

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

EXAMINATION REPORT  
OF  
TOWN OF WALKERTON  
ST. JOSEPH COUNTY, INDIANA  
January 1, 2008 to December 31, 2009



**FILED**  
12/10/2010



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OFFICIALS

| <u>Office</u>                                     | <u>Official</u>       | <u>Term</u>          |
|---|-----------------------|----------------------|
| Clerk-Treasurer                                   | Theresa A. Buckmaster | 01-01-08 to 12-31-11 |
| President of the Town Council                     | Karol Jackson         | 01-01-08 to 12-31-10 |
| Superintendent of Water and<br>Electric Utilities | Kent Van Dyne         | 01-01-08 to 12-31-10 |
| Superintendent of<br>Wastewater Utility           | Joshua Rice           | 01-01-08 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 WALKERTON, ST. JOSEPH COUNTY, INDIANA

We have examined the financial information presented herein of the Town of Walkerton (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 Long-Term Debt, as listed in the Table of Contents, is presented for additional analysis and is not a required part of the basic financial information. The schedule has not been subjected to the examination procedures applied to the basic financial information and, accordingly, we express no opinion on the schedule.

STATE BOARD OF ACCOUNTS

October 6, 2010

TOWN OF WALKERTON  
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<br>Investments<br>01-01-08 | Receipts            | Disbursements       | Cash and<br>Investments<br>12-31-08 |
|--|-------------------------------------|---------------------|---------------------|-------------------------------------|
| Governmental Funds:                    |                                     |                     |                     |                                     |
| General                                | \$ 47,471                           | \$ 856,094          | \$ 903,200          | \$ 365                              |
| Motor Vehicle Highway                  | 98,135                              | 119,476             | 158,352             | 59,259                              |
| Local Road and Street                  | 6,634                               | 26,466              | 10,000              | 23,100                              |
| Park and Recreation                    | 104,056                             | 40,728              | 110,262             | 34,522                              |
| Park Nonreverting Operating            | 24,326                              | 89,657              | 77,590              | 36,393                              |
| Law Enforcement Continuing Education   | 7,765                               | 7,017               | 4,991               | 9,791                               |
| Walkerton Continuing Education         | 3,549                               | 1,706               | -                   | 5,255                               |
| Riverboat                              | 14,339                              | 14,265              | 2,557               | 26,047                              |
| Rainy Day                              | -                                   | 42,850              | 1,062               | 41,788                              |
| Donation                               | 6,309                               | 6,192               | 6,181               | 6,320                               |
| Trash Pick Up                          | 267                                 | 81,243              | 82,172              | (662)                               |
| Operation Pull Over                    | 240                                 | 4,500               | 4,885               | (145)                               |
| Major Moves                            | 285,364                             | 7,266               | 15,085              | 277,545                             |
| Beautification Fund                    | 3,661                               | 300                 | 1,179               | 2,782                               |
| Matching Grant Fund                    | 27,723                              | 9,553               | 13,835              | 23,441                              |
| Ambulance Fund                         | 52,766                              | 200,198             | 174,536             | 78,428                              |
| Ambulance Nonreverting Operating       | 10,295                              | -                   | -                   | 10,295                              |
| Ambulance Investment - D. Edding       | 11,733                              | 415                 | -                   | 12,148                              |
| Ambulance Donation Fund                | 520                                 | -                   | -                   | 520                                 |
| Police Reserve Donation                | 8,155                               | 2,819               | 4,357               | 6,617                               |
| Drug Task Force                        | 1,576                               | -                   | -                   | 1,576                               |
| Historical Society Donation            | 14,583                              | 11,453              | 11,959              | 14,077                              |
| Park Grant Fund                        | 35,422                              | 54,500              | 41,690              | 48,232                              |
