

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

EXAMINATION REPORT
OF
CITY OF WARSAW
KOSCIUSKO COUNTY, INDIANA
January 1, 2010 to December 31, 2010



FILED
08/24/2011

TABLE OF CONTENTS

| <u>Description</u> | <u>Page</u> |
|---|-------------|
| Officials | 2 |
| Independent Accountant's Report..... | 3 |
| Financial Statement: | |
| Statement of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis | 6 |
| Notes to Financial Statement..... | 7-12 |
| Supplementary Information: | |
| Combining Schedule of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis | 14-20 |
| Schedule of Capital Assets..... | 21 |
| Schedule of Long-Term Debt | 22 |
| Exit Conference..... | 23 |

OFFICIALS

| <u>Office</u> | <u>Official</u> | <u>Term</u> |
|------------------------------------|--------------------------------------|--|
| Clerk-Treasurer | M. Elaine Call Lynne Christiansen | 01-01-08 to 03-05-10 03-06-10 to 12-31-11 |
| Mayor | Ernest Wiggins | 01-01-08 to 12-31-11 |
| President of the Common Council | Joseph Thallemer | 01-01-10 to 12-31-11 |



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE CITY OF WARSAW, KOSCIUSKO COUNTY, INDIANA

We have examined the financial statement of the City of Warsaw (City), for the period of January 1, 2010 to December 31, 2010. The City's management is responsible for the financial statement. 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 statement(s) 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 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 noted above is a different basis than that used in the prior year.

In our opinion, the financial statement referred to above presents 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.

The Combining Schedule of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, Schedule of Capital Assets, and Schedule of Long-Term Debt, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statement. They have not been subjected to the examination procedures applied to the financial statement and, accordingly, we express no opinion on them.

