

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

ANNUAL FINANCIAL REPORT

2010

CITY OF WOODBURN

ALLEN COUNTY, INDIANA



FILED
07/21/2011

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Lesa Meadows	01-01-08 to 12-31-11
Mayor	Richard A. Hoepfner	01-01-08 to 12-31-11
President of the Board of Public Works and Safety	Richard A. Hoepfner	01-01-08 to 12-31-11
President of the Common Council	Richard A. Hoepfner	01-01-08 to 12-31-11



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

TO: THE OFFICIALS OF THE CITY OF WOODBURN, ALLEN COUNTY, INDIANA

We have audited the accompanying financial statements of the City of Woodburn (City), for the year ended December 31, 2010. These financial statements are the responsibility of the City'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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over reporting. Accordingly, we express no such opinion. 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 1, the City prepares its financial statements on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the State Board of Accounts as allowed by state statute (IC 5-11-1-6), 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 financial position and results of operations of the City for the year ended December 31, 2010, on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued a report dated July 6, 2011, on our consideration of the City'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 integral part of 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 an opinion on the City's 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 financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Our audit was conducted for the purpose of forming an opinion on the City's financial statements. The Combining Schedule(s) of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, Schedule of Capital Assets, and Schedule of Long-Term Debt are presented for additional analysis and are not required parts of the financial statements. The Combining Schedule(s) of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, 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 financial statements and, accordingly, we express no opinion on them.

The City's response to the Audit Result(s) and Comment(s) identified in our audit is described in the accompanying section of the report entitled Official Response. We did not audit the City's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the City's management, the City 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

July 6, 2011



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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 CITY OF WOODBURN, ALLEN COUNTY, INDIANA

We have audited the financial statements of the City of Woodburn (City), for the year ended December 31, 2010, and have issued our report thereon dated July 6, 2011. 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 City'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 City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A deficiency in internal control 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 and correct misstatements on a timely basis. A material weakness is a deficiency or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis.

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

The City's response to the findings identified in our audit is described in the accompanying section of the report entitled Official Response. We did not audit the City's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the City's management, City 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

July 6, 2011

FINANCIAL STATEMENT(S)

CITY OF WOODBURN
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For The Year Ended December 31, 2010

	Cash and Investments 01-01-10	Receipts	Disbursements	Cash and Investments 12-31-10
General	\$ 186,309	\$ 228,557	\$ 201,862	\$ 213,004
Motor Vehicle Highway	6,590	77,285	41,315	42,560
Local Road And Street	12,189	17,441	7,395	22,235
Economic Development Income Tax	263,801	158,053	316,513	105,341
Law Enforcement Continuing Education	1,473	1,321	87	2,707
Riverboat	26,482	9,881	832	35,531
Rainy Day	79,744	24,006	-	103,750
Police Dog Donation	1,176	-	-	1,176
Cumulative Capital Development	39,905	9,605	23,721	25,789
Cumulative Capital Improvement	14,622	4,623	2,018	17,227
Payroll	(496)	43,655	43,159	-
Trash And Garbage Pickup	4,832	76,091	72,159	8,764
Wastewater Utility Operating	276,340	269,657	333,489	212,508
Wastewater Utility Bond And Interest	14,754	105,940	120,694	-
Wastewater Utility Depreciation	33,946	-	-	33,946
Wastewater H/W Debt Retirement Fund	152,240	97,862	242,091	8,011
Wastewater Bond Debt Reserve	62,790	28,691	91,481	-
Wastewater Construction Fund	-	2,006,802	2,006,802	-
Water Utility Operating	79,202	387,610	313,516	153,296
Water Utility Bond And Interest	61,498	104,862	101,355	65,005
Water Utility Depreciation	32,960	-	-	32,960
Water Utility Meter Deposit	6,785	2,125	1,065	7,845
Water Utility Debt Service Reserve	107,625	-	-	107,625
Totals	<u>\$ 1,464,767</u>	<u>\$ 3,654,067</u>	<u>\$ 3,919,554</u>	<u>\$ 1,199,280</u>

The notes to the financial statement(s) are an integral part of this statement.

CITY OF WOODBURN
NOTES TO FINANCIAL STATEMENT(S)

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The City was established under the laws of the State of Indiana. The City operates under a Council-Mayor form of government and provides some or all of the following services: public safety (police and fire), highways and streets, health and social services, culture and recreation, public improvements, planning and zoning, general administrative services, water, wastewater, electric, gas, storm water, trash, aviation, and urban redevelopment and housing.

