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

EXAMINATION REPORT
OF
TOWN OF WINAMAC
PULASKI COUNTY, INDIANA
January 1, 2008 to December 31, 2009



FILED
10/18/2010

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Judy Heater	01-01-08 to 12-31-11
President of the Town Council	John Plowman	01-01-08 to 12-31-10
Town Manager	James Conner	01-01-08 to 12-31-10
Superintendent of Water Utility	Kevin Roe	01-01-08 to 12-31-10
Superintendent of Wastewater Utility	Brad Zellers	01-01-08 to 12-31-10
Superintendent of Electric Utility	Scott Hanson Doug Shorter	01-01-08 to 12-26-08 02-09-09 to 12-31-10



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the financial information presented herein of the Town of Winamac (Town), for the period of January 1, 2008 to December 31, 2009. 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, 2008 and 2009, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

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

STATE BOARD OF ACCOUNTS

August 3, 2010

TOWN OF WINAMAC
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, 2008 And 2009

	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
Governmental Funds:				
General	\$ 200,200	\$ 928,899	\$ 780,516	\$ 348,583
Motor Vehicle Highway	253,318	184,463	162,052	275,729
Local Road and Street	46,336	10,521	19,995	36,862
Parks	(688)	195,641	80,141	114,812
Law Enforcement Continuing Education	7,975	1,278	-	9,253
Riverboat	76,248	15,168	-	91,416
Rainy Day	61,242	20,701	-	81,943
Cumulative Capital Improvement	52,921	7,864	-	60,785
Cumulative Capital Development	116,760	42,891	-	159,651
County Economic Development Income Tax	127,723	44,992	7,413	165,302
Winamac Economic Development Commission	-	4,589	-	4,589
Special Cemetery	13,139	600	-	13,739
Parking Violations	833	10	445	398
Recreation	13,071	96,382	47,520	61,933
Opera House Planning Grant	49	17,414	17,463	-
Cumulative Storm Sewer Building	32,881	662	69	33,474
Proprietary Funds:				
Water Utility - Operating	407,315	644,531	788,150	263,696
Water Utility - Depreciation	215,005	55,960	31,260	239,705
Water Utility - Customer Deposit	49,273	10,408	8,200	51,481
Water Utility - Bond and Interest	219,834	280,045	216,685	283,194
Wastewater Utility - Operating	428,704	949,343	816,483	561,564
Wastewater Utility - Bond and Interest	129,671	398,660	247,539	280,792
Wastewater Utility - Depreciation	3,826	73,888	70,350	7,364
Wastewater Utility - Construction	191,816	6,339,532	2,826,607	3,704,741
Electric Utility - Operating	2,522,907	5,110,671	5,136,947	2,496,631
Electric Utility - Depreciation	794,647	281,067	274,957	800,757
Electric Utility - Cash Reserve	742,808	129,833	140,000	732,641
Electric Utility - Customer Deposit	155,690	33,543	26,523	162,710
Fiduciary Funds:				
Park Gift Fund	30,632	19,263	25,199	24,696
Neibert Cemetery Trust	561	32	25	568
Carper Cemetery Trust	3,722	66	50	3,738
Park Sales Tax	3	212	215	-
Payroll	8,009	1,047,735	1,047,407	8,337
Totals	\$ 6,906,431	\$ 16,946,864	\$ 12,772,211	\$ 11,081,084

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

TOWN OF WINAMAC
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, 2008 And 2009
(Continued)

	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
Governmental Funds:				
General	\$ 348,583	\$ 622,025	\$ 798,214	\$ 172,394
Motor Vehicle Highway	275,729	90,389	190,094	176,024
Local Road and Street	36,862	8,725	18,900	26,687
Parks	114,812	57,129	87,223	84,718
Law Enforcement Continuing Education	9,253	1,132	-	10,385
Riverboat	91,416	15,132	9,752	96,796
Rainy Day	81,943	12,167	22,067	72,043
Cumulative Capital Improvement	60,785	7,414	-	68,199
Cumulative Capital Development	159,651	12,365	20,000	152,016
County Economic Development Income Tax	165,302	51,515	8,186	208,631
Winamac Economic Development Commission	4,589	162	-	4,751
Special Cemetery	13,739	450	-	14,189
Parking Violations	398	410	-	808
Recreation	61,933	30,218	47,013	45,138
Cumulative Storm Sewer Building	33,474	633	781	33,326
Proprietary Funds:				
Water Utility - Operating	263,696	614,745	862,216	16,225
Water Utility - Depreciation	239,705	132,787	105,217	267,275
Water Utility - Customer Deposit	51,481	9,109	6,917	53,673
Water Utility - Bond and Interest	283,194	230,716	207,874	306,036
Wastewater Utility - Operating	561,564	836,241	1,029,364	368,441
Wastewater Utility - Bond and Interest	280,792	596,668	503,825	373,635
Wastewater Utility - Depreciation	7,364	40,560	43,944	3,980
Wastewater Utility - Construction	3,704,741	182,649	3,880,092	7,298
Electric Utility - Operating	2,496,631	5,747,787	5,990,928	2,253,490
Electric Utility - Depreciation	800,757	854,025	587,028	1,067,754
Electric Utility - Cash Reserve	732,641	126,093	240,000	618,734
Electric Utility - Customer Deposit	162,710	26,724	24,564	164,870
Fiduciary Funds:				
Park Gift Fund	24,696	15,932	21,937	18,691
Neibert Cemetery Trust	568	21	24	565
Carper Cemetery Trust	3,738	121	50	3,809
Park Sales Tax	-	206	202	4
Payroll	8,337	1,080,754	1,079,800	9,291
Totals	\$ 11,081,084	\$ 11,405,004	\$ 15,786,212	\$ 6,699,876