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

August 1, 2011

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FINANCIAL STATEMENT

CITY OF WARSAW
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 Fund | \$ 7,788,719 | \$ 9,350,041 | \$ 8,775,473 | \$ 8,363,287 |
| Petty Cash/Cash Change Fund | 750 | - | - | 750 |
| Motor Vehicle Highway Fund | 601,093 | 375,614 | 364,022 | 612,685 |
| Local Road Street Fund | 154,174 | 112,392 | 105,970 | 160,596 |
| Cemetery Fund | 315,971 | 519,113 | 491,657 | 343,427 |
| Aviation Fund | 823,984 | 776,666 | 1,013,432 | 587,218 |
| Park Operational Non Reverting | 22,263 | 11,857 | 9,300 | 24,820 |
| Donation Fund | 24,125 | 67,965 | 47,331 | 44,759 |
| Unsafe Building Fund | 4,040 | - | - | 4,040 |
| Grant Funds | 17,679 | 679,421 | 691,926 | 5,174 |
| Law Enforcement Continuing Education | 36,107 | 17,757 | 14,210 | 39,654 |
| Riverboat Fund | 36,605 | 77,693 | 66,658 | 47,640 |
| Park Fund | 688,685 | 1,905,211 | 1,563,121 | 1,030,775 |
| Cemetery Permanent & Perpetual Care | 1,252,199 | 36,978 | 27,493 | 1,261,684 |
| Rainy Day Fund | 416,707 | 2,274,941 | 1,368,121 | 1,323,527 |
| Levy Excess Fund | - | 27,817 | - | 27,817 |
| Redevelopment Northern TIF Allocation | 2,333,058 | 1,722,361 | 1,058,916 | 2,996,503 |
| Redevelopment/TIF Winona-Interurban | 5,957 | 7,080 | - | 13,037 |
| Aviation Depreciation | 218,130 | 43,815 | - | 261,945 |
| Fire Territory Operating | - | 4,524,938 | 3,859,226 | 665,712 |
| General Bond Fund | 134,065 | 379,040 | 381,540 | 131,565 |
| Cumulative Capital Improvement | 128,672 | 36,350 | 12,000 | 153,022 |
| Cumulative Capital Dev Fund | 954,908 | 712,021 | 429,464 | 1,237,465 |
| Park Capital Outlay Non-Reverting | 32,249 | 9,397 | - | 41,646 |
| Redevelopment Allocation Cap Fund | 1,302,981 | 357,122 | 37,041 | 1,623,062 |
| Cumulative Fire Fund | 703,933 | 100,000 | 803,933 | - |
| Economic Development Income Tax | 261,885 | 864,093 | 800,000 | 325,978 |
| Fire Territory Equipment | - | 710,182 | 68,049 | 642,133 |
| Self Insurance Fund | 452,495 | 1,888,981 | 2,275,534 | 65,942 |
| Self Insurance/Fire Territory | - | 617,536 | 272,275 | 345,261 |
| Police Pension Fund | 830,098 | 336,022 | 353,253 | 812,867 |
| Fire Pension Fund | 704,078 | 320,803 | 267,726 | 757,155 |
| Payroll Fund | 108,251 | 8,749,540 | 8,696,472 | 161,319 |
| Employee Benefit Trust | 28,615 | 2,524,248 | 2,489,006 | 63,857 |
| Tax Fund | 82 | 3,312 | 3,294 | 100 |
| Aviation Fuel Trust | 88,849 | 2,765,184 | 2,797,193 | 56,840 |
| Wastewater Operating Fund | 6,296,481 | 6,849,067 | 6,620,950 | 6,524,598 |
| Wastewater Bond & Int 2008 | 661 | 120,501 | 120,210 | 952 |
| Wastewater Depreciation Fund | 955,879 | 845,000 | 755,608 | 1,045,271 |
| Wastewater Const/Rev Bond 2008 | 45 | - | 45 | - |
| Wastewater Bond & Int 2003 | 5,964 | 1,059,308 | 1,057,465 | 7,807 |
| Wastewater Lease Bond 2005 Payment | 151,025 | 870,000 | 870,000 | 151,025 |
| Wastewater Utility Cash Reserve | 131,078 | 262,155 | 262,155 | 131,078 |
| Wastewater Bond 2003 Sinking | 1,061,190 | - | - | 1,061,190 |
| Wastewater Lease Bond 2005 Sinking | 870,000 | - | - | 870,000 |
| Wastewater Bond 2008 Sinking | 35,163 | 23,442 | - | 58,605 |
| Totals | <u>\$ 29,978,893</u> | <u>\$ 52,934,964</u> | <u>\$ 48,830,069</u> | <u>\$ 34,083,788</u> |

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

CITY OF WARSAW
NOTES TO FINANCIAL STATEMENT

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 presents 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 statement is 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 statement. 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 WARSAW
NOTES TO FINANCIAL STATEMENT
(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 statement. 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 WARSAW
NOTES TO FINANCIAL STATEMENT
(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 WARSAW
NOTES TO FINANCIAL STATEMENT
(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 statement. 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 any replacement items purchased.

Note 6. Pension Plans

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:

CITY OF WARSAW
NOTES TO FINANCIAL STATEMENT
(Continued)

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.

B. 1925 Police Officers' Pension Plan

Plan Description

The 1925 Police Officers' Pension Plan is a single-employer defined benefit pension plan. The plan is administered by the local pension board as authorized by state statute (IC 36-8-6). The plan provides retirement, disability, and death benefits to plan members and beneficiaries. The plan was established by the plan administrator, as provided by state statute. The plan administrator does not issue a publicly available financial report that includes financial statements and required supplementary information of the plan.

Funding Policy

The contribution requirements of plan members for the 1925 Police Officers' Pension Plan are established by state statute.

On Behalf Payments

The 1925 Police Officers' Pension Plan is funded by the State of Indiana through the Public Employees' Retirement Fund as provided under Indiana Code 5-10.3-11.

C. 1937 Firefighters' Pension Plan

Plan Description

The 1937 Firefighters' Pension Plan is a single-employer defined benefit pension plan. The plan is administered by the local pension board as authorized by state statute (IC 36-8-7). The plan provides retirement, disability, and death benefits to plan members and beneficiaries. The plan was established by the plan administrator, as provided by state statute. The plan administrator does not issue a publicly available financial report that includes financial statements and required supplementary information of the plan.

