

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

FINANCIAL STATEMENT EXAMINATION REPORT

OF

TOWN OF WINSLOW

PIKE COUNTY, INDIANA

January 1, 2007 to December 31, 2010



FILED
12/08/2011

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Joetta M. Gurdorf	01-01-07 to 01-09-11
	Jeffery A. Bolin	01-10-11 to 01-23-11
	Beth A. Bennett	01-24-11 to 12-31-11
President of the Town Council	Glendel Ashby	01-01-07 to 12-31-07
	Jeffery A. Bolin	01-01-08 to 01-09-11
	Donald E. Bolin	01-10-11 to 12-31-11
Superintendent of Utilities	Donald W. Guthrie	01-01-07 to 12-31-07
	Todd Williams	01-01-08 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

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF WINSLOW, PIKE COUNTY, INDIANA

We have examined the financial statements of the Town of Winslow (Town), for the period of January 1, 2007 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. The basis 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 Town for the years ended December 31, 2007, 2008, 2009, and 2010, on the basis of accounting described in Note 1.

The Combining Schedule of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis for the year ended December 31, 2010, 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 statements. They have not been subjected to the examination procedures applied to the financial statements and, accordingly, we express no opinion on them. Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis were not presented for the years ended December 31, 2007, 2008, or 2009.

This report is intended solely for the information and use of the Town's management and governing 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

October 27, 2011

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FINANCIAL STATEMENTS

The financial statements and accompanying notes were approved by management of the Town. The financial statements and notes are presented as intended by the Town.

TOWN OF WINSLOW
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For The Year Ended December 31, 2007

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
General	\$ 55,232	\$ 170,324	\$ 151,751	\$ 73,805
Motor Vehicle Highway	8,449	50,568	58,052	965
Local Road and Street	3,488	4,016	3,492	4,012
Law Enforcement Continuing Education	229	407	-	636
Economic Development	28,129	18,349	10,000	36,478
Rainy Day	4,917	-	-	4,917
Community Center Donation	(7,406)	37,027	26,394	3,227
Winslow Good Start	(1)	2,501	-	2,500
BIF WCC Grant II	410	-	84	326
WCC Foundation	12	-	-	12
Cumulative Capital Improvement	28,296	4,309	7,605	25,000
Cumulative Capital Development	11,803	3,817	3,200	12,420
Water Utility - Operating	3,485	163,260	166,225	520
Water Utility - Bond and Interest	1,148	42,031	42,519	660
Water Utility - Depreciation	8,577	19,040	12,597	15,020
Water Utility - Customer Deposit	26,439	4,524	3,632	27,331
Wastewater Utility - Operating	56,590	158,040	196,124	18,506
Wastewater Utility - Bond and Interest	30,132	30,021	40,153	20,000
Wastewater Utility - Depreciation	72,714	3,018	3,352	72,380
Wastewater Utility - Debt Reserve	12,108	-	1,147	10,961
Payroll	511	232,109	232,620	-
Totals	<u>\$ 345,262</u>	<u>\$ 943,361</u>	<u>\$ 958,947</u>	<u>\$ 329,676</u>

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

TOWN OF WINSLOW
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For The Year Ended December 31, 2008

	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
General	\$ 73,805	\$ 194,271	\$ 183,306	\$ 84,770
Motor Vehicle Highway	965	49,254	47,245	2,974
Local Road and Street	4,012	3,836	3,152	4,696
Law Enforcement Continuing Education	636	234	603	267
Economic Development	36,478	17,802	13,480	40,800
Rainy Day	4,917	1,836	-	6,753
Community Center Donation	3,227	19,238	17,091	5,374
Winslow Good Start	2,500	991	100	3,391
BIF WCC Grant II	326	-	326	-
WCC Foundation	12	-	12	-
Cumulative Capital Improvement	25,000	3,698	-	28,698
Cumulative Capital Development	12,420	3,743	715	15,448
Comprehensive Planning Grant	-	29,430	29,430	-
Water Utility - Operating	520	182,596	184,643	(1,527)
Water Utility - Bond and Interest	660	42,334	42,529	465
Water Utility - Depreciation	15,020	435	-	15,455
Water Utility - Customer Deposit	27,331	5,224	3,455	29,100
Wastewater Utility - Operating	18,506	168,163	138,154	48,515
Wastewater Utility - Bond and Interest	20,000	70,234	65,382	24,852
Wastewater Utility - Depreciation	72,380	1,745	40,000	34,125
Wastewater Utility - Debt Reserve	10,961	-	-	10,961
Payroll	-	208,815	208,815	-
Totals	<u>\$ 329,676</u>	<u>\$ 1,003,879</u>	<u>\$ 978,438</u>	<u>\$ 355,117</u>

