

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

TOWN OF WINONA LAKE
KOSCIUSKO COUNTY, INDIANA

January 1, 2011 to December 31, 2012



FILED
09/24/2013

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Retha S. Hicks	01-01-11 to 12-31-11
	Kent Adams	01-01-12 to 12-31-13
President of the Town Council	Sue Gooding	01-01-11 to 12-31-11
	Randy Swanson	01-01-12 to 12-31-12
	John Boal	01-01-13 to 03-31-13
	(Vacant)	04-01-13 to 04-15-13
	Bruce Shaffner	04-16-13 to 12-31-13



STATE OF INDIANA
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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE TOWN OF WINONA LAKE, KOSCIUSKO COUNTY, INDIANA

Report on the Financial Statement

We have audited the accompanying financial statement of the Town of Winona Lake (Town), which comprises the financial position and results of operations for the period of January 1, 2011 to December 31, 2012, and the related notes to the financial statement.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the financial reporting provisions of the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6). Management is responsible for and has determined that the regulatory basis of accounting, as established by the Indiana State Board of Accounts, is an acceptable basis of presentation. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of a financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Town's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As discussed in Note 1 of the financial statement, the Town prepares its financial statement on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position and results of operations of the Town for the period of January 1, 2011 to December 31, 2012.

Opinion on Regulatory Basis of Accounting

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 period of January 1, 2011 to December 31, 2012, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated September 3, 2013, on our consideration of the Town's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

Accompanying Information

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the Town's financial statement. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the *U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statement taken as a whole.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Our audit was conducted for the purpose of forming an opinion on the Town's financial statement. The Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, Schedule of Payables and Receivables, Schedule of Leases and Debt, and Schedule of Capital Assets, 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 auditing procedures applied by us in the audit of the financial statement and, accordingly, we express no opinion on them.



Bruce Hartman
State Examiner

September 3, 2013



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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL
STATEMENT PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

TO: THE OFFICIALS OF THE TOWN OF WINONA LAKE, KOSCIUSKO COUNTY, INDIANA

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statement of the Town of Winona Lake (Town), which comprises the financial position and results of operations for the period of January 1, 2011 to December 31, 2012, and the related notes to the financial statement, and have issued our report thereon dated September 3, 2013, wherein we noted the Town followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered the Town's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

Our consideration of the internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items 2012-1 and 2012-2 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL
STATEMENT PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
(Continued)

provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Town of Winona Lake's Response to Findings

The Town's response to the findings identified in our audit is described in the accompanying Corrective Action Plan. The Town's response was not subjected to the auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on it.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Bruce Hartman
State Examiner

September 3, 2013

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FINANCIAL STATEMENT

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

TOWN OF WINONA LAKE
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For The Years Ended December 31, 2011 And 2012

