

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

EXAMINATION REPORT  
OF  
TOWN OF NORTH WEBSTER  
KOSCIUSKO COUNTY, INDIANA  
January 1, 2010 to December 31, 2010



**FILED**  
09/21/2011



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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Alice E. Luce	01-01-08 to 12-31-11
President of the Town Council	Jon Sroufe	01-01-10 to 12-31-11



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF NORTH WEBSTER, KOSCIUSKO COUNTY, INDIANA

We have examined the financial statement of the Town of North Webster (Town), for the period of January 1, 2010 to December 31, 2010. The Town'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 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 statement 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 Town 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 Town's management, the Town Board, 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 23, 2011

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FINANCIAL STATEMENT

TOWN OF NORTH WEBSTER  
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	\$ 561,409	\$ 488,282	\$ 560,937	\$ 488,754
Motor Vehicle Highway	132,096	91,822	41,246	182,672
Local Road and Street	54,668	10,154	-	64,822
Garbage Collection	25,986	56,625	52,917	29,694
Law Enforcement Continuing Education	7,385	2,533	1,070	8,848
Riverboat	26,813	6,678	5,458	28,033
Park and Recreation	713	11,810	7,853	4,670
Park/Beach Donation	414	150	-	564
Police Grant DUI Fund	-	754	754	-
Rainy Day	83,545	126,269	22,520	187,294
Police Forfeiture	1,704	3	-	1,707
Excess Levy	-	1,088	-	1,088
Aggressive Driving	-	2,126	2,126	-
Operation Pull Over	-	1,842	1,842	-
Police Donation	7,653	35	145	7,543
Cumulative Capital Development	40,644	14,505	-	55,149
Cumulative Capital Improvement	44,310	3,124	4,553	42,881
CEDIT	460,831	74,264	8,401	526,694
Payroll	4,609	410,410	411,833	3,186
Wastewater Utility - Operating	37,069	716,599	737,852	15,816
Wastewater Utility - Bond And Interest	-	177,033	177,033	-
Wastewater Utility - Construction	133,919	-	-	133,919
Wastewater Utility - Improvement	120,090	-	-	120,090
Wastewater Utility - Debt Service	205,589	-	-	205,589
Totals	<u>\$ 1,949,447</u>	<u>\$ 2,196,106</u>	<u>\$ 2,036,540</u>	<u>\$ 2,109,013</u>

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

TOWN OF NORTH WEBSTER  
NOTES TO FINANCIAL STATEMENT

**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 presents 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 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 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 NORTH WEBSTER  
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 Town. It includes all expenditures for the reduction of the principal and interest of the Town's general obligation indebtedness.

TOWN OF NORTH WEBSTER  
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 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 NORTH WEBSTER  
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 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 any replacement items purchased.

**Note 6. Pension Plan**

*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 Town authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3 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:

TOWN OF NORTH WEBSTER  
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.

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SUPPLEMENTARY INFORMATION – UNAUDITED

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

TOWN OF NORTH WEBSTER  
 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	Garbage Collection	Law Enforcement Continuing Education	Riverboat	Park and Recreation
Cash and investments - beginning	\$ 561,409	\$ 132,096	\$ 54,668	\$ 25,986	\$ 7,385	\$ 26,813	\$ 713
Receipts:							
Taxes	278,839	56,721	-	-	-	-	-
Licenses and permits	300	-	-	-	383	-	-
Intergovernmental	165,832	34,678	10,154	-	-	6,678	-
Charges for services	-	-	-	56,625	550	-	-
Fines and forfeits	196	-	-	-	1,600	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	43,115	423	-	-	-	-	11,810
Total receipts	<u>488,282</u>	<u>91,822</u>	<u>10,154</u>	<u>56,625</u>	<u>2,533</u>	<u>6,678</u>	<u>11,810</u>
Disbursements:							
Personal services	284,217	-	-	-	-	-	-
Supplies	15,224	20,541	-	-	728	-	-
Other services and charges	130,772	14,539	-	52,917	342	-	7,853
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	75,724	6,166	-	-	-	5,458	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	55,000	-	-	-	-	-	-
Total disbursements	<u>560,937</u>	<u>41,246</u>	<u>-</u>	<u>52,917</u>	<u>1,070</u>	<u>5,458</u>	<u>7,853</u>
Excess (deficiency) of receipts over disbursements	<u>(72,655)</u>	<u>50,576</u>	<u>10,154</u>	<u>3,708</u>	<u>1,463</u>	<u>1,220</u>	<u>3,957</u>
Cash and investments - ending	<u>\$ 488,754</u>	<u>\$ 182,672</u>	<u>\$ 64,822</u>	<u>\$ 29,694</u>	<u>\$ 8,848</u>	<u>\$ 28,033</u>	<u>\$ 4,670</u>