| Police Grant                           | 2,530                               | -                   | -                   | 2,530                               |
| Interest Earned                        | 149,559                             | 84,175              | 18,844              | 214,890                             |
| Court Storage Document Fee             | 2,239                               | 3,125               | 2,566               | 2,798                               |
| Fire Donation                          | 11,792                              | -                   | 10,000              | 1,792                               |
| Sale of Fund Surplus Assets            | 10,112                              | 12,347              | 7,965               | 14,494                              |
| Park District Bond                     | 5,440                               | 21,611              | 71,990              | (44,939)                            |
| Park Bond 2007                         | 331,730                             | 209,805             | 499,078             | 42,457                              |
| Cumulative Capital Improvement         | 12,671                              | 7,395               | 15,365              | 4,701                               |
| Cumulative Capital Development         | 1,136                               | 12,152              | 13,288              | -                                   |
| County Economic Development Tax        | -                                   | 52,172              | 52,172              | -                                   |
| Fire Station Building Fund             | (87,983)                            | 52,172              | -                   | (35,811)                            |
| Park Nonreverting Capital              | (193)                               | 264                 | -                   | 71                                  |
| Economic Development Fund              | -                                   | 21,875              | 3,333               | 18,542                              |
| Redevelopment                          | 7,907                               | -                   | 1,060               | 6,847                               |
| Proprietary Funds:                     |                                     |                     |                     |                                     |
| Water Utility - Operating              | 102,094                             | 516,169             | 547,295             | 70,968                              |
| Water Utility - Bond and Interest      | 118,431                             | 175,739             | 170,316             | 123,854                             |
| Water Utility - Depreciation           | 26,585                              | 24,000              | 25,281              | 25,304                              |
| Water Utility - Customer Deposit       | 43,518                              | 5,550               | 4,666               | 44,402                              |
| Water Utility - Construction           | 5,353                               | -                   | -                   | 5,353                               |
| Water Utility - Improvement            | 12,422                              | 20,000              | 7,462               | 14,960                              |
| Water Utility - Debt Service           | 179,855                             | 3,773               | 3,773               | 179,855                             |
| Wastewater Utility - Operating         | 150,299                             | 471,527             | 477,521             | 144,305                             |
| Wastewater Utility - Bond and Interest | 36,010                              | 100,566             | 100,014             | 36,562                              |
| Wastewater Utility - Replacement       | 90,785                              | -                   | -                   | 90,785                              |
| Wastewater Utility - Cash Reserve      | 108,566                             | 3,500               | 3,500               | 108,566                             |
| Electric Utility - Operating           | 519,850                             | 3,137,117           | 3,065,339           | 591,628                             |
| Electric Utility - Bond and Interest   | 163                                 | -                   | -                   | 163                                 |
| Electric Utility - Deposit             | 59,706                              | 7,550               | 6,531               | 60,725                              |
| Electric Utility - Improvement         | 2,500                               | 101,463             | 103,963             | -                                   |
| Electric Utility - Cash Reserve        | 1,000,000                           | 40,000              | 475,147             | 564,853                             |
| Fiduciary Funds:                       |                                     |                     |                     |                                     |
| Payroll                                | 32,045                              | 471,534             | 468,758             | 34,821                              |
| Ambulance Clearing House Fund          | 2,946                               | -                   | 2,946               | -                                   |
| Totals                                 | <u>\$ 3,692,957</u>                 | <u>\$ 7,132,279</u> | <u>\$ 7,782,066</u> | <u>\$ 3,043,170</u>                 |

