-
Urban redevelopment and housing	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Total disbursements	-	5,633	30,208	119,693	-	1,191
Excess (deficiency) of receipts over disbursements	40,750	13,467	7,849	(19,084)	-	295
Cash and investment fund balance - beginning	86,927	420	62,031	58,573	10,795	5,915
Cash and investment fund balance - ending	<u>\$ 127,677</u>	<u>\$ 13,887</u>	<u>\$ 69,880</u>	<u>\$ 39,489</u>	<u>\$ 10,795</u>	<u>\$ 6,210</u>
<u>Cash and Investment Assets - December 31</u>						
Cash and investments	\$ 127,677	\$ 13,887	\$ 69,880	\$ 39,489	\$ 10,795	\$ 6,210
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - December 31	<u>\$ 127,677</u>	<u>\$ 13,887</u>	<u>\$ 69,880</u>	<u>\$ 39,489</u>	<u>\$ 10,795</u>	<u>\$ 6,210</u>
<u>Cash and Investment Fund Balance - December 31</u>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	127,677	13,887	69,880	39,489	10,795	6,210
Total cash and investment fund balance - December 31	<u>\$ 127,677</u>	<u>\$ 13,887</u>	<u>\$ 69,880</u>	<u>\$ 39,489</u>	<u>\$ 10,795</u>	<u>\$ 6,210</u>

TOWN OF WINONA LAKE
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2007
 (Continued)

	DUI State Grant	OPO Grant Winona Lake	OPO State Grant	Police Vending Machine	Police Donation	LLE Block Grant
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	49,664	2,078	58,169	-	5,319	-
Charges for services	-	-	-	203	-	-
Other	-	-	-	-	14,131	-
Total receipts	<u>49,664</u>	<u>2,078</u>	<u>58,169</u>	<u>203</u>	<u>19,450</u>	<u>-</u>
Disbursements:						
Public safety	39,189	2,430	48,785	-	19,619	-
Highways and streets	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Total disbursements	<u>39,189</u>	<u>2,430</u>	<u>48,785</u>	<u>-</u>	<u>19,619</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>10,475</u>	<u>(352)</u>	<u>9,384</u>	<u>203</u>	<u>(169)</u>	<u>-</u>
Cash and investment fund balance - beginning	<u>14</u>	<u>352</u>	<u>4,582</u>	<u>1,380</u>	<u>604</u>	<u>15</u>
Cash and investment fund balance - ending	<u>\$ 10,489</u>	<u>\$ -</u>	<u>\$ 13,966</u>	<u>\$ 1,583</u>	<u>\$ 435</u>	<u>\$ 15</u>
<u>Cash and Investment Assets - December 31</u>						
Cash and investments	\$ 10,489	\$ -	\$ 13,966	\$ 1,583	\$ 435	\$ 15
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - December 31	<u>\$ 10,489</u>	<u>\$ -</u>	<u>\$ 13,966</u>	<u>\$ 1,583</u>	<u>\$ 435</u>	<u>\$ 15</u>
<u>Cash and Investment Fund Balance - December 31</u>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	<u>10,489</u>	<u>-</u>	<u>13,966</u>	<u>1,583</u>	<u>435</u>	<u>15</u>
Total cash and investment fund balance - December 31	<u>\$ 10,489</u>	<u>\$ -</u>	<u>\$ 13,966</u>	<u>\$ 1,583</u>	<u>\$ 435</u>	<u>\$ 15</u>

TOWN OF WINONA LAKE
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2007
 (Continued)

	LLE Block Grant Reimbursement Phil	LLE Block Grant Reimbursement Larry	LLE Block Grant Reimbursement Chris	LLE Block Grant Reimbursement Andrea	LLE Block Grant Reimbursement John	LLE Block Grant Reimbursement Jeanette
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	58,437	58,437	58,437	58,437	58,437	58,437
Charges for services	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total receipts	<u>58,437</u>	<u>58,437</u>	<u>58,437</u>	<u>58,437</u>	<u>58,437</u>	<u>58,437</u>
Disbursements:						
Public safety	66,836	67,796	67,654	66,856	67,457	68,248
Highways and streets	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Total disbursements	<u>66,836</u>	<u>67,796</u>	<u>67,654</u>	<u>66,856</u>	<u>67,457</u>	<u>68,248</u>
Excess (deficiency) of receipts over disbursements	<u>(8,399)</u>	<u>(9,359)</u>	<u>(9,217)</u>	<u>(8,419)</u>	<u>(9,020)</u>	<u>(9,811)</u>
Cash and investment fund balance - beginning	<u>19,233</u>	<u>20,155</u>	<u>19,979</u>	<u>19,416</u>	<u>16,520</u>	<u>19,502</u>
Cash and investment fund balance - ending	<u>\$ 10,834</u>	<u>\$ 10,796</u>	<u>\$ 10,762</u>	<u>\$ 10,997</u>	<u>\$ 7,500</u>	<u>\$ 9,691</u>
<u>Cash and Investment Assets - December 31</u>						
Cash and investments	\$ 10,834	\$ 10,796	\$ 10,762	\$ 10,997	\$ 7,500	\$ 9,691
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - December 31	<u>\$ 10,834</u>	<u>\$ 10,796</u>	<u>\$ 10,762</u>	<u>\$ 10,997</u>	<u>\$ 7,500</u>	<u>\$ 9,691</u>
<u>Cash and Investment Fund Balance - December 31</u>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	<u>10,834</u>	<u>10,796</u>	<u>10,762</u>	<u>10,997</u>	<u>7,500</u>	<u>9,691</u>
Total cash and investment fund balance - December 31	<u>\$ 10,834</u>	<u>\$ 10,796</u>	<u>\$ 10,762</u>	<u>\$ 10,997</u>	<u>\$ 7,500</u>	<u>\$ 9,691</u>