Fund	Cash and Investments			Cash and Investments			Cash and Investments
	01-01-11	Receipts	Disbursements	12-31-11	Receipts	Disbursements	12-31-12
GENERAL	\$ 1,025,885	\$ 1,064,257	\$ 1,161,203	\$ 928,939	\$ 1,091,744	\$ 1,252,261	\$ 768,422
MOTOR VEHICLE HIGHWAY	358,565	536,112	563,355	331,322	559,782	760,968	130,136
LOCAL ROAD & STREET	119,212	36,175	6,556	148,831	40,794	-	189,625
ECONOMIC DEVELOPMENT	-	-	-	-	1,000	-	1,000
WLHA REHAB PROGRAM	14,902	120	4,015	11,007	-	96	10,911
HUD	6,129	360	-	6,489	-	-	6,489
LOCAL LAW ENFORCEMENT EDUCATION	111	1,040	1,091	60	2,320	558	1,822
RIVERBOAT	200,636	24,951	-	225,587	29,074	-	254,661
PARK & RECREATION	105,664	38,359	33,359	110,664	49,213	44,417	115,460
RAINY DAY	454,577	2,500	5,003	452,074	83,360	-	535,434
EDIT	1,215,123	204,775	266,002	1,153,896	277,954	754,509	677,341
LEVY EXCESS	2,853	-	2,853	-	-	-	-
CUMULATIVE CAPITAL IMPROVEMENT - CIG TAX	198,417	11,450	-	209,867	8,592	-	218,459
CUMULATIVE CAPITAL DEVELOPMENT	358,115	-	-	358,115	34,468	-	392,583
REDEVELOPMENT GENERAL	-	-	-	-	51,758	-	51,758
POLICE VENDING MACHINE	89	115	68	136	187	244	79
FIREFIGHTING	3,600	5,000	5,000	3,600	-	-	3,600
TIF	419,436	119,821	11,787	527,470	83,731	104,800	506,401
INDOT GRANT 250 EAST	1,715	5,685	7,400	-	-	-	-
LLEL GRANT MARK HARTMAN	17,884	76,843	80,163	14,564	62,229	76,793	-
LLEL GRANT JOHN MULL	16,864	76,843	79,143	14,564	62,229	76,793	-
LLEL GRANT J BENNETT	16,779	76,743	78,808	14,714	60,621	75,335	-
DUI GRANT WINONA LAKE	-	2,385	2,385	-	1,839	1,839	-
LLEL GRANT LANCE GRUBBS	17,503	76,543	80,815	13,231	73,108	86,339	-
LLEL GRANT PHIL OLIVER	17,435	76,843	79,476	14,802	74,490	89,292	-
LLEL GRANT CHRIS MALLY	17,606	76,843	79,702	14,747	61,441	76,166	22
LLEL GRANT LARRY WOODS	18,763	76,843	80,866	14,740	60,522	75,262	-
OPO GRANT WINONA LAKE	-	1,412	1,412	-	1,769	1,769	-
DUI GRANT \$ FROM STATE	5,051	25,046	24,765	5,332	12,500	17,787	45
LLE BLOCK GRANT	15	-	-	15	-	15	-
POLICE DONATION	3,132	20,454	17,615	5,971	6,620	11,891	700
CANAL PROJECT	11,820	18,250	3,025	27,045	18,490	3,290	42,245
WINONA LAKE DONATIONS	64,892	23,608	38,604	49,896	8,841	30,429	28,308
WL PARK SPECIAL DONATION	-	-	-	-	4,000	-	4,000

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

TOWN OF WINONA LAKE
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For The Years Ended December 31, 2011 And 2012
(Continued)