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

	Park/Beach Donation	Police Grant DUI Fund	Rainy Day	Police Forfeiture	Excess Levy	Aggressive Driving
Cash and investments - beginning	\$ 414	\$ -	\$ 83,545	\$ 1,704	\$ -	\$ -
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	754	-	-	1,088	2,126
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	150	-	126,269	3	-	-
Total receipts	150	754	126,269	3	1,088	2,126
Disbursements:						
Personal services	-	754	6,017	-	-	2,126
Supplies	-	-	-	-	-	-
Other services and charges	-	-	16,503	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	-	754	22,520	-	-	2,126
Excess (deficiency) of receipts over disbursements	150	-	103,749	3	1,088	-
Cash and investments - ending	\$ 564	\$ -	\$ 187,294	\$ 1,707	\$ 1,088	\$ -

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

	Operation Pull Over	Police Donation	Cumulative Capital Development	Cumulative Capital Improvement	CEDIT	Payroll
Cash and investments - beginning	\$ -	\$ 7,653	\$ 40,644	\$ 44,310	\$ 460,831	\$ 4,609
Receipts:						
Taxes	-	-	13,153	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	1,842	-	1,352	3,124	74,264	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	-	35	-	-	-	410,410
Total receipts	<u>1,842</u>	<u>35</u>	<u>14,505</u>	<u>3,124</u>	<u>74,264</u>	<u>410,410</u>
Disbursements:						
Personal services	1,842	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	145	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	4,553	8,401	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	411,833
Total disbursements	<u>1,842</u>	<u>145</u>	<u>-</u>	<u>4,553</u>	<u>8,401</u>	<u>411,833</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>(110)</u>	<u>14,505</u>	<u>(1,429)</u>	<u>65,863</u>	<u>(1,423)</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ 7,543</u>	<u>\$ 55,149</u>	<u>\$ 42,881</u>	<u>\$ 526,694</u>	<u>\$ 3,186</u>

TOWN OF NORTH WEBSTER  
 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 - Construction	Wastewater Utility - Improvement	Wastewater Utility - Debt Service	Totals
Cash and investments - beginning	\$ 37,069	\$ -	\$ 133,919	\$ 120,090	\$ 205,589	\$ 1,949,447
Receipts:						
Taxes	-	-	-	-	-	348,713
Licenses and permits	-	-	-	-	-	683
Intergovernmental	-	-	-	-	-	301,892
Charges for services	-	-	-	-	-	57,175
Fines and forfeits	-	-	-	-	-	1,796
Utility fees	716,599	-	-	-	-	716,599
Other receipts	-	177,033	-	-	-	769,248
Total receipts	<u>716,599</u>	<u>177,033</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,196,106</u>
Disbursements:						
Personal services	-	-	-	-	-	294,956
Supplies	-	-	-	-	-	36,493
Other services and charges	-	-	-	-	-	223,071
Debt service - principal and interest	-	177,033	-	-	-	177,033
Capital outlay	29,906	-	-	-	-	130,208
Utility operating expenses	530,913	-	-	-	-	530,913
Other disbursements	177,033	-	-	-	-	643,866
Total disbursements	<u>737,852</u>	<u>177,033</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,036,540</u>
Excess (deficiency) of receipts over disbursements	<u>(21,253)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>159,566</u>
Cash and investments - ending	<u>\$ 15,816</u>	<u>\$ -</u>	<u>\$ 133,919</u>	<u>\$ 120,090</u>	<u>\$ 205,589</u>	<u>\$ 2,109,013</u>

TOWN OF NORTH WEBSTER  
 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 years have been reported.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 23,543
Infrastructure	2,923,710
Buildings	193,208
Machinery and equipment	308,915
Total governmental activities, capital assets not being depreciated	\$ 3,449,376
<u>Primary Government</u>	<u>Ending Balance</u>
Business-type activities:	
Wastewater Utility:	
Capital assets, not being depreciated:	
Land	\$ 97,418
Buildings	199,148
Improvements other than buildings	2,458,156
Machinery and equipment	353,892
Total business-type activities capital assets	3,108,614

TOWN OF NORTH WEBSTER  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF LONG-TERM DEBT  
 December 31, 2010

The Town has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Business-type activities:		
Wastewater Utility:		
Revenue bonds:		
Wastewater Refunding Revenue Bonds of 2003	<u>\$ 1,385,000</u>	<u>\$ 172,632</u>

TOWN OF NORTH WEBSTER  
EXIT CONFERENCE

The contents of this report were discussed on August 23, 2011, with Alice E. Luce, Clerk-Treasurer. Our examination disclosed no material items that warrant comment at this time.