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

TOWN OF WALKERTON  
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<br>Investments<br>01-01-09 | Receipts            | Disbursements       | Cash and<br>Investments<br>12-31-09 |
|--|-------------------------------------|---------------------|---------------------|-------------------------------------|
| Governmental Funds:                      |                                     |                     |                     |                                     |
| General                                  | \$ 365                              | \$ 1,476,144        | \$ 1,353,217        | \$ 123,292                          |
| Motor Vehicle Highway                    | 59,259                              | 190,105             | 230,798             | 18,566                              |
| Local Road and Street                    | 23,100                              | 24,800              | -                   | 47,900                              |
| Park and Recreation                      | 34,522                              | 82,826              | 115,340             | 2,008                               |
| Park Nonreverting Operating              | 36,393                              | 67,497              | 79,813              | 24,077                              |
| Law Enforcement Continuing Education     | 9,791                               | 5,795               | 3,885               | 11,701                              |
| Walkerton Continuing Education           | 5,255                               | 2,468               | 1,408               | 6,315                               |
| Riverboat                                | 26,047                              | 14,231              | 13,475              | 26,803                              |
| Rainy Day                                | 41,788                              | 9,789               | 9,951               | 41,626                              |
| Donation                                 | 6,320                               | -                   | 3,100               | 3,220                               |
| Donation Poor Relief Holiday             | -                                   | 5,260               | 2,830               | 2,430                               |
| Trash Pick Up                            | (662)                               | 112,358             | 108,593             | 3,103                               |
| Operation Pull Over                      | (145)                               | 3,375               | 3,191               | 39                                  |
| Major Moves                              | 277,545                             | 8,601               | 61,702              | 224,444                             |
| Beautification Fund                      | 2,782                               | -                   | 679                 | 2,103                               |
| Matching Grant Fund                      | 23,441                              | -                   | 6,596               | 16,845                              |
| Neighborhood Stabilization Project Grant | -                                   | 59,005              | 59,005              | -                                   |
| NSP Grant Operating                      | -                                   | 22,728              | 106,722             | (83,994)                            |
| Ambulance Fund                           | 78,428                              | 232,633             | 183,016             | 128,045                             |
| Ambulance Nonreverting Operating         | 10,295                              | -                   | 10,295              | -                                   |
| Ambulance Investment - D. Edding         | 12,148                              | 310                 | -                   | 12,458                              |
| Ambulance Donation Fund                  | 520                                 | 300                 | -                   | 820                                 |
| Police Reserve Donation                  | 6,617                               | 1,482               | 4,713               | 3,386                               |
| Drug Task Force                          | 1,576                               | -                   | 750                 | 826                                 |
| Historical Society Donation              | 14,077                              | 6,386               | 2,777               | 17,686                              |
| Park Grant Fund                          | 48,232                              | 24,701              | 72,933              | -                                   |
| Police Grant                             | 2,530                               | -                   | -                   | 2,530                               |
| Interest Earned                          | 214,890                             | 45,922              | 60,000              | 200,812                             |
| Court Storage Document Fee               | 2,798                               | 2,698               | 2,343               | 3,153                               |
| Excess Welfare Distribution              | -                                   | 37,337              | 18,509              | 18,828                              |
| Fire Donation                            | 1,792                               | -                   | -                   | 1,792                               |
| Sale of Fund Surplus Assets              | 14,494                              | 814                 | 398                 | 14,910                              |
| Park District Bond                       | (44,939)                            | 176,002             | 94,668              | 36,395                              |
| Park Bond 2007                           | 42,457                              | 1,499               | 42,762              | 1,194                               |
| Cumulative Capital Improvement           | 4,701                               | 6,973               | 7,167               | 4,507                               |
| Cumulative Capital Development           | -                                   | 25,428              | 10,017              | 15,411                              |
| County Economic Development Tax          | -                                   | 50,262              | 35,811              | 14,451                              |
| Fire Station Building Fund               | (35,811)                            | 35,811              | -                   | -                                   |
| Park Nonreverting Capital                | 71                                  | -                   | -                   | 71                                  |
| Economic Development Fund                | 18,542                              | -                   | -                   | 18,542                              |
| Redevelopment                            | 6,847                               | 13,000              | 10,000              | 9,847                               |
| Proprietary Funds:                       |                                     |                     |                     |                                     |
| Water Utility - Operating                | 70,968                              | 530,549             | 577,822             | 23,695                              |
| Water Utility - Bond and Interest        | 123,854                             | 175,503             | 169,488             | 129,869                             |
| Water Utility - Depreciation             | 25,304                              | 24,000              | -                   | 49,304                              |
| Water Utility - Customer Deposit         | 44,402                              | 6,050               | 5,555               | 44,897                              |
| Water Utility - Construction             | 5,353                               | -                   | -                   | 5,353                               |
| Water Utility - Improvement              | 14,960                              | 15,271              | 15,271              | 14,960                              |
| Water Utility - Debt Service             | 179,855                             | 3,773               | 3,773               | 179,855                             |
| Wastewater Utility - Operating           | 144,305                             | 411,655             | 488,380             | 67,580                              |
| Wastewater Utility - Bond and Interest   | 36,562                              | 101,186             | 102,803             | 34,945                              |
| Wastewater Utility - Improvement         | -                                   | 15,271              | 15,271              | -                                   |
| Wastewater Utility - Replacement         | 90,785                              | -                   | -                   | 90,785                              |
| Wastewater Utility - Cash Reserve        | 108,566                             | 3,500               | 3,500               | 108,566                             |
| Electric Utility - Operating             | 591,628                             | 3,246,921           | 3,218,651           | 619,898                             |
| Electric Utility - Bond and Interest     | 163                                 | -                   | -                   | 163                                 |
| Electric Utility - Deposit               | 60,725                              | 7,250               | 7,785               | 60,190                              |
| Electric Utility - Improvement           | -                                   | 77,852              | 77,852              | -                                   |
| Electric Utility - Cash Reserve          | 564,853                             | 500,147             | 155,003             | 909,997                             |
| Fiduciary Fund:                          |                                     |                     |                     |                                     |
| Payroll                                  | 34,821                              | 497,842             | 488,673             | 43,990                              |
| Totals                                   | <u>\$ 3,043,170</u>                 | <u>\$ 8,363,310</u> | <u>\$ 8,046,291</u> | <u>\$ 3,360,189</u>                 |