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

TOWN OF WINSLOW
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	\$ 84,770	\$ 172,607	\$ 181,140	\$ 76,237
Motor Vehicle Highway	2,974	42,087	47,285	(2,224)
Local Road and Street	4,696	3,653	1,728	6,621
Law Enforcement Continuing Education	267	168	60	375
Economic Development	40,800	25,334	35,787	30,347
Rainy Day	6,753	1,580	-	8,333
Community Center Donation	5,374	8,396	13,770	-
Winslow Good Start	3,391	2,910	288	6,013
Cumulative Capital Improvement	28,698	3,196	1,443	30,451
Cumulative Capital Development	15,448	2,732	-	18,180
Comprehensive Planning Grant	-	19,620	19,620	-
Water Utility - Operating	(1,527)	194,440	167,287	25,626
Water Utility - Bond and Interest	465	43,002	43,413	54
Water Utility - Depreciation	15,455	297	1,294	14,458
Water Utility - Customer Deposit	29,100	4,707	4,699	29,108
Wastewater Utility - Operating	48,515	185,095	216,435	17,175
Wastewater Utility - Bond and Interest	24,852	55,180	42,050	37,982
Wastewater Utility - Depreciation	34,125	493	4,575	30,043
Wastewater Utility - Debt Reserve	10,961	-	10,000	961
Payroll	-	227,783	226,765	1,018
Totals	<u>\$ 355,117</u>	<u>\$ 993,280</u>	<u>\$ 1,017,639</u>	<u>\$ 330,758</u>

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

TOWN OF WINSLOW
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	\$ 76,237	\$ 167,020	\$ 184,740	\$ 58,517
Motor Vehicle Highway	(2,224)	42,320	43,638	(3,542)
Local Road And Street	6,621	3,751	4,281	6,091
Law Enforcement Continuing Education	375	165	150	390
Cumulative Capital Development	18,180	2,757	-	20,937
Rainy Day	8,333	-	-	8,333
Winslow Good Start	6,013	1,128	4,749	2,392
Cumulative Capital Improvement	30,451	2,713	3,500	29,664
Economic Development	30,347	15,525	13,000	32,872
Payroll Fund	1,018	252,834	246,195	7,657
Wastewater Operations	17,175	197,049	184,216	30,008
Wastewater Bond And Interest	37,982	34,791	41,350	31,423
Wastewater Depreciation	30,043	330	-	30,373
Wastewater Debt Reserve	961	-	-	961
Water Operations	25,626	201,447	205,701	21,372
Water Bond And Interest	54	45,001	43,254	1,801
Water Depreciation	14,458	96	9,020	5,534
Water Meter Deposit	29,108	6,296	3,787	31,617
Totals	<u>\$ 330,758</u>	<u>\$ 973,223</u>	<u>\$ 987,581</u>	<u>\$ 316,400</u>

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

TOWN OF WINSLOW
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, culture and recreation, public improvements, planning and zoning, general administrative services, water, and wastewater.

The accompanying financial statements present 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 non businesses 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 WINSLOW
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.

Penalties include all receipts from charges levied by the utility for payment of current services by consumers past the payment due date as set forth by the rate ordinances.

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.

TOWN OF WINSLOW
NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

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

TOWN OF WINSLOW
NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

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.

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.