The accompanying financial statement(s) present(s) the financial information for the City (primary government), and does not include financial information for any of the City's legally separate component units, which accounting principles generally accepted in the United States of America require to be reported with the financial information of the City (primary government).

B. Basis of Accounting

The financial statements are reported on a regulatory basis of accounting prescribed by the State Board of Accounts in accordance with state statute (IC 5-11-1-6), 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 regulatory 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.

C. Cash and Investments

Investments are stated at cost. Any changes in fair value of the investments are reported as receipts in the year of the sale of the investment.

D. Receipts

Receipts are presented in the aggregate on the face of the financial statements. The aggregate receipts may include, but are not limited to, the following sources:

Taxes which can include one or more of the following: property taxes, certified shares (local option tax), property tax replacement credit (local option tax), county option income tax, wheel tax, innkeepers tax, food and beverage tax, county economic development income tax, boat and trailer excise tax, county adjusted gross income tax, and other taxes that are set by the City.

Licenses and permits which include amounts received from businesses, occupations, or nonbusinesses that must be licensed before doing business within the government's jurisdiction or permits levied according to the benefits presumably conferred by the permit. Examples of licenses and permits include: peddler licenses, dog tax licenses, auctioneer license, building and planning permits, demolition permits, electrical permits, sign permits, and gun permits.

CITY OF WOODBURN
NOTES TO FINANCIAL STATEMENT(S)
(Continued)

Intergovernmental receipts which include receipts from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of this type of receipts include, but are not limited to: federal grants, state grants, cigarette tax distributions received from the state, motor vehicle highway distribution received from the state, local road and street distribution received from the state, financial institution tax received from the state, auto excise surtax received from the state, commercial vehicle excise tax received from the state, major moves distributions received from the state, and riverboat receipts received from the county.

Charges for services which can include, but are not limited to the following: planning commission charges, building department charges, copies of public records, copy machine charges, accident report copies, gun permit applications, 911 telephone services, recycling fees, dog pound fees, emergency medical service fees, park rental fees, swimming pool receipts, cable tv receipts, ordinance violations, fines and fees, bond forfeitures, court costs, and court receipts.

Fines and forfeits which include receipts derived from fines and penalties imposed for the commission of statutory offenses, violation of lawful administrative rules and regulations (fines), and for the neglect of official duty and monies derived from confiscating deposits held as performance guarantees (forfeitures).

Utility fees which are comprised mostly of charges for current services.

Other receipts which include amounts received from various sources which can include, but are not limited to the following: net proceeds from borrowings; interfund loan activity; transfers authorized by statute, ordinance, resolution or court order; internal service receipts; and fiduciary receipts.

E. Disbursements

Disbursements are presented in the aggregate on the face of the financial statements. The aggregate disbursements may include, but are not limited to, the following uses:

Personal services include outflows for salaries, wages, and related employee benefits provided for all persons employed. In those units where sick leave, vacation leave, overtime compensation, and other such benefits are appropriated separately, such payments would also be included.

Supplies which include articles and commodities that are entirely consumed and materially altered when used and/or show rapid depreciation after use for a short period of time. Examples of supplies include office supplies, operating supplies, and repair and maintenance supplies.

Other services and charges which include, but are not limited to: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

Debt service principal and interest which include fixed obligations resulting from financial transactions previously entered into by the City. It includes all expenditures for the reduction of the principal and interest of the City's general obligation indebtedness.

CITY OF WOODBURN
NOTES TO FINANCIAL STATEMENT(S)
(Continued)

Capital outlay which include all outflows for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

Utility operating expenses which include all outflows for operating the utilities.

Other disbursements which include, but are not limited to the following: interfund loan payments, loans made to other funds, internal service disbursements, and transfers out that are authorized by statute, ordinance, resolution, or court order.

F. Interfund Transfers

The City may, from time to time, transfer money from one fund to another. These transfers, if any, are included as a part of the receipts and disbursements of the affected funds and as a part of total receipts and disbursements. The transfers are used for cash flow purposes as provided by various statutory provisions.

G. Fund Accounting

Separate funds are established, maintained, and reported by the City. Each fund is used to account for money received from and used for specific sources and uses as determined by various regulations. Restrictions on some funds are set by statute while other funds are internally restricted by the City. The money accounted for in a specific fund may only be available for use for certain, legally restricted purposes. Additionally, some funds are used to account for assets held by the City in a trustee capacity as an agent of individuals, private organizations, other funds, or other governmental units and therefore the funds cannot be used for any expenditures of the unit itself.