Funding Policy

The contribution requirements of plan members for the 1937 Firefighters' Pension Plan are established by state statute.

On Behalf Payments

The 1937 Firefighters' Pension Plan is funded by the State of Indiana through the Public Employees' Retirement Fund as provided under Indiana Code 5-10.3-11.

CITY OF WARSAW
NOTES TO FINANCIAL STATEMENT
(Continued)

D. 1977 Police Officers' and Firefighters' Pension and Disability Fund

Plan Description

The 1977 Police Officers' and Firefighters' Pension and Disability Fund is a cost-sharing multiple-employer defined benefit pension plan administered by the Indiana Public Employees' Retirement Plan (PERF) for all police officers and firefighters hired after April 30, 1977.

State statute (IC 36-8-8) regulates the operations of the system, including benefits, vesting, and requirements for contributions by employers and by employees. Covered employees may retire at age 52 with 20 years of service. An employee with 20 years of service may leave service, but will not receive benefits until reaching age 52. The plan also provides for death and disability benefits.

PERF 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

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

SUPPLEMENTARY INFORMATION – UNAUDITED

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

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

| | General Fund | Petty Cash/Cash Change Fund | Motor Vehicle Highway Fund | Local Road Street Fund | Cemetery Fund | Aviation Fund | Park Operational Non Reverting |
|--|---------------------|--------------------------------------|-------------------------------------|---------------------------------|-------------------|-------------------|---|
| Cash and investments - beginning | \$ 7,788,719 | \$ 750 | \$ 601,093 | \$ 154,174 | \$ 315,971 | \$ 823,984 | \$ 22,263 |
| Receipts: | | | | | | | |
| Taxes | 4,296,183 | - | - | - | 386,463 | 34,738 | - |
| Licenses and permits | 24,374 | - | - | - | - | - | - |
| Intergovernmental | 3,325,108 | - | 375,614 | 112,392 | 21,913 | 1,969 | - |
| Charges for services | 53,812 | - | - | - | 110,737 | 739,959 | 11,857 |
| Fines and forfeits | 25,921 | - | - | - | - | - | - |
| Utility fees | - | - | - | - | - | - | - |
| Other receipts | 1,624,643 | - | - | - | - | - | - |
| Total receipts | <u>9,350,041</u> | <u>-</u> | <u>375,614</u> | <u>112,392</u> | <u>519,113</u> | <u>776,666</u> | <u>11,857</u> |
| Disbursements: | | | | | | | |
| Personal services | 5,536,806 | - | - | - | 381,584 | 294,076 | - |
| Supplies | 611,313 | - | 189,672 | 19,489 | 30,426 | 39,863 | 3,980 |
| Other services and charges | 1,454,660 | - | 137,500 | 86,481 | 26,857 | 199,844 | 5,210 |
| Debt service - principal and interest | - | - | - | - | - | - | - |
| Capital outlay | 242,038 | - | 36,850 | - | 52,790 | 479,649 | - |
| Utility operating expenses | - | - | - | - | - | - | - |
| Other disbursements | 930,656 | - | - | - | - | - | 110 |
| Total disbursements | <u>8,775,473</u> | <u>-</u> | <u>364,022</u> | <u>105,970</u> | <u>491,657</u> | <u>1,013,432</u> | <u>9,300</u> |
| Excess (deficiency) of receipts over disbursements | <u>574,568</u> | <u>-</u> | <u>11,592</u> | <u>6,422</u> | <u>27,456</u> | <u>(236,766)</u> | <u>2,557</u> |
| Cash and investments - ending | <u>\$ 8,363,287</u> | <u>\$ 750</u> | <u>\$ 612,685</u> | <u>\$ 160,596</u> | <u>\$ 343,427</u> | <u>\$ 587,218</u> | <u>\$ 24,820</u> |

