

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

EXAMINATION REPORT
OF
CITY OF WINCHESTER
RANDOLPH COUNTY, INDIANA
January 1, 2008 to December 31, 2009



FILED
11/15/2010

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Vicki Haney	01-01-08 to 12-31-11
Mayor	Steve D. Croyle	01-01-08 to 12-31-11
President of the City Council	Todd Schroeder	01-01-08 to 12-31-10



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE CITY OF WINCHESTER, RANDOLPH COUNTY, INDIANA

We have examined the financial information presented herein of the City of Winchester (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 required parts of the basic financial information. They have not been subjected to the examination procedures applied to the basic financial information and, accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

September 7, 2010

CITY OF WINCHESTER
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	\$ 961,863	\$ 2,624,316	\$ 2,304,657	\$ 1,281,522
Motor Vehicle Highway	210,583	370,966	500,250	81,299
Local Road and Street	103,934	18,226	43,422	78,738
Water and Lights	54,102	148,574	137,939	64,737
Beeson Park	8,559	26,150	34,705	4
Law Enforcement Continuing Education	3,180	4,883	3,782	4,281
Operation Pullover	222	16,690	15,540	1,372
Rainy Day	295,923	99,679	300,000	95,602
Beeson Farm	177,682	35,076	21,539	191,219
Goodrich Park	52,927	191,071	214,035	29,963
Goodrich Park Repair	78,547	108,170	98,433	88,284
Fire Department Donation (Wal-Mart)	1,775	-	-	1,775
NADDI Grant	3,696	-	310	3,386
Substance Abuse Grant	155	-	154	1
Clerk's Record Perpetuation	12,056	2,952	1,331	13,677
Project Love Grant (Car Seats)	236	300	-	536
Police Department Donation Wal-Mart	380	-	291	89
Indiana University (Car Seats)	480	310	656	134
Ambulance Non-Reverting	58,041	33,000	40,874	50,167
SART Forensic Equipment	45	-	-	45
Police Department Professional Development	54	714	585	183
Fire Department Professional Development	156	123	241	38
Fire Department Non-Reverting Training	-	7,588	4,779	2,809
DARE Donation	117	5,376	5,408	85
Recycling	24,337	12,507	36,784	60
Weed Assessment	2,764	2,435	4,507	692
Animal Control	-	4,723	4,256	467
Animal Control Donation	1,718	541	2,003	256
Park Events Donation	-	1,642	356	1,286
Donation K-9	-	358	315	43
Confidential Funds	2,255	-	-	2,255
Economic Development Non-Reverting	-	4,500	3,494	1,006
Willow Ridge TIF District	406,789	217,962	158,199	466,552
Vision Park TIF	523,946	145,180	245,509	423,617
Tomasco Project TIF	949,996	-	426,312	523,684
Tomasco Capitalized Interest	197,567	-	55,578	141,989
Vision Park TIF Trust	186,043	225,458	218,075	193,426
East US 27 Project TIF	26,780	962,890	486,034	503,636
US 27 TIF Debt Service	-	93,912	-	93,912
Cumulative Capital Improvement	45,385	16,380	-	61,765
Cumulative Capital Development	374,006	64,295	134,048	304,253
Economic Development Income Tax	71,641	179,911	96,596	154,956
Fire Department Special CEDIT	11,613	-	-	11,613
Proprietary Funds:				
Wastewater Utility - Operating	200,100	1,426,312	1,426,312	200,100
Wastewater Utility - Bond and Interest	415,487	361,039	269,639	506,887
Wastewater Utility - Debt Service Reserve	401,000	-	-	401,000
Wastewater Utility - Improvement	773,020	135,179	96,200	811,999
Employee Benefit Insurance	520,397	412,511	616,915	315,993
Fiduciary Funds:				
Firefighters' Pension	7,280	91,328	45,980	52,628
Cemetery	15,129	555	618	15,066
Court Costs Due County	-	21,854	21,854	-
City Court User Fee	16,375	25,614	25,804	16,185
City Court	4,992	254,062	249,977	9,077
Payroll	1,317	1,188,911	1,189,137	1,091
Totals	<u>\$ 7,204,650</u>	<u>\$ 9,544,223</u>	<u>\$ 9,543,433</u>	<u>\$ 7,205,440</u>