TOWN OF WINONA LAKE
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2007
 (Continued)

	DUI	Community Drug Free - LLEL	Aggressive Driving Grant	INDOT CR 250E Grant	Housing and Urban Development	Housing Authority Reimbursement
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	58,428	15,198	35,069	-	-
Charges for services	-	-	-	-	-	-
Other	-	-	-	-	-	8,102
Total receipts	-	58,428	15,198	35,069	-	8,102
Disbursements:						
Public safety	-	67,636	2,005	-	-	-
Highways and streets	-	-	-	35,069	-	-
Culture and recreation	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	51	20,040
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Total disbursements	-	67,636	2,005	35,069	51	20,040
Excess (deficiency) of receipts over disbursements	-	(9,208)	13,193	-	(51)	(11,938)
Cash and investment fund balance - beginning	-	20,023	-	-	5,688	133,862
Cash and investment fund balance - ending	\$ -	\$ 10,815	\$ 13,193	\$ -	\$ 5,637	\$ 121,924
Cash and Investment Assets - December 31						
Cash and investments	\$ -	\$ 10,815	\$ 13,193	\$ -	\$ 5,637	\$ 121,924
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - December 31	\$ -	\$ 10,815	\$ 13,193	\$ -	\$ 5,637	\$ 121,924
Cash and Investment Fund Balance - December 31						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	10,815	13,193	-	5,637	121,924
Total cash and investment fund balance - December 31	\$ -	\$ 10,815	\$ 13,193	\$ -	\$ 5,637	\$ 121,924

TOWN OF WINONA LAKE
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2007
 (Continued)

	Housing Authority Rehabilitation	Redevelopment District Bond	Christmas Decorations	Firefighting	Senior Center	Brownfield Grant
Receipts:						
Taxes	\$ -	\$ 117,624	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-
Charges for services	14,514	-	-	-	-	-
Other	4,029	-	30	-	93	-
Total receipts	18,543	117,624	30	-	93	-
Disbursements:						
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Urban redevelopment and housing	14,514	-	-	-	-	-
Debt service:						
Principal	-	15,000	-	-	-	-
Interest	-	12,250	-	-	-	-
Total disbursements	14,514	27,250	-	-	-	-
Excess (deficiency) of receipts over disbursements	4,029	90,374	30	-	93	-
Cash and investment fund balance - beginning	3,158	189,537	872	3,400	93	14
Cash and investment fund balance - ending	<u>\$ 7,187</u>	<u>\$ 279,911</u>	<u>\$ 902</u>	<u>\$ 3,400</u>	<u>\$ 186</u>	<u>\$ 14</u>
<u>Cash and Investment Assets - December 31</u>						
Cash and investments	\$ 7,187	\$ -	\$ 902	\$ 3,400	\$ 186	\$ 14
Restricted assets:						
Cash and investments	-	279,911	-	-	-	-
Total cash and investment assets - December 31	<u>\$ 7,187</u>	<u>\$ 279,911</u>	<u>\$ 902</u>	<u>\$ 3,400</u>	<u>\$ 186</u>	<u>\$ 14</u>
<u>Cash and Investment Fund Balance - December 31</u>						
Restricted for:						
Debt service	\$ -	\$ 279,911	\$ -	\$ -	\$ -	\$ -
Unrestricted	7,187	-	902	3,400	186	14
Total cash and investment fund balance - December 31	<u>\$ 7,187</u>	<u>\$ 279,911</u>	<u>\$ 902</u>	<u>\$ 3,400</u>	<u>\$ 186</u>	<u>\$ 14</u>