TOWN OF WINSLOW
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

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

Funding Policy and Annual Pension Cost

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

SUPPLEMENTARY INFORMATION – UNAUDITED

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

Differences may be noted between the financial information presented in the financial statements contained in this report and the financial information presented in the Annual Reports of the Town which are referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the examination. This is a common occurrence in any financial statement examination. The financial information presented in this report is examined information, and the accuracy of such information can be determined by reading the opinion given in the Independent Accountant's Report.

The supplementary information presented was approved by management of the Town. It is presented as intended by the Town.

TOWN OF WINSLOW
 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	Law Enforcement Continuing Education	Cumulative Capital Development	Rainy Day	Winslow Good Start
Cash and investments - beginning	\$ 76,237	\$ (2,224)	\$ 6,621	\$ 375	\$ 18,180	\$ 8,333	\$ 6,013
Receipts:							
Taxes	99,667	16,598	-	-	2,056	-	-
Licenses and permits	570	-	-	150	-	-	-
Intergovernmental	30,462	23,658	3,751	-	701	-	-
Charges for services	3,798	390	-	15	-	-	-
Fines and forfeits	1,707	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	30,816	1,674	-	-	-	-	1,128
Total receipts	<u>167,020</u>	<u>42,320</u>	<u>3,751</u>	<u>165</u>	<u>2,757</u>	<u>-</u>	<u>1,128</u>
Disbursements:							
Personal services	74,584	28,575	-	-	-	-	-
Supplies	36,596	4,894	-	-	-	-	-
Other services and charges	19,918	9,443	4,281	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	13,376	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	40,266	726	-	150	-	-	4,749
Total disbursements	<u>184,740</u>	<u>43,638</u>	<u>4,281</u>	<u>150</u>	<u>-</u>	<u>-</u>	<u>4,749</u>
Excess (deficiency) of receipts over disbursements	<u>(17,720)</u>	<u>(1,318)</u>	<u>(530)</u>	<u>15</u>	<u>2,757</u>	<u>-</u>	<u>(3,621)</u>
Cash and investments - ending	<u>\$ 58,517</u>	<u>\$ (3,542)</u>	<u>\$ 6,091</u>	<u>\$ 390</u>	<u>\$ 20,937</u>	<u>\$ 8,333</u>	<u>\$ 2,392</u>

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

	Cumulative Capital Improvement	Economic Development	Payroll Fund	Wastewater Operations	Wastewater Bond And Interest	Wastewater Depreciation
Cash and investments - beginning	\$ 30,451	\$ 30,347	\$ 1,018	\$ 17,175	\$ 37,982	\$ 30,043
Receipts:						
Taxes	-	15,525	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	2,580	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	10,506	-	-
Penalties	-	-	-	185,736	-	-
Other receipts	133	-	252,834	807	34,791	330
Total receipts	<u>2,713</u>	<u>15,525</u>	<u>252,834</u>	<u>197,049</u>	<u>34,791</u>	<u>330</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	41,350	-
Capital outlay	3,500	-	-	32	-	-
Utility operating expenses	-	-	-	140,273	-	-
Other disbursements	-	13,000	246,195	43,911	-	-
Total disbursements	<u>3,500</u>	<u>13,000</u>	<u>246,195</u>	<u>184,216</u>	<u>41,350</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(787)</u>	<u>2,525</u>	<u>6,639</u>	<u>12,833</u>	<u>(6,559)</u>	<u>330</u>
Cash and investments - ending	<u>\$ 29,664</u>	<u>\$ 32,872</u>	<u>\$ 7,657</u>	<u>\$ 30,008</u>	<u>\$ 31,423</u>	<u>\$ 30,373</u>