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

TOWN OF WINAMAC
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.

Note 5. Deposits and Investments

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

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

Note 6. 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

TOWN OF WINAMAC
NOTES TO FINANCIAL INFORMATION
(Continued)

are eligible to participate in this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF Board, most requirements of the system, and give the Town authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

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

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

Funding Policy and Annual Pension Cost

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

Note 7. Economic Development Receivable

During 2008, the Town of Winamac Electric Utility paid all costs related to a new substation at Plymouth Tube Company. An agreement related to repayment of a portion of this project was entered into between the Town and Plymouth Tube. The agreement states Plymouth Tube will repay the Town \$300,000 plus interest at 5%. Repayments, which are quarterly and began on October 15, 2008, are scheduled to end on April 15, 2014. At December 31, 2009, the outstanding balance of this loan was \$244,124.

Note 8. Subsequent Event

The Winamac Wastewater Utility is in the process of upgrading its collection and treatment system. Phase I and II of this project were substantially complete at December 31, 2009. Phase III of this project is estimated to cost approximately \$4,500,000. On November 9, 2009, the Town approved a resolution to commit \$1,110,000 from the Indiana State Revolving Loan Fund (SRF). These funds are matching funds for a U.S. Department of Housing and Urban Development (HUD) Community Development Block Grant (CDBG) of approximately \$3,300,000. On July 29, 2010, the Town Council opened bids on the construction portion of Phase III. As of August 3, 2010, no SRF or HUD monies have been received by the Town.

TOWN OF WINAMAC
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 For The Year Ended December 31, 2009

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:	
Buildings	\$ 1,062,886
Improvements other than buildings	636,938
Machinery and equipment	<u>1,339,818</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 3,039,642</u>
Business-type activities:	
Water Utility:	
Capital assets, not being depreciated:	
Land	\$ 4,499
Construction in progress	70,318
Buildings	1,686,241
Improvements other than buildings	1,588,677
Machinery and equipment	84,092
Infrastructure	<u>1,210,329</u>
Total Water Utility capital assets	<u>4,644,156</u>
Wastewater Utility:	
Capital assets, not being depreciated:	
Land	47,612
Construction in progress	35,159
Buildings	142,368
Improvements other than buildings	4,435,945
Machinery and equipment	472,376
Infrastructure	<u>6,363,362</u>
Total Wastewater Utility capital assets	<u>11,496,822</u>
Electric Utility:	
Capital assets, not being depreciated:	
Land	31,500
Construction in progress	108,314
Buildings	516,120
Improvements other than buildings	4,683,529
Machinery and equipment	<u>675,052</u>
Total Electric Utility capital assets	<u>6,014,515</u>
Total business-type activities capital assets	<u>\$ 22,155,493</u>

TOWN OF WINAMAC
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 December 31, 2009

The Town has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Business-type activities:		
Water Utility		
Revenue bonds:		
2004 Water Revenue Bonds	\$ 2,080,000	\$ 208,610
Total Water Utility	<u>2,080,000</u>	<u>208,610</u>
Wastewater Utility:		
Revenue bonds:		
2008 Sewage Works Revenue Bonds	5,795,000	472,173
Total Wastewater Utility	<u>5,795,000</u>	<u>472,173</u>
Total business-type activities debt	<u>\$ 7,875,000</u>	<u>\$ 680,783</u>

TOWN OF WINAMAC
EXIT CONFERENCE

The contents of this report were discussed on August 3, 2010, with John Plowman, President of the Town Council; Judy Heater, Clerk-Treasurer; and James Conner, Town Manager. Our examination disclosed no material items that warrant comment at this time.