TOWN OF WINONA LAKE
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2007
 (Continued)

	Flowing Well Donation	Rainy Day	Riverboat Gambling	Cumulative Capital Improvement	Cumulative Capital Development	Totals
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 45,160	\$ 162,784
Intergovernmental	-	-	25,142	14,005	2,553	722,315
Charges for services	-	-	-	-	-	40,842
Other	-	-	-	-	-	94,194
Total receipts	-	-	25,142	14,005	47,713	1,020,135
Disbursements:						
Public safety	-	-	-	-	-	585,702
Highways and streets	-	-	-	-	-	35,069
Culture and recreation	-	-	-	-	-	155,534
Urban redevelopment and housing	-	-	-	-	-	34,605
Debt service:						
Principal	-	-	-	-	-	15,000
Interest	-	-	-	-	-	12,250
Total disbursements	-	-	-	-	-	838,160
Excess (deficiency) of receipts over disbursements	-	-	25,142	14,005	47,713	181,975
Cash and investment fund balance - beginning	167,025	110,616	100,582	147,547	243,490	1,472,320
Cash and investment fund balance - ending	<u>\$ 167,025</u>	<u>\$ 110,616</u>	<u>\$ 125,724</u>	<u>\$ 161,552</u>	<u>\$ 291,203</u>	<u>\$ 1,654,295</u>
<u>Cash and Investment Assets - December 31</u>						
Cash and investments	\$ 167,025	\$ 110,616	\$ 125,724	\$ 161,552	\$ 291,203	\$ 1,374,384
Restricted assets:						
Cash and investments	-	-	-	-	-	279,911
Total cash and investment assets - December 31	<u>\$ 167,025</u>	<u>\$ 110,616</u>	<u>\$ 125,724</u>	<u>\$ 161,552</u>	<u>\$ 291,203</u>	<u>\$ 1,654,295</u>
<u>Cash and Investment Fund Balance - December 31</u>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 279,911
Unrestricted	167,025	110,616	125,724	161,552	291,203	1,374,384
Total cash and investment fund balance - December 31	<u>\$ 167,025</u>	<u>\$ 110,616</u>	<u>\$ 125,724</u>	<u>\$ 161,552</u>	<u>\$ 291,203</u>	<u>\$ 1,654,295</u>

TOWN OF WINONA LAKE
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS

For The Year Ended December 31, 2007

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

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 110,862
Infrastructure	1,822,092
Buildings	1,158,686
Improvements other than buildings	252,093
Machinery and equipment	<u>2,189,971</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 5,533,704</u>

<u>Primary Government</u>	<u>Ending Balance</u>
Business-type activities:	
Wastewater Utility:	
Capital assets, not being depreciated:	
Buildings	\$ 218,989
Improvements other than buildings	2,573,047
Machinery and equipment	<u>429,109</u>
Total business-type activities capital assets	<u>\$ 3,221,145</u>

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

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental Activities:		
Bonds payable:		
Redevelopment TIF Revenue		
1998 Redevelopment Project	\$ 235,000	\$ 26,500
Business-type Activities:		
Wastewater Utility		
Loan:		
1996 State Revolving Fund	\$ 342,529	\$ 44,680
2002 State Revolving Fund	45,000	46,330
Contract Payable:		
Wastewater Treatment Assurance	360,686	31,418
Total business-type activities debt:	\$ 748,215	\$ 122,428

TOWN OF WINONA LAKE
AUDIT RESULT AND COMMENT

COMPENSATION AND BENEFITS

The Town paid six "law enforcement liaisons" salaries ranging from approximately \$46,000 to \$54,000 during the years 2006 and 2007, according to W-2's issued by the Town. The salary rates were not established by the Town Council. A seventh liaison was paid by vendor checks without a contract setting the rate of compensation.

At our exit conference Town officials explained that the Council will be presented with a salary ordinance to establish fiscal year 2008-2009 rates of pay for the liaisons.

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, 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)

SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

Telephone: (317) 232-2513
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 WINONA LAKE, KOSCIUSKO COUNTY, INDIANA

Compliance

We have audited the compliance of the Town of Winona Lake (Town) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the years ended December 31, 2006 and 2007. The Town's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Town's management. Our responsibility is to express an opinion on the Town's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Town's compliance with those requirements.

In our opinion, the Town complied in all material respects with the requirements referred to above that are applicable to each of its major federal programs for the years ended December 31, 2006 and 2007. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2007-1.

Internal Control Over Compliance

The management of the Town is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Town's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A control deficiency in a Town's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies in internal control over compliance described in item 2007-1 of the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. We did not consider any of the deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be material weaknesses.