Note 2. Budgets

The operating budget is initially prepared and approved at the local level. The fiscal officer of the City submits a proposed operating budget to the governing board for the following calendar year. The budget is advertised as required by law. Prior to adopting the budget, the governing board conducts public hearings and obtains taxpayer comments. Prior to November 1, the governing board approves the budget for the next year. The budget for funds for which property taxes are levied or highway use taxes are received is subject to final approval by the Indiana Department of Local Government Finance.

Note 3. Property Taxes

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the City in June and December; however, situations can arise which would delay the distributions. 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 percent 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 normally become delinquent if not paid by May 10 and November 10, respectively.

CITY OF WOODBURN
NOTES TO FINANCIAL STATEMENT(S)
(Continued)

Note 4. Deposits and Investments

Deposits, made in accordance with state statute (IC 5-13), with financial institutions in the State of Indiana at year end should be 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 statutes authorize 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.

Note 5. Risk Management

The City may be 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; medical benefits to employees, retirees, and dependents; and natural disasters.

These risks can be mitigated through the purchase of insurance, establishment of a self-insurance fund, and/or participation in a risk pool. The purchase of insurance transfers the risk to an independent third party. The establishment of a self-insurance fund allows the City to set aside money for claim settlements. The self-insurance fund would be included in the financial statements. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks. These risks may also be mitigated by the City by recording as a disbursement and replacement items purchased.

Note 6. Pension Plan(s)

A. Public Employees' Retirement Fund

Plan Description

The Indiana Public Employees' Retirement Fund (PERF) is 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 percent 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

CITY OF WOODBURN
NOTES TO FINANCIAL STATEMENT(S)
(Continued)

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. Differences Between Regulatory Statements And City Annual Report

Immaterial differences exist between the Regulatory Statements and the 2010 City Annual Report. These differences are due to either audit adjustments or audited amounts for city departments which differ from unaudited amounts shown in the 2010 City Annual Report.

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SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the City of Woodburn's Annual Report(s) can be found on the Indiana Transparency Portal website: www.in.gov/itp/annual_reports/.

CITY OF WOODBURN
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010

	General	Motor Vehicle Highway	Local Road And Street	Economic Development Income Tax	Law Enforcement Continuing Education	Riverboat
Cash and investments - beginning	\$ 186,309	\$ 6,590	\$ 12,189	\$ 263,801	\$ 1,473	\$ 26,482
Receipts:						
Taxes	149,665	3,352	-	-	-	-
Intergovernmental	62,969	71,840	17,441	158,053	-	9,881
Charges for services	-	2,093	-	-	-	-
Fines and forfeits	5,272	-	-	-	1,321	-
Utility fees	-	-	-	-	-	-
Other receipts	10,651	-	-	-	-	-
Total receipts	<u>228,557</u>	<u>77,285</u>	<u>17,441</u>	<u>158,053</u>	<u>1,321</u>	<u>9,881</u>
Disbursements:						
Personal services	128,012	-	-	-	-	-
Supplies	14,468	1,541	-	-	-	-
Other services and charges	49,022	30,974	7,395	69,214	87	350
Capital outlay	1,153	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	9,207	8,800	-	247,299	-	482
Total disbursements	<u>201,862</u>	<u>41,315</u>	<u>7,395</u>	<u>316,513</u>	<u>87</u>	<u>832</u>
Excess (deficiency) of receipts over disbursements	<u>26,695</u>	<u>35,970</u>	<u>10,046</u>	<u>(158,460)</u>	<u>1,234</u>	<u>9,049</u>
Cash and investments - ending	<u>\$ 213,004</u>	<u>\$ 42,560</u>	<u>\$ 22,235</u>	<u>\$ 105,341</u>	<u>\$ 2,707</u>	<u>\$ 35,531</u>