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

	Wastewater Debt Reserve	Water Operations	Water Bond And Interest	Water Depreciation	Water Meter Deposit	Totals
Cash and investments - beginning	\$ 961	\$ 25,626	\$ 54	\$ 14,458	\$ 29,108	\$ 330,758
Receipts:						
Taxes	-	-	-	-	-	133,846
Licenses and permits	-	-	-	-	-	720
Intergovernmental	-	-	-	-	-	61,152
Charges for services	-	-	-	-	-	4,203
Fines and forfeits	-	-	-	-	-	1,707
Utility fees	-	30,126	-	-	-	40,632
Penalties	-	259	-	-	-	185,995
Other receipts	-	171,062	45,001	96	6,296	544,968
Total receipts	-	201,447	45,001	96	6,296	973,223
Disbursements:						
Personal services	-	-	-	-	-	103,159
Supplies	-	-	-	-	-	41,490
Other services and charges	-	-	-	-	-	33,642
Debt service - principal and interest	-	-	23,554	-	-	64,904
Capital outlay	-	1,888	-	9,020	-	27,816
Utility operating expenses	-	146,334	-	-	3,787	290,394
Other disbursements	-	57,479	19,700	-	-	426,176
Total disbursements	-	205,701	43,254	9,020	3,787	987,581
Excess (deficiency) of receipts over disbursements	-	(4,254)	1,747	(8,924)	2,509	(14,358)
Cash and investments - ending	\$ 961	\$ 21,372	\$ 1,801	\$ 5,534	\$ 31,617	\$ 316,400

TOWN OF WINSLOW
 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 are included if acquired (purchased, constructed, or donated) after July 1, 1980, or if they received major renovations, restorations, or improvements after that date. As the government constructs or acquires additional capital assets each period, including infrastructure assets, they are reported at historical cost.

<u>Primary Government</u>	<u>12-31-10 Ending Balance</u>
Governmental activities:	
Capital assets:	
Land	\$ 51,000
Buildings	917,883
Machinery and equipment	56,773
Transportation equipment	<u>132,500</u>
Total governmental activities	<u>\$ 1,158,156</u>
<u>Primary Government</u>	<u>Ending Balance</u>
Business-type activities:	
Water Utility:	
Capital assets:	
Land	\$ 8,051
Buildings	1,022,583
Improvements other than buildings	1,105,652
Machinery and equipment	<u>50,904</u>
Total Water Utility capital assets	<u>2,187,190</u>
Wastewater Utility:	
Capital assets:	
Land	128,727
Buildings	43,472
Improvements other than buildings	3,560,098
Machinery and equipment	113,308
Transportation equipment	<u>5,500</u>
Total Wastewater Utility capital assets	<u>3,851,105</u>
Total business-type activities capital assets	<u>\$ 6,038,295</u>

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

The Town has entered into the following debts:

Description of Asset	Principal Balance at 12-31-10	Due Within One Year
Business-type activities:		
Water Utility:		
Revenue bonds:		
1982 bonds	257,000	18,000
2003 refunding bonds	93,000	6,000
Notes and loans payable:		
Temporary loans from wastewater utility	<u>106,650</u>	<u>52,000</u>
Total Water Utility	<u>456,650</u>	<u>76,000</u>
Wastewater Utility:		
Revenue bonds:		
1982 bonds	<u>533,000</u>	<u>15,000</u>
Total business-type activities long-term debt	<u>\$ 989,650</u>	<u>\$ 91,000</u>

TOWN OF WINSLOW
EXAMINATION RESULTS AND COMMENTS

ANNUAL REPORT

The Annual Report for year ended December 31, 2008, was materially incorrect. The report presented did not include receipts and disbursements for the funds and it only included ending balances for enterprise funds.

The Annual Report for year ended December 31, 2009, was materially incorrect. The report presented did not include receipts for the governmental funds and it only included beginning balances for enterprise funds.

Indiana Code 5-3-1-3(a) states in part:

The state examiner shall require from every municipality and every state or local governmental unit, entity, or instrumentality financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each fiscal year. The reports must be filed electronically, in a manner prescribed by the state examiner that is compatible with the technology employed by the political subdivision.

APPROPRIATIONS

The records presented for examination indicated the following expenditures in excess of budgeted appropriations:

Funds	Years	Excess Amount Expended
General	2007	\$ 151,751
Local Road and Street	2007	3,492
Motor Vehicle Highway	2007	58,052
Cumulative Capital Improvement	2007	7,605
Cumulative Capital Development	2007	3,200
Motor Vehicle Highway	2009	2,887
General	2010	21,536
Motor Vehicle Highway	2010	503

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."