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

| | Donation Fund | Unsafe Building Fund | Grant Funds | Law Enforcement Continuing Education | Riverboat Fund | Park Fund | Cemetery Permanent & Perpetual Care |
|--|------------------|----------------------------|-----------------|---|-------------------|---------------------|---|
| Cash and investments - beginning | \$ 24,125 | \$ 4,040 | \$ 17,679 | \$ 36,107 | \$ 36,605 | \$ 688,685 | \$ 1,252,199 |
| Receipts: | | | | | | | |
| Taxes | - | - | - | - | - | 1,622,278 | - |
| Licenses and permits | - | - | - | - | - | - | - |
| Intergovernmental | - | - | 671,421 | - | 77,693 | 91,980 | - |
| Charges for services | - | - | - | - | - | 181,022 | 29,203 |
| Fines and forfeits | - | - | - | 17,757 | - | - | - |
| Utility fees | - | - | - | - | - | - | - |
| Other receipts | 67,965 | - | 8,000 | - | - | 9,931 | 7,775 |
| Total receipts | <u>67,965</u> | <u>-</u> | <u>679,421</u> | <u>17,757</u> | <u>77,693</u> | <u>1,905,211</u> | <u>36,978</u> |
| Disbursements: | | | | | | | |
| Personal services | - | - | 67,744 | - | - | 1,038,007 | - |
| Supplies | - | - | 3,900 | 913 | - | 134,344 | - |
| Other services and charges | - | - | 12,050 | 7,297 | - | 354,189 | - |
| Debt service - principal and interest | - | - | - | - | 66,658 | - | - |
| Capital outlay | - | - | 605,782 | 6,000 | - | 36,581 | 27,218 |
| Utility operating expenses | - | - | - | - | - | - | - |
| Other disbursements | 47,331 | - | 2,450 | - | - | - | 275 |
| Total disbursements | <u>47,331</u> | <u>-</u> | <u>691,926</u> | <u>14,210</u> | <u>66,658</u> | <u>1,563,121</u> | <u>27,493</u> |
| Excess (deficiency) of receipts over disbursements | <u>20,634</u> | <u>-</u> | <u>(12,505)</u> | <u>3,547</u> | <u>11,035</u> | <u>342,090</u> | <u>9,485</u> |
| Cash and investments - ending | <u>\$ 44,759</u> | <u>\$ 4,040</u> | <u>\$ 5,174</u> | <u>\$ 39,654</u> | <u>\$ 47,640</u> | <u>\$ 1,030,775</u> | <u>\$ 1,261,684</u> |

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

| | Rainy Day Fund | Levy Excess Fund | Redevelopment Northern TIF Allocation | Redevelopment/TIF Winona-Interurban | Aviation Depreciation | Fire Territory Operating | General Bond Fund |
|---|----------------------|------------------------|--|--|--------------------------|--------------------------------|-------------------------|
| Cash and investments - beginning | \$ 416,707 | \$ - | \$ 2,333,058 | \$ 5,957 | \$ 218,130 | \$ - | \$ 134,065 |
| Receipts: | | | | | | | |
| Taxes | - | - | 1,674,524 | 7,080 | - | 3,104,080 | 242,300 |
| Licenses and permits | - | - | - | - | - | - | - |
| Intergovernmental | 1,471,008 | - | - | - | - | 619,692 | 13,740 |
| Charges for services | - | - | - | - | 43,815 | - | - |
| Fines and forfeits | - | - | - | - | - | - | - |
| Utility fees | - | - | - | - | - | - | - |
| Other receipts | 803,933 | 27,817 | 47,837 | - | - | 801,166 | 123,000 |
| Total receipts | 2,274,941 | 27,817 | 1,722,361 | 7,080 | 43,815 | 4,524,938 | 379,040 |
| Disbursements: | | | | | | | |
| Personal services | - | - | 10,220 | - | - | 2,538,646 | - |
| Supplies | - | - | - | - | - | 70,696 | - |
| Other services and charges | 34,548 | - | 26,201 | - | - | 295,873 | 1,050 |
| Debt service - principal and interest | - | - | - | - | - | - | 257,490 |
| Capital outlay | 1,333,573 | - | 1,022,495 | - | - | - | - |
| Utility operating expenses | - | - | - | - | - | - | - |
| Other disbursements | - | - | - | - | - | 954,011 | 123,000 |
| Total disbursements | 1,368,121 | - | 1,058,916 | - | - | 3,859,226 | 381,540 |
| Excess (deficiency) of receipts over disbursements | 906,820 | 27,817 | 663,445 | 7,080 | 43,815 | 665,712 | (2,500) |
| Cash and investments - ending | \$ 1,323,527 | \$ 27,817 | \$ 2,996,503 | \$ 13,037 | \$ 261,945 | \$ 665,712 | \$ 131,565 |