CITY OF WOODBURN
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Rainy Day	Police Dog Donation	Cumulative Capital Development	Cumulative Capital Improvement	Payroll	Trash And Garbage Pickup
Cash and investments - beginning	\$ 79,744	\$ 1,176	\$ 39,905	\$ 14,622	\$ (496)	\$ 4,832
Receipts:						
Taxes	-	-	7,860	-	-	-
Intergovernmental	-	-	1,745	4,623	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	76,091
Other receipts	24,006	-	-	-	43,655	-
Total receipts	<u>24,006</u>	<u>-</u>	<u>9,605</u>	<u>4,623</u>	<u>43,655</u>	<u>76,091</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	398	-	-
Capital outlay	-	-	13,721	-	-	-
Utility operating expenses	-	-	-	-	-	72,159
Other disbursements	-	-	10,000	1,620	43,159	-
Total disbursements	<u>-</u>	<u>-</u>	<u>23,721</u>	<u>2,018</u>	<u>43,159</u>	<u>72,159</u>
Excess (deficiency) of receipts over disbursements	<u>24,006</u>	<u>-</u>	<u>(14,116)</u>	<u>2,605</u>	<u>496</u>	<u>3,932</u>
Cash and investments - ending	<u>\$ 103,750</u>	<u>\$ 1,176</u>	<u>\$ 25,789</u>	<u>\$ 17,227</u>	<u>\$ -</u>	<u>\$ 8,764</u>

CITY OF WOODBURN
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Wastewater Utility Operating	Wastewater Utility Bond And Interest	Wastewater Utility Depreciation	Wastewater H/W Debt Retirement Fund	Wastewater Bond Debt Reserve	Wastewater Construction Fund
Cash and investments - beginning	\$ 276,340	\$ 14,754	\$ 33,946	\$ 152,240	\$ 62,790	\$ -
Receipts:						
Taxes	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	269,657	-	-	-	-	-
Other receipts	-	105,940	-	97,862	28,691	2,006,802
Total receipts	<u>269,657</u>	<u>105,940</u>	<u>-</u>	<u>97,862</u>	<u>28,691</u>	<u>2,006,802</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	333,489	120,694	-	242,091	91,481	2,006,802
Total disbursements	<u>333,489</u>	<u>120,694</u>	<u>-</u>	<u>242,091</u>	<u>91,481</u>	<u>2,006,802</u>
Excess (deficiency) of receipts over disbursements	<u>(63,832)</u>	<u>(14,754)</u>	<u>-</u>	<u>(144,229)</u>	<u>(62,790)</u>	<u>-</u>
Cash and investments - ending	<u>\$ 212,508</u>	<u>\$ -</u>	<u>\$ 33,946</u>	<u>\$ 8,011</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF WOODBURN
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Water Utility Operating	Water Utility Bond And Interest	Water Utility Depreciation	Water Utility Meter Deposit	Water Utility Debt Service Reserve	Totals
Cash and investments - beginning	\$ 79,202	\$ 61,498	\$ 32,960	\$ 6,785	\$ 107,625	\$ 1,464,767
Receipts:						
Taxes	-	-	-	-	-	160,877
Intergovernmental	-	-	-	-	-	326,552
Charges for services	-	-	-	-	-	2,093
Fines and forfeits	-	-	-	-	-	6,593
Utility fees	387,610	-	-	-	-	733,358
Other receipts	-	104,862	-	2,125	-	2,424,594
Total receipts	<u>387,610</u>	<u>104,862</u>	<u>-</u>	<u>2,125</u>	<u>-</u>	<u>3,654,067</u>
Disbursements:						
Personal services	-	-	-	-	-	128,012
Supplies	-	-	-	-	-	16,009
Other services and charges	-	-	-	-	-	157,440
Capital outlay	-	-	-	-	-	14,874
Utility operating expenses	-	-	-	1,065	-	73,224
Other disbursements	313,516	101,355	-	-	-	3,529,995
Total disbursements	<u>313,516</u>	<u>101,355</u>	<u>-</u>	<u>1,065</u>	<u>-</u>	<u>3,919,554</u>
Excess (deficiency) of receipts over disbursements	<u>74,094</u>	<u>3,507</u>	<u>-</u>	<u>1,060</u>	<u>-</u>	<u>(265,487)</u>
Cash and investments - ending	<u>\$ 153,296</u>	<u>\$ 65,005</u>	<u>\$ 32,960</u>	<u>\$ 7,845</u>	<u>\$ 107,625</u>	<u>\$ 1,199,280</u>

CITY OF WOODBURN
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 December 31, 2010

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.