COMPENSATION AND BENEFITS

The Deputy Marshal received \$294 in payments for maintenance on police cars for 2009 and 2010 which were not included in the payroll system or on the salary ordinance or resolution.

The Director of the Winslow Community Center received \$500 each year for 2009 and 2010 which was included on the salary ordinance or resolution, but was not included in the payroll system.

TOWN OF WINSLOW
EXAMINATION RESULTS AND COMMENTS
(Continued)

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, resolution or salary schedule adopted by the governing body unless otherwise authorized by statute. Compensation should be made in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

CREDIT CARDS

The Town of Winslow was using credit cards to purchase items without an approved credit card policy. The Town had eight credit cards in the possession of five Town employees and a Town volunteer with no guidelines for purchases. Two employees had two cards, one VISA and one Sam's Club card each. There were multiple claims during the period of examination that did not have the proper itemized receipts attached to the claim forms. There were also numerous instances of employees using the cards and not being authorized to do so.

The State Board of Accounts will not take exception to the use of credit cards by a governmental unit provided the following criteria are observed:

- (1) The governing board must authorize credit card use through an ordinance or resolution, which has been approved in the minutes.
- (2) Issuance and use should be handled by an official or employee designated by the board.
- (3) The purposes for which the credit card may be used must be specifically stated in the ordinance or resolution.
- (4) When the purpose for which the credit card has been issued has been accomplished, the card should be returned to the custody of the responsible person.
- (5) The designated responsible official or employee should maintain an accounting system or log which would include the names of individuals requesting usage of the cards, their position, estimated amounts to be charged, fund and account numbers to be charged, date the card is issued and returned, etc.
- (6) Credit cards should not be used to bypass the accounting system. One reason that purchase orders are issued is to provide the fiscal officer with the means to encumber and track appropriations to provide the governing board and other officials with timely and accurate accounting information and monitoring of the accounting system.
- (7) Payment should not be made on the basis of a statement or a credit card slip only. Procedures for payments should be no different than for any other claim. Supporting documents such as paid bills and receipts must be available. Additionally, any interest or penalty incurred due to late filing or furnishing of documentation by an officer or employee should be the responsibility of that officer or employee.
- (8) If properly authorized, an annual fee may be paid.

(Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TOWN OF WINSLOW
EXAMINATION RESULTS AND COMMENTS
(Continued)

DELINQUENT WASTEWATER ACCOUNTS

Delinquent wastewater fees and penalties had not been recorded with the County Recorder nor were they certified to the County Auditor which would result in a lien against the property.

This comment has appeared in prior reports.

Indiana Code 36-9-23-33 states in part:

"(b) Except as provided in subsection (l), the officer charged with the collection of fees and penalties assessed under this chapter shall enforce their payment. As often as the officer determines is necessary in a calendar year, the officer shall prepare either of the following:

- (1) a list of the delinquent fees and penalties that are enforceable under this section, which must include the following:
 - (A) the name or names of the owner or owners of each lot or parcel of real property on which fees are delinquent;
 - (B) a description of the premises, as shown by the records of the county auditor; and
 - (C) the amount of the delinquent fees, together with the penalty; or
- (2) an individual instrument for each lot or parcel of real property on which the fees are delinquent.

(c) The officer shall record a copy of each list or each individual instrument with the county recorder . . .

(e) Using the lists and instruments prepared under subsection (b) and recorded under subsection (c), the officer shall, not later than ten (10) days after the list or each individual instrument is recorded under subsection (c), certify to the county auditor a list of the liens that remain unpaid for collection in the next May. . . ."

ERRORS ON CLAIMS

The following deficiencies were noted on claims during the period examined:

1. Claims were not prepared for all disbursements. Disbursements that were a direct electronic funds transfer from the bank statements did not have properly prepared claims.
2. Claims were not adequately itemized.