Fund	Cash and Investments			Cash and Investments			Cash and Investments
	01-01-11	Receipts	Disbursements	12-31-11	Receipts	Disbursements	12-31-12
CHRISTMAS DECORATION	63	-	-	63	-	-	63
SENIOR CENTER	468	26	-	494	175	-	669
OPO GRANT \$ FROM STATE	10,168	50,591	51,913	8,846	30,000	37,823	1,023
AGGRESSIVE DRIVING GRANT	3,699	14,580	18,279	-	-	-	-
ENERGY BASE BLOCK GRANT	-	10,418	7,058	3,360	-	3,360	-
SAFE ROUTES TO SCHOOL GRANT	-	-	-	-	16,765	16,765	-
WLHA REIMBURSEMENT	116,658	5,029	12	121,675	6,291	800	127,166
BROWNFIELD GRANT	14	-	-	14	-	14	-
WL IMPROVEMENT DONATIONS	10,795	-	-	10,795	-	-	10,795
PAYROLL	-	3	-	3	9	-	12
PAYROLL FICA	-	51,796	51,796	-	55,200	55,200	-
PAYROLL FEDERAL WH	-	56,555	56,555	-	58,335	58,335	-
PAYROLL MEDICARE	-	14,443	14,443	-	15,392	15,392	-
PAYROLL STATE WH	2,210	17,562	19,772	-	18,655	17,105	1,550
PAYROLL LOCAL TAX	614	4,985	5,599	-	4,767	4,370	397
PAYROLL DIRECT DEPOSIT	-	347,267	347,267	-	378,856	378,856	-
PAYROLL AFLAC	-	5,251	4,708	543	2,881	3,343	81
PAYROLL HEALTH LIFE	3,703	14,493	17,853	343	20,137	17,960	2,520
PAYROLL HSA	-	15,134	15,134	-	14,089	14,089	-
PAYROLL DEFERRED SAVINGS	-	24,848	24,848	-	31,936	31,936	-
PAYROLL GARNISHMENT	-	5,879	5,879	-	1,155	1,155	-
PAYROLL CHILD SUPPORT	-	5,460	5,460	-	5,515	5,515	-
PAYROLL UNITED WAY	105	546	651	-	260	260	-
PAYROLL REPAY LOAN	-	5,897	5,897	-	1,224	1,224	-
WASTEWATER OPERATING	1,257,827	866,439	878,529	1,245,737	836,602	1,293,730	788,609
WASTEWATER REPLACEMENT	55,000	-	-	55,000	-	-	55,000
WASTEWATER DEBT SERVICE RESERVE	88,850	-	-	88,850	-	-	88,850
WASTEWATER IMPROVEMENT	154,559	-	-	154,559	-	-	154,559
WASTEWATER CONSTRUCTION	150,000	-	-	150,000	-	-	150,000
WASTEWATER BOND INTEREST	51,932	-	-	51,932	-	-	51,932
WASTEWATER UTILITY SINKING	36,941	-	-	36,941	-	-	36,941
Totals	<u>\$ 6,636,379</u>	<u>\$ 4,196,578</u>	<u>\$ 4,246,124</u>	<u>\$ 6,586,833</u>	<u>\$ 4,320,920</u>	<u>\$ 5,498,085</u>	<u>\$ 5,409,668</u>

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

TOWN OF WINONA LAKE
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, wastewater, trash, and urban redevelopment and housing.

The accompanying financial statement presents the financial information for the Town.

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 include 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.

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,

TOWN OF WINONA LAKE
NOTES TO FINANCIAL STATEMENT
(Continued)

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 which include fees received for late payments.

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 include 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.

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.

TOWN OF WINONA LAKE
NOTES TO FINANCIAL STATEMENT
(Continued)

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 WINONA LAKE
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.

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 Indiana Public Retirement System (INPRS) 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.

INPRS 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:

Indiana Public Retirement System
1 North Capital Street, Suite 001
Indianapolis, IN 46204
Ph. (888) 526-1687

TOWN OF WINONA LAKE
NOTES TO FINANCIAL STATEMENT
(Continued)

Funding Policy and Annual Pension Cost

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

SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the Town's Annual Report information can be found on the Gateway website: <https://gateway.ifionline.org/>.

Differences may be noted between the financial information presented in the financial statement 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 audit. This is a common occurrence in any financial statement audit. The financial information presented in this report is audited information, and the accuracy of such information can be determined by reading the opinion given in the Independent Auditor's Report.

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

TOWN OF WINONA LAKE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011

	GENERAL	MOTOR VEHICLE HIGHWAY	LOCAL ROAD & STREET	ECONOMIC DEVELOPMENT	WLHA REHAB PROGRAM	HUD	LOCAL LAW ENFORCEMENT EDUCATION	RIVERBOAT	PARK & RECREATION
Cash and investments - beginning	\$ 1,025,885	\$ 358,565	\$ 119,212	\$ -	\$ 14,902	\$ 6,129	\$ 111	\$ 200,636	\$ 105,664
Receipts:									
Taxes	467,112	382,353	-	-	-	-	-	-	-
Licenses and permits	4,251	-	-	-	-	-	1,040	-	-
Intergovernmental	351,438	151,783	36,175	-	-	-	24,951	-	
Charges for services	137,074	-	-	-	-	-	-	31,451	
Fines and forfeits	36,510	-	-	-	-	-	-	-	
Utility fees	-	-	-	-	-	-	-	-	
Penalties	-	-	-	-	-	-	-	-	
Other receipts	67,872	1,976	-	-	120	360	-	6,908	
Total receipts	1,064,257	536,112	36,175	-	120	360	1,040	24,951	38,359
Disbursements:									
Personal services	495,115	68,013	-	-	-	-	-	-	18,566
Supplies	68,635	66,857	-	-	-	-	220	-	8,044
Other services and charges	507,946	283,693	6,556	-	4,015	-	871	-	6,749
Capital outlay	89,507	144,792	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-	-	-
Total disbursements	1,161,203	563,355	6,556	-	4,015	-	1,091	-	33,359
Excess (deficiency) of receipts over disbursements	(96,946)	(27,243)	29,619	-	(3,895)	360	(51)	24,951	5,000
Cash and investments - ending	\$ 928,939	\$ 331,322	\$ 148,831	\$ -	\$ 11,007	\$ 6,489	\$ 60	\$ 225,587	\$ 110,664