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

| | Cumulative Capital Improvement | Cumulative Capital Dev Fund | Park Capital Outlay Non-Reverting | Redevelopment Allocation Cap Fund | Cumulative Fire Fund | Economic Development Income Tax | Fire Territory Equipment |
|---|--------------------------------------|--------------------------------------|--|--|----------------------------|--|--------------------------------|
| Cash and investments - beginning | \$ 128,672 | \$ 954,908 | \$ 32,249 | \$ 1,302,981 | \$ 703,933 | \$ 261,885 | \$ - |
| Receipts: | | | | | | | |
| Taxes | - | 434,229 | - | 353,521 | - | - | 439,481 |
| Licenses and permits | - | - | - | - | - | - | - |
| Intergovernmental | 36,350 | 24,619 | - | 3,595 | - | 864,093 | 31,103 |
| Charges for services | - | - | 9,397 | - | - | - | - |
| Fines and forfeits | - | - | - | - | - | - | - |
| Utility fees | - | - | - | - | - | - | - |
| Other receipts | - | 253,173 | - | 6 | 100,000 | - | 239,598 |
| Total receipts | <u>36,350</u> | <u>712,021</u> | <u>9,397</u> | <u>357,122</u> | <u>100,000</u> | <u>864,093</u> | <u>710,182</u> |
| Disbursements: | | | | | | | |
| Personal services | - | - | - | - | - | - | - |
| Supplies | - | 27,423 | - | - | - | - | - |
| Other services and charges | 12,000 | 76,212 | - | 12,585 | - | - | - |
| Debt service - principal and interest | - | - | - | 24,456 | - | - | - |
| Capital outlay | - | 325,829 | - | - | - | 800,000 | 68,049 |
| Utility operating expenses | - | - | - | - | - | - | - |
| Other disbursements | - | - | - | - | 803,933 | - | - |
| Total disbursements | <u>12,000</u> | <u>429,464</u> | <u>-</u> | <u>37,041</u> | <u>803,933</u> | <u>800,000</u> | <u>68,049</u> |
| Excess (deficiency) of receipts over disbursements | <u>24,350</u> | <u>282,557</u> | <u>9,397</u> | <u>320,081</u> | <u>(703,933)</u> | <u>64,093</u> | <u>642,133</u> |
| Cash and investments - ending | <u>\$ 153,022</u> | <u>\$ 1,237,465</u> | <u>\$ 41,646</u> | <u>\$ 1,623,062</u> | <u>\$ -</u> | <u>\$ 325,978</u> | <u>\$ 642,133</u> |