Indiana Code 5-11-10-1.6 states in part:

"(b) As used in this section, 'claim' means a bill or an invoice submitted to a governmental entity for goods or services.

TOWN OF WINSLOW
EXAMINATION RESULTS AND COMMENTS
(Continued)

(c) The fiscal officer of a governmental entity may not draw a warrant or check for payment of a claim unless:

- (1) there is a fully itemized invoice or bill for the claim;
- (2) the invoice or bill is approved by the officer or person receiving the goods and services;
- (3) the invoice or bill is filed with the governmental entity's fiscal officer;
- (4) the fiscal officer audits and certifies before payment that the invoice or bill is true and correct; and
- (5) payment of the claim is allowed by the governmental entity's legislative body or the board or official having jurisdiction over allowance of payment of the claim."

FINANCE CHARGES

The Town paid \$507 to the bank for NSF checks written and overdraft fees during the examination period. The fees assessed were a result of funds not being properly transferred to the utility bond and interest and payroll funds. Checks were written on the bank accounts without sufficient funds to cover them since transfers were not properly made.

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Additionally, officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the governmental unit. Any penalties, interest or other charges paid by the governmental unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

HYDRANT RENTAL RECEIVABLE (PAYABLE)

The Town of Winslow owes the Water Utility hydrant rental of \$290,709 as of December 31, 2010, for the years of 1994 to 2010, pursuant to Rate Ordinance No. 1994-6 and amended by Ordinance No's. 2002-1 and 2008-1 with the last ordinance passed by the Council or appropriate governing body on January 28, 2008.

Each governmental unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

INTERNAL CONTROLS

Controls over the receipting, disbursing, recording, and accounting for the financial activities were insufficient.

TOWN OF WINSLOW
EXAMINATION RESULTS AND COMMENTS
(Continued)

1. Some disbursements did not have proper claim documentation prepared for them. This leads to the possibility of expenditures not being posted to the ledger or being properly approved by the Board. An improper segregation of duties allowed for the Clerk-Treasurer to prepare and post claims to the ledger without a comparison to checks written.
2. Penalties and interest charges were paid during the examination period by the Clerk-Treasurer. There were no controls in place to document when taxes or bills were due to ensure late payment fees were not incurred.
3. Gun permit fees were collected by the Town Marshall, however, there were numerous instances where the receipts were not remitted or posted to the records of the Clerk-Treasurer. No receipts were written by the Marshall for collection of these fees and there were numerous posting errors for gun permits within the Town ledger. There were no controls in place to compare gun permit applications with receipts collected and no controls were established to ensure gun permits were properly handled by the Clerk-Treasurer.
4. The Annual Reports for 2008 and 2009 were not filed properly and did not agree with the ledger. The Clerk-Treasurer was the only employee that worked on the report and there was no review or approval of the report by the Board before submission. The lack of controls and segregation of duties allowed for the annual report to be filed inaccurately without a proper review process in place.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

LEAVE AND OVERTIME POLICY – TOWN MARSHAL

A leave and overtime policy was presented for examination. However, it was noted that the Town Marshal worked on holidays and received deputy shift pay along with his normal holiday pay. During the period examined, the marshal received \$257 of deputy shift pay which was over and above his normal holiday pay. It is the State Board of Accounts' audit position that an employee may work on holidays with governance approval, but may not receive any more pay than that is normally paid for the holiday. The employee may also use the paid holiday on their day of choice to receive the benefit of a paid holiday.

Each governmental unit should adopt a written policy regarding the accrual and use of leave time and compensatory time and the payment of overtime. Negotiated labor contracts approved by the governing board would be considered as written policy. The policy should conform to the requirements of all state and federal regulatory agencies. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TOWN OF WINSLOW
EXAMINATION RESULTS AND COMMENTS
(Continued)

ORDINANCES AND RESOLUTIONS

The Water Utility has an ordinance concerning the funding of the 1982 and 2003 revenue bonds bond and interest fund. However, the balance of the bond and interest fund at December 31, 2010, was short \$5,382 of the required amount to be considered properly funded by the ordinance. The Wastewater Utility operating fund has loaned the Water Utility bond and interest fund \$76,650 during the examination period to make water bond payments timely.