General infrastructure assets completed in the current and prior years have been reported. Retroactive reporting of general infrastructure assets will not be done.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 216,686
Infrastructure	42,249
Buildings	135,105
Improvements other than buildings	20,676
Machinery and equipment	<u>350,531</u>
 Total governmental activities, capital assets not being depreciated	 \$ <u>765,247</u>
<u>Primary Government</u>	<u>Ending Balance</u>
Business-type activities:	
Water Utility:	
Capital assets, not being depreciated:	
Land	\$ 15,925
Buildings	189,107
Improvements other than buildings	2,745,855
Machinery and equipment	<u>132,879</u>
 Total Water Utility capital assets	 <u>3,083,766</u>
Wastewater Utility:	
Capital assets, not being depreciated:	
Land	34,696
Construction in progress	2,006,802
Improvements other than buildings	2,013,543
Machinery and equipment	<u>114,049</u>
 Total Wastewater Utility capital assets	 <u>4,169,090</u>
 Total business-type activities capital assets	 \$ <u>7,252,856</u>

CITY OF WOODBURN
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 December 31, 2010

The City has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:		
Loan payable:		
Woodburn Development Corporation Industrial Land	\$ 108,083	\$ 28,411
Business-type activities:		
Water Utility:		
Revenue bonds:		
2003 Water Improvement	\$ 1,005,000	\$ 103,815
Wastewater Utility:		
Revenue bonds:		
1994 Wastewater Improvement	115,000	32,220
Loans and Notes:		
2010 Wastewater Improvement, State Revolving Fund Loan	1,526,802	*
2010 Forgivable BAN	480,000	*
Total Wastewater Utility	2,121,802	32,220
Total business-type activities debt	\$ 3,126,802	\$ 136,035

* Final payment schedule has not been determined.

CITY OF WOODBURN
AUDIT RESULT(S) AND COMMENT(S)

CUSTOMER DEPOSIT REGISTER

The ending balance on the Customer Deposit Register does not agree with Water Utility Meter Deposit Fund.

At all times, the manual and computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

UTILITY RECEIPTS TAX

We noted that nontaxable receipts were included in the calculation of utility receipts tax (URT) for 2010. Also, the URT shown as due on the return was not paid in 2011. The Clerk-Treasurer is going to amend the tax return and pay the amount due.

Collections by a taxpayer of a tax, fee or surcharge imposed by a state, political subdivision, or the United States if the tax is imposed solely on the sale at retail of utility service, and the taxpayer collects the tax separately as an addition to the price of the utility service sold, are excluded for the computation of utility receipts tax. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

APPROPRIATIONS

The records presented for audit indicated the expenditures in the MVH Fund exceeded appropriations by \$1,815 and CEDIT Funds by \$55,903.

Indiana Code 6-1.1-18-4 states in part: ". . . the proper officers of a political subdivision shall appropriate funds in such a manner that the expenditures for a year do not exceed its budget for that year as finally determined under this article."

OFFICIAL BOND

The following official bonds were not filed in the Office of the County Recorder:

Clerk-Treasurer for the period February 4, 2009 to February 4, 2010
Clerk-Treasurer for the period February 4, 2010 to February 4, 2011

Indiana Code 5-4-1-5.1(b) states in part: "Every elected or appointed officer, official, deputy, or employee of a political subdivision . . . shall file the bond in the office of the county recorder. . . ."

CITY OF WOODBURN
AUDIT RESULT(S) AND COMMENT(S)
(Continued)

ESTABLISHMENT OF TRASH FUND

The City does not have an approved ordinance that established the use of their Trash Fund. This was a comment in last year's report, Report B38147.

Indiana Code 36-1-3-6 states:

"(a) If there is a constitutional or statutory provision requiring a specific manner for exercising a power, a unit wanting to exercise the power must do so in that manner.

(b) If there is no constitutional or statutory provision requiring a specific manner for exercising a power, a unit wanting to exercise the power must either:

(1) adopt an ordinance prescribing a specific manner for exercising the power; or

(2) comply with a statutory provision permitting a specific manner for exercising the power.

(c) An ordinance under subsection (b) (1) must be adopted as follows:

(1) In a municipality, by the legislative body of the municipality. . . ."

SALES TAX

We observed that the sales tax rate charged to the Havenwood utility customers was not updated; unit was collecting only 6 percent and not 7 percent. Clerk-Treasurer changed rate to 7 percent after discussion.

Collections by a city or town from the retail sale of tangible property, utility service, or commodities in the performance of private or proprietary activities are subject to sales tax. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

All questions concerning the law or procedure for paying and collecting sales tax should be directed to the Indiana Department of Revenue, Sales Tax Division. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

ACCOUNTS RECEIVABLE CONTROL

The City's accounts receivable control report, produced by their accounting system, does not reconcile with it's detail. For each month of the accounts receivable control report, the month's ending balance should be reconciled to the following month's accounts receivable control report.