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

| | Self Insurance Fund | Self Insurance/Fire Territory | Police Pension Fund | Fire Pension Fund | Payroll Fund | Employee Benefit Trust | Tax Fund |
|--|---------------------------|-------------------------------------|---------------------------|-------------------------|-------------------|------------------------------|---------------|
| Cash and investments - beginning | \$ 452,495 | \$ - | \$ 830,098 | \$ 704,078 | \$ 108,251 | \$ 28,615 | \$ 82 |
| Receipts: | | | | | | | |
| Taxes | - | - | - | - | - | - | - |
| Licenses and permits | - | - | - | - | - | - | - |
| Intergovernmental | - | - | - | - | - | - | - |
| Charges for services | 1,886,183 | 617,536 | - | - | - | - | - |
| Fines and forfeits | - | - | - | - | - | - | - |
| Utility fees | - | - | - | - | - | - | - |
| Other receipts | 2,798 | - | 336,022 | 320,803 | 8,749,540 | 2,524,248 | 3,312 |
| Total receipts | <u>1,888,981</u> | <u>617,536</u> | <u>336,022</u> | <u>320,803</u> | <u>8,749,540</u> | <u>2,524,248</u> | <u>3,312</u> |
| Disbursements: | | | | | | | |
| Personal services | - | - | 346,553 | 266,026 | - | - | - |
| Supplies | - | - | - | - | - | - | - |
| Other services and charges | - | - | 6,700 | 1,700 | - | - | - |
| Debt service - principal and interest | - | - | - | - | - | - | - |
| Capital outlay | - | - | - | - | - | - | - |
| Utility operating expenses | - | - | - | - | - | - | - |
| Other disbursements | 2,275,534 | 272,275 | - | - | 8,696,472 | 2,489,006 | 3,294 |
| Total disbursements | <u>2,275,534</u> | <u>272,275</u> | <u>353,253</u> | <u>267,726</u> | <u>8,696,472</u> | <u>2,489,006</u> | <u>3,294</u> |
| Excess (deficiency) of receipts over disbursements | <u>(386,553)</u> | <u>345,261</u> | <u>(17,231)</u> | <u>53,077</u> | <u>53,068</u> | <u>35,242</u> | <u>18</u> |
| Cash and investments - ending | <u>\$ 65,942</u> | <u>\$ 345,261</u> | <u>\$ 812,867</u> | <u>\$ 757,155</u> | <u>\$ 161,319</u> | <u>\$ 63,857</u> | <u>\$ 100</u> |

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

| | Aviation Fuel Trust | Wastewater Operating Fund | Wastewater Bond & Int 2008 | Wastewater Depreciation Fund | Wastewater Const/Rev Bond 2008 | Wastewater Bond & Int 2003 |
|--|---------------------------|---------------------------------|--|------------------------------------|---|--|
| Cash and investments - beginning | \$ 88,849 | \$ 6,296,481 | \$ 661 | \$ 955,879 | \$ 45 | \$ 5,964 |
| Receipts: | | | | | | |
| Taxes | - | - | - | - | - | - |
| Licenses and permits | - | - | - | - | - | - |
| Intergovernmental | - | - | - | - | - | - |
| Charges for services | - | - | - | - | - | - |
| Fines and forfeits | - | - | - | - | - | - |
| Utility fees | 2,764,744 | 5,297,088 | - | - | - | - |
| Other receipts | 440 | 1,551,979 | 120,501 | 845,000 | - | 1,059,308 |
| Total receipts | <u>2,765,184</u> | <u>6,849,067</u> | <u>120,501</u> | <u>845,000</u> | <u>-</u> | <u>1,059,308</u> |
| Disbursements: | | | | | | |
| Personal services | - | - | - | - | - | - |
| Supplies | - | - | - | - | - | - |
| Other services and charges | - | - | - | - | - | - |
| Debt service - principal and interest | - | - | 120,210 | - | - | 1,057,465 |
| Capital outlay | - | 560,241 | - | 755,608 | 45 | - |
| Utility operating expenses | 2,075,081 | 2,866,466 | - | - | - | - |
| Other disbursements | 722,112 | 3,194,243 | - | - | - | - |
| Total disbursements | <u>2,797,193</u> | <u>6,620,950</u> | <u>120,210</u> | <u>755,608</u> | <u>45</u> | <u>1,057,465</u> |
| Excess (deficiency) of receipts over disbursements | <u>(32,009)</u> | <u>228,117</u> | <u>291</u> | <u>89,392</u> | <u>(45)</u> | <u>1,843</u> |
| Cash and investments - ending | <u>\$ 56,840</u> | <u>\$ 6,524,598</u> | <u>\$ 952</u> | <u>\$ 1,045,271</u> | <u>\$ -</u> | <u>\$ 7,807</u> |