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

CITY OF WINCHESTER
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	\$ 1,281,522	\$ 2,469,641	\$ 2,413,968	\$ 1,337,195
Motor Vehicle Highway	81,299	674,609	606,627	149,281
Local Road and Street	78,738	17,495	20,770	75,463
Water and Lights	64,737	50,647	50,271	65,113
Beeson Park	4	19,095	14,394	4,705
Law Enforcement Continuing Education	4,281	5,799	8,100	1,980
Operation Pullover	1,372	17,768	17,494	1,646
Rainy Day	95,602	58,592	-	154,194
Beeson Farm	191,219	31,286	11,761	210,744
Goodrich Park	29,963	186,560	172,738	43,785
Goodrich Park Repair	88,284	105,981	133,722	60,543
Fire Department Donation (Wal-Mart)	1,775	-	-	1,775
NADDI Grant	3,386	-	3,386	-
Substance Abuse Grant	1	1,100	1,101	-
Clerk's Record Perpetuation	13,677	2,500	8,164	8,013
Project Love Grant (Car Seats)	536	-	514	22
Police Department Donation Wal-Mart	89	-	-	89
Indiana University (Car Seats)	134	600	134	600
Ambulance Non-Reverting	50,167	42,673	6,803	86,037
SART Forensic Equipment	45	-	-	45
Police Department Professional Development	183	736	825	94
Fire Department Professional Development	38	105	142	1
Fire Department Non-Reverting Training	2,809	101,238	87,442	16,605
DARE Donation	85	6,074	5,803	356
Recycling	60	8,232	5,275	3,017
Weed Assessment	692	9,106	1,110	8,688
Animal Control	467	4,470	4,869	68
Animal Control Donation	256	1,756	1,224	788
Park Events Donation	1,286	2,834	3,901	219
Donation K-9	43	25	38	30
Confidential Funds	2,255	-	-	2,255
Downtown Façade Planning Grant	-	55,800	55,800	-
Sidewalk Rehabilitation	-	31,522	7,516	24,006
Economic Development Non-Reverting	1,006	-	-	1,006
Willow Ridge TIF District	466,552	153,901	113,638	506,815
Vision Park (TIF)	423,617	260,481	230,921	453,177
Tomasco Project TIF	523,684	113,257	5,600	631,341
Tomasco Capitalized Interest	141,989	-	70,700	71,289
Vision Park TIF Trust	193,426	222,112	213,175	202,363
East U S 27 Project TIF	503,636	131,373	512,063	122,946
US 27 TIF Debt Service	93,912	-	42,041	51,871
Cumulative Capital Improvement	61,765	15,445	2,300	74,910
Cumulative Capital Development	304,253	55,752	20,520	339,485
County Economic Development Income Tax	154,956	194,944	188,589	161,311
Fire Department Special CEDIT	11,613	-	-	11,613
Proprietary Funds:				
Wastewater Utility - Operating	200,100	1,512,856	1,512,856	200,100
Wastewater Utility - Bond and Interest	506,887	7	297,679	209,215
Wastewater Utility - Debt Service Reserve	401,000	-	-	401,000
Wastewater Utility - Improvement	811,999	456,347	24,375	1,243,971
Employee Benefit Insurance	315,993	553,435	684,289	185,139
Fiduciary Funds:				
Firefighters' Pension	52,628	64,514	45,980	71,162
Cemetery	15,066	589	655	15,000
Court Costs Due County	-	17,500	17,500	-
City Court User Fee	16,185	18,911	17,692	17,404
City Court	9,077	187,437	190,411	6,103
Payroll	1,091	1,269,034	1,267,803	2,322
Totals	<u>\$ 7,205,440</u>	<u>\$ 9,134,139</u>	<u>\$ 9,102,679</u>	<u>\$ 7,236,900</u>

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

CITY OF WINCHESTER
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

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

Note 2. Fund Accounting

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

Note 5. Deposits and Investments

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

State statute (IC 5-13-9) authorizes the City 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.

CITY OF WINCHESTER
NOTES TO FINANCIAL INFORMATION
(Continued)

Note 6. Pension Plan

Public Employees' Retirement Fund

Plan Description

The City contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF Board, most requirements of the system, and give the City 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.

CITY OF WINCHESTER
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 For The Year Ended December 31, 2009

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 67,807
Infrastructure	493,081
Buildings	1,179,628
Improvements other than buildings	770,671
Machinery and equipment	<u>2,769,498</u>
 Total governmental activities, capital assets not being depreciated	 <u>\$ 5,280,685</u>

<u>Primary Government</u>	<u>Ending Balance</u>
Business-type activities:	
Wastewater Utility:	
Capital assets, not being depreciated:	
Land	\$ 111,739
Infrastructure	2,626,225
Buildings	8,329,039
Improvements other than buildings	1,872,459
Machinery and equipment	<u>864,381</u>
 Total Wastewater Utility capital assets	 <u>\$ 13,803,843</u>

CITY OF WINCHESTER
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 December 31, 2009

The City has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:		
Capital leases:		
Patcher	\$ 28,535	\$ 10,673
Street Sweeper	75,319	27,533
Police Cars	22,163	23,490
Vision Business Park	1,200,000	220,000
Bonds payable:		
Revenue bonds:		
Willow Ridge Series A	327,000	81,997
East U.S. 27 TIF	1,000,000	82,563
Tomasco (Vision Park)	<u>1,400,000</u>	<u>70,700</u>
Total governmental activities debt	<u>\$ 4,053,016</u>	<u>\$ 516,956</u>
Business-type activities:		
Wastewater Utility:		
Capital leases:		
Energy Systems Group	\$ 555,445	\$ 99,185
Revenue bonds:		
Improvement Bonds of 2001	912,000	45,436
Refunding Bonds of 2003	<u>910,000</u>	<u>249,425</u>
Total Wastewater Utility	<u>2,377,445</u>	<u>394,046</u>
Total business-type activities debt	<u>\$ 2,377,445</u>	<u>\$ 394,046</u>

CITY OF WINCHESTER
EXAMINATION RESULTS AND COMMENTS

DEPARTMENTAL COLLECTIONS

In numerous instances, receipts for the Street Department, the Animal Shelter, and the Parks Department were deposited later than the next business day.

Receipts were not written for all funds received by the Police Department, the Animal Shelter, and the Park Department and checks and cash indicated on the receipts did not always agree to the deposit slip.

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

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

Public funds shall be deposited in the same form in which they were received. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

PURCHASE OF REAL ESTATE

The Winchester Redevelopment Commission purchased real estate in 2009 to further develop their Vision Park TIF District. No appraisals of this property prior to purchase were presented for examination.

IC 36-7-14-19(b) requires real property acquired by a redevelopment commission to be appraised.

CITY OF WINCHESTER
EXIT CONFERENCE

The contents of this report were discussed on September 7, 2010, with Vicki Haney, Clerk-Treasurer; Steve D. Croyle, Mayor; and Todd Schroeder, President of the City Council. The officials concurred with our findings.