TOWN OF WINONA LAKE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011
 (Continued)

	RAINY DAY	EDIT	LEVY EXCESS	CUMULATIVE CAPITAL IMPROVEMENT - CIG TAX	CUMULATIVE CAPITAL DEVELOPMENT	REDEVELOPMENT GENERAL	POLICE VENDING MACHINE	FIREFIGHTING	TIF
Cash and investments - beginning	\$ 454,577	\$ 1,215,123	\$ 2,853	\$ 198,417	\$ 358,115	\$ -	\$ 89	\$ 3,600	\$ 419,436
Receipts:									
Taxes	-	-	-	-	-	-	-	-	119,821
Licenses and permits	-	-	-	-	-	-	-	-	-
Intergovernmental	2,500	204,775	-	11,450	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	5,000	-
Fines and forfeits	-	-	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	115	-	-
Total receipts	<u>2,500</u>	<u>204,775</u>	<u>-</u>	<u>11,450</u>	<u>-</u>	<u>-</u>	<u>115</u>	<u>5,000</u>	<u>119,821</u>
Disbursements:									
Personal services	-	-	-	-	-	-	-	-	-
Supplies	3,510	-	-	-	-	-	68	5,000	-
Other services and charges	-	-	2,853	-	-	-	-	-	-
Capital outlay	1,493	266,002	-	-	-	-	-	-	11,787
Utility operating expenses	-	-	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-	-	-
Total disbursements	<u>5,003</u>	<u>266,002</u>	<u>2,853</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>68</u>	<u>5,000</u>	<u>11,787</u>
Excess (deficiency) of receipts over disbursements	<u>(2,503)</u>	<u>(61,227)</u>	<u>(2,853)</u>	<u>11,450</u>	<u>-</u>	<u>-</u>	<u>47</u>	<u>-</u>	<u>108,034</u>
Cash and investments - ending	<u>\$ 452,074</u>	<u>\$ 1,153,896</u>	<u>\$ -</u>	<u>\$ 209,867</u>	<u>\$ 358,115</u>	<u>\$ -</u>	<u>\$ 136</u>	<u>\$ 3,600</u>	<u>\$ 527,470</u>

TOWN OF WINONA LAKE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011
 (Continued)

	INDOT GRANT 250 EAST	LLEL GRANT MARK HARTMAN	LLEL GRANT JOHN MULL	LLEL GRANT J BENNETT	DUI GRANT WINONA LAKE	LLEL GRANT LANCE GRUBBS	LLEL GRANT PHIL OLIVER	LLEL GRANT CHRIS MALLY
Cash and investments - beginning	\$ 1,715	\$ 17,884	\$ 16,864	\$ 16,779	\$ -	\$ 17,503	\$ 17,435	\$ 17,606
Receipts:								
Taxes	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	5,685	76,843	76,843	76,743	2,385	76,543	76,843	76,843
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	5,685	76,843	76,843	76,743	2,385	76,543	76,843	76,843
Disbursements:								
Personal services	-	-	-	-	-	-	-	-
Supplies	-	-	-	3,890	-	6,755	6,422	2,981
Other services and charges	7,400	80,163	79,143	74,918	2,385	74,060	73,054	76,721
Capital outlay	-	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-	-
Total disbursements	7,400	80,163	79,143	78,808	2,385	80,815	79,476	79,702
Excess (deficiency) of receipts over disbursements	(1,715)	(3,320)	(2,300)	(2,065)	-	(4,272)	(2,633)	(2,859)
Cash and investments - ending	\$ -	\$ 14,564	\$ 14,564	\$ 14,714	\$ -	\$ 13,231	\$ 14,802	\$ 14,747