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

| | Wastewater Lease Bond 2005 Payment | Wastewater Utility Cash Reserve | Wastewater Bond 2003 Sinking | Wastewater Lease Bond 2005 Sinking | Wastewater Bond 2008 Sinking | Totals |
|--|--|--|---------------------------------------|--|---------------------------------------|---------------|
| Cash and investments - beginning | \$ 151,025 | \$ 131,078 | \$ 1,061,190 | \$ 870,000 | \$ 35,163 | \$ 29,978,893 |
| Receipts: | | | | | | |
| Taxes | - | - | - | - | - | 12,594,877 |
| Licenses and permits | - | - | - | - | - | 24,374 |
| Intergovernmental | - | - | - | - | - | 7,742,290 |
| Charges for services | - | - | - | - | - | 3,683,521 |
| Fines and forfeits | - | - | - | - | - | 43,678 |
| Utility fees | - | - | - | - | - | 8,061,832 |
| Other receipts | 870,000 | 262,155 | - | - | 23,442 | 20,784,392 |
| Total receipts | 870,000 | 262,155 | - | - | 23,442 | 52,934,964 |
| Disbursements: | | | | | | |
| Personal services | - | - | - | - | - | 10,479,662 |
| Supplies | - | - | - | - | - | 1,132,019 |
| Other services and charges | - | - | - | - | - | 2,750,957 |
| Debt service - principal and interest | 870,000 | - | - | - | - | 2,396,279 |
| Capital outlay | - | - | - | - | - | 6,352,748 |
| Utility operating expenses | - | - | - | - | - | 4,941,547 |
| Other disbursements | - | 262,155 | - | - | - | 20,776,857 |
| Total disbursements | 870,000 | 262,155 | - | - | - | 48,830,069 |
| Excess (deficiency) of receipts over disbursements | - | - | - | - | 23,442 | 4,104,895 |
| Cash and investments - ending | \$ 151,025 | \$ 131,078 | \$ 1,061,190 | \$ 870,000 | \$ 58,605 | \$ 34,083,788 |

CITY OF WARSAW
 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.

| <u>Primary Government</u> | <u>Ending Balance</u> |
|--|---------------------------|
| Governmental activities: | |
| Capital assets, not being depreciated: | |
| Land | \$ 4,350,473 |
| Infrastructure | 47,214,190 |
| Buildings | 4,948,681 |
| Improvements other than buildings | 6,045,626 |
| Machinery and equipment | 12,680,946 |
| Construction in progress | <u>2,808,247</u> |
| Total governmental activities, capital assets not being depreciated | <u>\$ 78,048,163</u> |
| Business-type activities: | |
| Wastewater Utility: | |
| Capital assets, not being depreciated: | |
| Land | \$ 239,706 |
| Construction in progress | 32,815 |
| Buildings | 18,036,007 |
| Improvements other than buildings | 32,002,967 |
| Machinery and equipment | <u>1,454,385</u> |
| Total business-type activities capital assets | <u>\$ 51,765,880</u> |

CITY OF WARSAW
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: | | |
| Capital leases: | | |
| Street Dump Trucks 2006 | \$ 83,825 | \$ 35,742 |
| Street Dump Trucks 2005 | 44,923 | 30,916 |
| Notes and loans payable: | | |
| Brownsfield Site IDFA Loan 2002 | 37,659 | 19,363 |
| Brownsfield Site IDFA Loan 2002 | 9,905 | 5,093 |
| Economic Development Bonds 2000 (Danek) | 1,485,000 | 226,600 |
| Bonds payable: | | |
| General obligation bonds: | | |
| Fire Equipment | <u>1,110,000</u> | <u>258,375</u> |
| Total governmental activities debt | <u>\$ 2,771,312</u> | <u>\$ 576,089</u> |
| Business-type activities: | | |
| Wastewater Utility: | | |
| Capital leases: | | |
| Vactor 2007 | \$ 91,823 | \$ 63,457 |
| Building Corp Lease Rental | 11,269,000 | 866,000 |
| Revenue Bonds: | | |
| 2003 Improvements | 7,330,000 | 1,061,184 |
| 2008 CSO Lab Improvements | <u>2,710,000</u> | <u>120,210</u> |
| Total business-type activities debt | <u>\$ 21,400,823</u> | <u>\$ 2,110,851</u> |

CITY OF WARSAW
EXIT CONFERENCE

The contents of this report were discussed on August 1, 2011, with Lynne Christiansen, Clerk-Treasurer, and Ernest Wiggins, Mayor. Our examination disclosed no material items that warrant comment at this time.