Each governmental unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

OVERDRAWN FUND BALANCES

The Water Operating Fund was overdrawn in 2008 and the Motor Vehicle Highway Fund was overdrawn in 2009 and 2010.

The fund balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

A similar comment appeared in the prior report.

PENALTIES, INTEREST, AND OTHER CHARGES

Penalties and interest totaling \$434 were paid to the Indiana Department of Revenue for late payment of water utility sales tax during the examination period. They covered the taxing periods of November 2008, February 2009, March 2010, and April 2010.

Penalties and interest totaling \$62 were paid to the Indiana Department of Revenue for late payment of state and local payroll taxes during the examination period. They covered the taxing period of June 2008 and were paid in September 2008.

Penalties and interest totaling \$773 were paid to the Internal Revenue Service for late payment of 941 payroll taxes during the examination period. They covered the taxing period of June 2006 and were paid in February 2007.

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Failure to pay claims or remit taxes in a timely manner could be an indicator of serious financial problems which should be investigated by the governmental unit.

Additionally officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the governmental unit.

Any penalties, interest or other charges paid by the governmental unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TOWN OF WINSLOW
EXAMINATION RESULTS AND COMMENTS
(Continued)

RECEIPT ISSUANCE

The Winslow Community Center (WCC) collects rent and damage deposits in two checks. The WCC does not deposit the damage deposit check in the Town bank account and they give the original check back to the client when the rental time is done. The Town is not writing a check for refunds of WCC damage deposits since they never receive the check.

Receipts shall be issued and recorded at the time of the transaction; for example, when cash or a check is received, a receipt is to be immediately prepared and given to the person making payment. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

REMITTANCE OF GUN PERMIT FEES TO CLERK-TREASURER

Gun permit data provided by the State Police was compared to gun permit fee revenue posted to the Clerk-Treasurer's ledger. This comparison disclosed that \$130 in gun permit fees collected by the Town Marshal were not reflected in the ledger as such. There was no evidence presented that showed receipts were issued by the Clerk-Treasurer when gun permit fees were remitted by the Town Marshall. Some gun permit receipts were posted to the General Fund instead of the Local Law Enforcement Continuing Education Fund.

The following types of revenue shall be deposited into the local law enforcement continuing education fund established under IC 5-2-8-2:

1. Law Enforcement Continuing Education fees (IC 33-37-5-8 and IC 33-37-8-3)
2. Inspection of Motor Vehicle fees (IC 9-29-4-2)
3. Vehicle Accident Report fees (IC 9-29-11-1)
4. Handgun License fees (IC 35-47-2-3)
5. Proceeds from the Sale of Confiscated Weapons (IC 35-47-3-2)

(Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Receipts shall be issued and recorded at the time of the transaction; for example, when cash or a check is received, a receipt is to be immediately prepared and given to the person making payment. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Receipts and fees collected by a police department should be remitted to the clerk-treasurer or city controller at least once each week. (Cities and Towns Bulletin and Uniform Compliance Guidelines, September, 2003)

At all times, the manual and/or 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)

TOWN OF WINSLOW
EXAMINATION RESULTS AND COMMENTS
(Continued)

UTILITY RECEIPTS TAX

The Water Utility did not pay utility receipts tax to the Indiana Department of Revenue for the years 2009 or 2010.

Generally, retail receipts from all utility services consumed within Indiana are subject to the utility receipts tax regardless of the point of generation or transmission across state lines. Receipts from the provision of mobile telecommunication service are subject to utility receipts tax to the extent that the receipts are sourced to Indiana pursuant to IC 6-8.1-15. However, gross receipts received by a political subdivision for sewage and sewage service are not subject to the tax. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TOWN OF WINSLOW
EXIT CONFERENCE

The contents of this report were discussed on October 27, 2011, with Beth A. Bennett, Clerk-Treasurer; Jeffery A. Bolin, Deputy Clerk; and Donald E. Bolin, President of the Town Council.