TOWN OF WINONA LAKE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011
 (Continued)

	LLEL GRANT LARRY WOODS	OPO GRANT WINONA LAKE	DUI GRANT \$ FROM STATE	LLE BLOCK GRANT	POLICE DONATION	CANAL PROJECT	WINONA LAKE DONATIONS	WL PARK SPECIAL DONATION
Cash and investments - beginning	\$ 18,763	\$ -	\$ 5,051	\$ 15	\$ 3,132	\$ 11,820	\$ 64,892	\$ -
Receipts:								
Taxes	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	76,843	1,412	25,046	-	1,700	-	-	-
Charges for services	-	-	-	-	-	18,250	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	18,754	-	23,608	-
Total receipts	76,843	1,412	25,046	-	20,454	18,250	23,608	-
Disbursements:								
Personal services	-	-	-	-	-	-	-	-
Supplies	5,369	-	-	-	13,012	3,025	15,454	-
Other services and charges	75,497	1,412	24,765	-	-	-	4,945	-
Capital outlay	-	-	-	-	4,603	-	18,205	-
Utility operating expenses	-	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-	-
Total disbursements	80,866	1,412	24,765	-	17,615	3,025	38,604	-
Excess (deficiency) of receipts over disbursements	(4,023)	-	281	-	2,839	15,225	(14,996)	-
Cash and investments - ending	\$ 14,740	\$ -	\$ 5,332	\$ 15	\$ 5,971	\$ 27,045	\$ 49,896	\$ -

TOWN OF WINONA LAKE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011
 (Continued)

	CHRISTMAS DECORATION	SENIOR CENTER	OPO GRANT \$ FROM STATE	AGGRESSIVE DRIVING GRANT	ENERGY BASE BLOCK GRANT	SAFE ROUTES TO SCHOOL GRANT	WLHA REIMBURSEMENT	BROWNFIELD GRANT
Cash and investments - beginning	\$ 63	\$ 468	\$ 10,168	\$ 3,699	\$ -	\$ -	\$ 116,658	\$ 14
Receipts:								
Taxes	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	-	50,591	14,580	10,418	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-	-
Other receipts	-	26	-	-	-	-	5,029	-
Total receipts	-	26	50,591	14,580	10,418	-	5,029	-
Disbursements:								
Personal services	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	7,058	-	12	-
Other services and charges	-	-	51,913	18,279	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-	-
Total disbursements	-	-	51,913	18,279	7,058	-	12	-
Excess (deficiency) of receipts over disbursements	-	26	(1,322)	(3,699)	3,360	-	5,017	-
Cash and investments - ending	\$ 63	\$ 494	\$ 8,846	\$ -	\$ 3,360	\$ -	\$ 121,675	\$ 14

TOWN OF WINONA LAKE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011
 (Continued)

	WL IMPROVEMENT DONATIONS	PAYROLL	PAYROLL FICA	PAYROLL FEDERAL WH	PAYROLL MEDICARE	PAYROLL STATE WH	PAYROLL LOCAL TAX	PAYROLL DIRECT DEPOSIT
Cash and investments - beginning	\$ 10,795	\$ -	\$ -	\$ -	\$ -	\$ 2,210	\$ 614	\$ -
Receipts:								
Taxes	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-	-
Other receipts	-	3	51,796	56,555	14,443	17,562	4,985	347,267
Total receipts	<u>-</u>	<u>3</u>	<u>51,796</u>	<u>56,555</u>	<u>14,443</u>	<u>17,562</u>	<u>4,985</u>	<u>347,267</u>
Disbursements:								
Personal services	-	-	51,796	56,555	14,443	19,772	5,599	347,267
Supplies	-	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-	-
Total disbursements	<u>-</u>	<u>-</u>	<u>51,796</u>	<u>56,555</u>	<u>14,443</u>	<u>19,772</u>	<u>5,599</u>	<u>347,267</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>3</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,210)</u>	<u>(614)</u>	<u>-</u>
Cash and investments - ending	<u>\$ 10,795</u>	<u>\$ 3</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