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

TOWN OF WALKERTON  
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.

TOWN OF WALKERTON  
NOTES TO FINANCIAL INFORMATION  
(Continued)

Note 6. Pension Plan

Public Employees' Retirement Fund

Plan Description

The Town contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF Board, most requirements of the system, and give the Town authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

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

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

Funding Policy and Annual Pension Cost

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

Note 7. Rate Structure – Enterprise Funds

Water Utility

On November 24, 1986, the Town Council adopted Ordinance No. 86-006 to withdraw from the jurisdiction of the Indiana Utility Regulatory Commission. The current rate structure was approved by the Council on September 15, 2008.

Wastewater Utility

The current rate structure was approved by the Town Council on September 15, 2008.

Electric Utility

On November 24, 1986, the Town Council adopted Ordinance No. 86-006 to withdraw from the jurisdiction of the Indiana Utility Regulatory Commission. The current rate structure was approved by the Council on September 15, 2008.

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

| Description of Debt                 | Ending<br>Principal<br>Balance | Principal and<br>Interest Due<br>Within One<br>Year |
|-------------------------------------|--------------------------------|---|
| Governmental activities:            |                                |   |
| Loans payable:                      |                                |   |
| Fire truck                          | \$ 187,709                     | \$ 27,000   |
| Interfold loan                      | 63,840                         | 25,000  |
| Bonds payable:                      |                                |   |
| General obligation bonds:           |                                |   |
| 2007 Park improvements              | <u>320,000</u>                 | <u>86,668</u>                                       |
| Total governmental activities debt  | <u>\$ 571,549</u>              | <u>\$ 138,668</u>                                   |
| Business-type activities:           |                                |   |
| Water Utility:                      |                                |   |
| Loans payable:                      |                                |   |
| SERF loan                           | <u>\$ 1,619,084</u>            | <u>\$ 169,664</u>                                   |
| Wastewater Utility:                 |                                |   |
| Loans payable:                      |                                |   |
| Interfold loan                      | 23,750                         | 28,737  |
| Revenue bonds:                      |                                |   |
| 1982 Sewage improvement             | 262,000                        | 28,100  |
| 1995 Sewage improvement             | <u>360,000</u>                 | <u>71,523</u>                                       |
| Total Wastewater Utility            | <u>645,750</u>                 | <u>128,360</u>                                      |
| Total business-type activities debt | <u>\$ 2,264,834</u>            | <u>\$ 298,024</u>                                   |

TOWN OF WALKERTON  
EXAMINATION RESULTS AND COMMENTS

CAPITAL ASSET RECORDS

The Town and its Utilities do not maintain records of capital assets.

Every governmental unit should have a complete inventory of all capital assets owned which reflects their acquisition value. Such inventory should be recorded in the Capital Assets Ledger. A complete inventory should be taken every year for good internal control and for verifying account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

BAD DEBTS AND UNCOLLECTIBLE ACCOUNTS - UTILITIES

No formal written policy establishing procedures for the collection and writing off of bad debts, uncollectible accounts receivable, or any adjustments to record balances was presented for examination. A similar comment appeared in the prior Report B33375.

The governing body of a governmental unit should have a written policy concerning a procedure for the writing off of bad debts, uncollectible accounts receivable, or any adjustments to record balances.

Documentation should exist for all efforts made by the governmental unit to collect amounts owed prior to any write-offs.

Officials or employees authorizing, directing or executing write-offs or adjustments to records which are not documented or warranted may be held personally responsible. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TOWN OF WALKERTON  
EXIT CONFERENCE

The contents of this report were discussed on October 6, 2010, with Theresa A. Buckmaster, Clerk-Treasurer, and Karol Jackson, President of the Town Council. The officials concurred with our findings.