The Town's response to the finding identified in our audit is described in the accompanying Corrective Action Plan. We did not audit the Town's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Town's management, Town Council, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

August 27, 2008

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

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 12-31-06	Total Federal Awards Expended 12-31-07
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>				
Pass-Through Indiana Housing and Community Development Authority Community Development Block Grants/State's Program Home Investments Partnerships Program	14.228	HD-005-013	\$ 89,126	\$ 14,514
<u>U.S. DEPARTMENT OF JUSTICE</u>				
Pass-Through Indiana Criminal Justice Institute Edward Byrne Memorial Justice Assistance Grant Program Evidence Tracker	16.738	06-DJ-050	-	5,319
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>				
Pass-Through Indiana Criminal Justice Institute Highway Safety Cluster State and Community Highway Safety	20.600			
Law Enforcement Liaison		IN5-06-07-01-04	45,000	-
Law Enforcement Liaison		IN5-06-07-01-05	45,000	-
Law Enforcement Liaison		IN5-06-07-01-06	45,000	-
Law Enforcement Liaison		IN5-06-07-01-07	45,000	-
Law Enforcement Liaison		PT 06-10-10-08	14,539	-
Law Enforcement Liaison		PT 06-10-10-08	245,000	245,000
Law Enforcement Liaison		PT 08-05-01-01	-	175,000
Aggressive Driving Enforcement Program		154HE-2008-01-12	-	2,005
Total for program			439,539	422,005
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	20.601			
DUI Task Force		154AL-06-03-03-11	23,965	-
DUI Task Force		K8-07-03-01-15	-	31,486
Big City/Big County		PT -07-04-01-23	12,500	37,000
Big City/Big County		PT-08-04-01-21	-	24,300
Total for program			36,465	92,786
Total for federal grantor agency			476,004	514,791
Total federal awards expended			\$ 565,130	\$ 534,624

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

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

Circular A-133 requires an annual audit of nonfederal entities expending a total amount of federal awards equal to or in excess of \$500,000 in any fiscal year unless by constitution or statute a less frequent audit is required. In accordance with the Indiana Code (IC 5-11-1 et seq.), audits of Towns with populations under 5,000 shall be conducted biennially. Such audits shall include both years within the biennial period.

TOWN OF WINONA LAKE
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
Significant deficiencies identified that are not considered to be material weaknesses?	none reported

Noncompliance material to financial statements noted? no

Federal Awards:

Internal control over major programs:

Material weaknesses identified?	no
Significant deficiencies identified that are not considered to be material weaknesses?	yes

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? yes

Identification of Major Programs:

Name of Federal Program or Cluster

Highway Safety Cluster

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.

TOWN OF WINONA LAKE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Section III – Federal Award Findings and Questioned Costs

FINDING 2007-1, CASH MANAGEMENT

Federal Agency: U.S. Department of Transportation
Federal Program: State and Community Highway Safety (Law Enforcement Liaison)
CFDA Number: 20.600
Federal Award Numbers: PT 06-10-10-08
PT 08-05-01-01

The Town's system of procuring monies for Law Enforcement Liaison grants does not permit the Town to disburse federal monies in a timely manner. Law Enforcement Liaison grant funds were claimed quarterly from the Indiana Criminal Justice Institute in advance of expenditures, and were not expended within a reasonable time. Based on tests, some funds were being held more than ninety days before being expended.

49 CFR 18.21(c) states: "*Advances.* Grantees and subgrantees shall be paid in advance, provided they maintain or demonstrate the willingness and ability to maintain procedures to minimize the time elapsing between the transfer of the funds and their disbursement by the grantee or subgrantee."

We recommended that the Town establish procedures to shorten the time federal funds are held, such as receiving grant funds monthly or claiming them on a reimbursement basis.

TOWN OF WINONA LAKE
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

TOWN OF WINONA LAKE

P.O. Box 338
Winona Lake IN, 46590
574.267.5783
Fax 574.267.4793

8/27/08

CORRECTIVE ACTION PLAN

FINDING NO. 2007-1 CASH MANAGEMENT

Federal Agency: US Department of Transportation

Federal Program: State and Community Highway Safety (Law Enforcement Liaison)

CFDA Number : 20.600

Federal Award Numbers: PT 06-10-10-08

PT 08-05-01-01

Auditee Contact Person: Craig Allebach

Title of Contact Person: Grant Administrator

Phone Number: 574-269-5112

Expected Completion Date: January 2009

Corrective Action Planned:

To the extent possible, we will request draw downs for those amounts that will meet the current needs of federally funded projects.

Retha S. Hicks



TOWN OF WINONA LAKE
EXIT CONFERENCE

The contents of this report were discussed on August 27, 2008, with Retha S. Hicks, Clerk-Treasurer; and Joy Lohse, President of the Town Council. The officials concurred with our audit findings.