

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

EXAMINATION REPORT  
OF  
TOWN OF WHITEWATER  
WAYNE COUNTY, INDIANA  
January 1, 2009 to December 31, 2010



**FILED**  
08/16/2011



TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Officials .....	2
Independent Accountant's Report.....	3
Financial Statement(s): Statement(s) of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis .....	6-7
Notes to Financial Statements .....	8-11
Supplementary Information: Combining Schedule(s) of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis .....	14-15
Examination Result(s) and Comment(s): List of Employees Not Filed With County Treasurer .....	16
Exit Conference.....	17

OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Wava Joan Powell Cynthia Spears	01-01-08 to 12-31-10 01-01-11 to 12-31-11
President of the Town Council	George Powell	01-01-09 to 12-31-11



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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

Telephone: (317) 232-2513  
Fax: (317) 232-4711  
Web Site: [www.in.gov/sboa](http://www.in.gov/sboa)

INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF WHITEWATER, WAYNE COUNTY, INDIANA

We have examined the financial statements of the Town of Whitewater (Town), for the period of January 1, 2009 to December 31, 2010. The Town's management is responsible for the financial statements. 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 statements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

As discussed in Note 1, the Town 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the Town for the years ended December 31, 2009 and 2010, on the basis of accounting described in Note 1.

The Combining Schedule(s) of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis are presented for additional analysis and are not required parts of the financial statements. They have not been subjected to the examination procedures applied to the financial statements and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the Town's management and the Town Council, 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 13, 2011

(This page intentionally left blank.)

FINANCIAL STATEMENT(S)

TOWN OF WHITEWATER  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For The Year Ended December 31, 2009

	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
General	\$ 4,533	\$ 1,689	\$ 4,136	\$ 2,086
Motor Vehicle Highway	17,311	2,109	900	18,520
Local Road And Street	18,273	614	1,008	17,879
Riverboat	2,456	488	-	2,944
Rainy Day	558	14	-	572
Cumulative Capital Improvement Cigarette Tax	8,897	239	-	9,136
County Economic Development Income Tax	<u>8,471</u>	<u>1,582</u>	<u>5,350</u>	<u>4,703</u>
Totals	<u>\$ 60,499</u>	<u>\$ 6,735</u>	<u>\$ 11,394</u>	<u>\$ 55,840</u>

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

TOWN OF WHITEWATER  
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	\$ 2,086	\$ 6,656	\$ 4,190	\$ 4,552
Motor Vehicle Highway	18,520	2,084	13,300	7,304
Local Road And Street	17,879	624	998	17,505
Riverboat	2,944	488	-	3,432
Rainy Day	572	-	-	572
Cumulative Capital Improvement Cigarette Tax	9,136	229	-	9,365
County Economic Development Income Tax	<u>4,703</u>	<u>1,757</u>	<u>-</u>	<u>6,460</u>
Totals	<u>\$ 55,840</u>	<u>\$ 11,838</u>	<u>\$ 18,488</u>	<u>\$ 49,190</u>

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

TOWN OF WHITEWATER  
NOTES TO FINANCIAL STATEMENTS

**Note 1. Summary of Significant Accounting Policies**

*A. Reporting Entity*

The Town was established under the laws of the State of Indiana. The Town operates under a Town Council form of government and provides 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 Town (primary government), and does not include financial information for any of the Town'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 Town (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 Town.

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.

TOWN OF WHITEWATER  
NOTES TO FINANCIAL STATEMENTS  
(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 Town. It includes all expenditures for the reduction of the principal and interest of the Town's general obligation indebtedness.

TOWN OF WHITEWATER  
NOTES TO FINANCIAL STATEMENTS  
(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 Town 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 Town. 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 Town. 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 Town 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 Town 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 Town 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.

TOWN OF WHITEWATER  
NOTES TO FINANCIAL STATEMENTS  
(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 Town to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

**Note 5. *Risk Management***

The Town 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 Town 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 Town by recording as a disbursement and replacement items purchased.