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. (Accounting and Uniform Compliance Manual, Chapter 7)

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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

TO: THE OFFICIALS OF THE CITY OF WOODBURN, ALLEN COUNTY, INDIANA

Compliance

We have audited the compliance of the City of Woodburn (City) 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 its major federal program for the year ended December 31, 2010. The City's major federal program is 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 its major federal program is the responsibility of the City's management. Our responsibility is to express an opinion on the City'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 noncompliance 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 City'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 City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2010.

Internal Control Over Compliance

Management of the City 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 City'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 and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 City'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)

A deficiency in 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 and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

The City's response to the findings identified in our audit is described in the accompanying Official Response. We did not audit the City's response and, accordingly, we express no opinion on the response.

This report is intended solely for the information and use of the City's management, City Council, others within the entity, 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

July 6, 2011

CITY OF WOODBURN
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For The Year Ended December 31, 2010

Federal Grantor Agency/Pass-Through Entity Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<u>U.S. ENVIRONMENTAL PROTECTION AGENCY</u>			
Pass-Through Indiana Finance Authority			
Capitalization Grants for Clean Water State Revolving Funds	66.458	2W-00E73001-0	\$ <u>1,046,901</u>
Total federal awards expended			\$ <u><u>1,046,901</u></u>

The accompanying note(s) are an integral part of the Schedule of Expenditures of Federal Awards.

CITY OF WOODBURN
NOTE(S) TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Woodburn (City) and is presented in accordance with the cash and investment basis of accounting used in the preparation of the financial statements. Accordingly, the amount of federal awards expended is based on when the disbursement related to the award occurs except when the federal award is received on a reimbursement basis. In these instances the federal awards are considered expended when the reimbursement is received.

CITY OF WOODBURN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statement(s):

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
Material weaknesses identified?	no
Significant deficiencies identified?	none reported
Noncompliance material to financial statements noted?	no

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	no
Significant deficiencies identified?	none reported
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?	no

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
66.458	Capitalization Grants for Clean Water State Revolving Funds

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee?	no
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Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

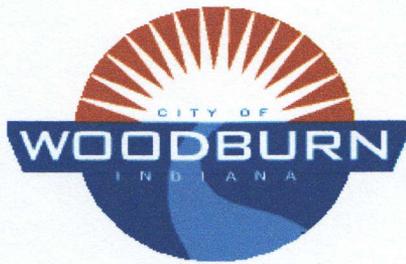
No matters are reportable.

CITY OF WOODBURN
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

CITY OF WOODBURN
EXIT CONFERENCE

The contents of this report were discussed on July 6, 2011, with Lesa Meadows, Clerk-Treasurer; Richard A. Hoepfner, Mayor; Robert Zimmerman, City Council member; and Clarence Reichart, City Council member. The official response has been made a part of this report and may be found on page 33.



CITY OF WOODBURN
22735 MAIN STREET-P.O. BOX 665-WOODBURN, IN. 46797
Phone (260) 632-5318 Fax (260) 632-0502

July 15, 2011

Mr. Bruce Hartman, CPA
302 W. Washington St., Room E418
Indianapolis, IN 46204-2765

Mr. Hartman,

I first would like to say that as the Clerk Treasurer I understand I am ultimately responsible for my office and the items in my Audit results and comments. I would like to comment on some of the items in my audit results.

I had an employee, whom I feel, at the end of her employment became a disgruntled employee and did some of the items in my results deliberately.

The customer deposit register was done by the employee, and if you look at last year's audit you will see the Deputy Clerk was suppose to fix the 2009 customer deposit records also.

The Audit results concerning the Appropriations overspending of MVH and CEDIT funds are due to the fact that the City Council would not hold off on starting construction on a storm water project until the additional appropriation forms were completed, sent and approved by the State Board of Accounts.

The sales tax rate error was the Deputy Clerks; she changed the City of Woodburn's billing but did not change the Havenwood billing rate.

The past audit will also show the Deputy Clerk was given the excel spread sheet format from the auditor, to correct the accounts receivable issue and did not do it. I discovered it was not being done in March 2011.

I do understand the responsibility falls on me to ensure things are done correctly but would like it noted with the audit results that these errors are not my doing.

Any questions feel free to contact me.

Thank you,

Lesa Meadows
Clerk Treasurer
City of Woodburn