(This page intentionally left blank.)

SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the Town of Whitewater's Annual Report(s) can be found on the Indiana Transparency Portal website: [www.in.gov/itp/annual\\_reports/](http://www.in.gov/itp/annual_reports/).

TOWN OF WHITEWATER  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2009

	General	Motor Vehicle Highway	Local Road And Street	Riverboat	Rainy Day	Cumulative Capital Improvement Cigarette Tax	County Economic Development Income Tax	Totals
Cash and investments - beginning	\$ 4,533	\$ 17,311	\$ 18,273	\$ 2,456	\$ 558	\$ 8,897	\$ 8,471	\$ 60,499
Receipts:								
Intergovernmental	944	2,109	614	488	14	239	1,582	5,990
Other receipts	745	-	-	-	-	-	-	745
Total receipts	<u>1,689</u>	<u>2,109</u>	<u>614</u>	<u>488</u>	<u>14</u>	<u>239</u>	<u>1,582</u>	<u>6,735</u>
Disbursements:								
Personal services	2,691							2,691
Supplies	208	-	-	-	-	-	-	208
Other services and charges	1,237	900	1,008	-	-	-	5,350	8,495
Total disbursements	<u>4,136</u>	<u>900</u>	<u>1,008</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,350</u>	<u>11,394</u>
Excess (deficiency) of receipts over disbursements	<u>(2,447)</u>	<u>1,209</u>	<u>(394)</u>	<u>488</u>	<u>14</u>	<u>239</u>	<u>(3,768)</u>	<u>(4,659)</u>
Cash and investments - ending	<u>\$ 2,086</u>	<u>\$ 18,520</u>	<u>\$ 17,879</u>	<u>\$ 2,944</u>	<u>\$ 572</u>	<u>\$ 9,136</u>	<u>\$ 4,703</u>	<u>\$ 55,840</u>

TOWN OF WHITEWATER  
 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	Riverboat	Rainy Day	Cumulative Capital Improvement Cigarette Tax	County Economic Development Income Tax	Totals
Cash and investments - beginning	\$ 2,086	\$ 18,520	\$ 17,879	\$ 2,944	\$ 572	\$ 9,136	\$ 4,703	\$ 55,840
Receipts:								
Intergovernmental	239	2,084	624	488	-	229	1,757	5,421
Other receipts	6,417	-	-	-	-	-	-	6,417
Total receipts	6,656	2,084	624	488	-	229	1,757	11,838
Disbursements:								
Personal services	2,692	-	-	-	-	-	-	2,692
Supplies	464	-	-	-	-	-	-	464
Other services and charges	1,034	7,300	998	-	-	-	-	9,332
Other disbursements	-	6,000	-	-	-	-	-	6,000
Total disbursements	4,190	13,300	998	-	-	-	-	18,488
Excess (deficiency) of receipts over disbursements	2,466	(11,216)	(374)	488	-	229	1,757	(6,650)
Cash and investments - ending	\$ 4,552	\$ 7,304	\$ 17,505	\$ 3,432	\$ 572	\$ 9,365	\$ 6,460	\$ 49,190

TOWN OF WHITEWATER  
EXAMINATION RESULT(S) AND COMMENT(S)

***LIST OF EMPLOYEES NOT FILED WITH COUNTY TREASURER***

A list of employees was not certified to the County Treasurer.

Indiana Code 6-1.1-22-14(a) states in part:

"On or before June 1 and December 1 of each year . . . the disbursing officer of each political subdivision . . . shall certify the names and addresses of each person who has money due from the political subdivision to the treasurer of each county in which the political subdivision is located."

TOWN OF WHITEWATER  
EXIT CONFERENCE

The contents of this report were discussed on July 19, 2011, with Cynthia Spears, Clerk-Treasurer, and George Powell, President of the Town Council. The officials concurred with our finding.