TOWN OF WINONA LAKE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011
 (Continued)

	PAYROLL AFLAC	PAYROLL HEALTH LIFE	PAYROLL HSA	PAYROLL DEFERRED SAVINGS	PAYROLL GARNISHMENT	PAYROLL CHILD SUPPORT	PAYROLL UNITED WAY	PAYROLL REPAY LOAN
Cash and investments - beginning	\$ -	\$ 3,703	\$ -	\$ -	\$ -	\$ -	\$ 105	\$ -
Receipts:								
Taxes	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-	-
Other receipts	5,251	14,493	15,134	24,848	5,879	5,460	546	5,897
Total receipts	<u>5,251</u>	<u>14,493</u>	<u>15,134</u>	<u>24,848</u>	<u>5,879</u>	<u>5,460</u>	<u>546</u>	<u>5,897</u>
Disbursements:								
Personal services	4,708	17,853	15,134	24,848	5,879	5,460	-	-
Supplies	-	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	651	5,897
Capital outlay	-	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-	-
Total disbursements	<u>4,708</u>	<u>17,853</u>	<u>15,134</u>	<u>24,848</u>	<u>5,879</u>	<u>5,460</u>	<u>651</u>	<u>5,897</u>
Excess (deficiency) of receipts over disbursements	<u>543</u>	<u>(3,360)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(105)</u>	<u>-</u>
Cash and investments - ending	<u>\$ 543</u>	<u>\$ 343</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

TOWN OF WINONA LAKE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011
 (Continued)

	WASTEWATER OPERATING	WASTEWATER REPLACEMENT	WASTEWATER DEBT SERVICE RESERVE	WASTEWATER IMPROVEMENT	WASTEWATER CONSTRUCTION	WASTEWATER BOND INTEREST	WASTEWATER UTILITY SINKING	Totals
Cash and investments - beginning	\$ 1,257,827	\$ 55,000	\$ 88,850	\$ 154,559	\$ 150,000	\$ 51,932	\$ 36,941	\$ 6,636,379
Receipts:								
Taxes	-	-	-	-	-	-	-	969,286
Licenses and permits	-	-	-	-	-	-	-	5,291
Intergovernmental	-	-	-	-	-	-	-	1,432,390
Charges for services	-	-	-	-	-	-	-	191,775
Fines and forfeits	-	-	-	-	-	-	-	36,510
Utility fees	848,854	-	-	-	-	-	-	848,854
Penalties	5,727	-	-	-	-	-	-	5,727
Other receipts	11,858	-	-	-	-	-	-	706,745
Total receipts	866,439	-	-	-	-	-	-	4,196,578
Disbursements:								
Personal services	-	-	-	-	-	-	-	1,151,008
Supplies	-	-	-	-	-	-	-	216,312
Other services and charges	-	-	-	-	-	-	-	1,463,886
Capital outlay	76,839	-	-	-	-	-	-	613,228
Utility operating expenses	801,690	-	-	-	-	-	-	801,690
Other disbursements	-	-	-	-	-	-	-	-
Total disbursements	878,529	-	-	-	-	-	-	4,246,124
Excess (deficiency) of receipts over disbursements	(12,090)	-	-	-	-	-	-	(49,546)
Cash and investments - ending	\$ 1,245,737	\$ 55,000	\$ 88,850	\$ 154,559	\$ 150,000	\$ 51,932	\$ 36,941	\$ 6,586,833

TOWN OF WINONA LAKE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2012

	GENERAL	MOTOR VEHICLE HIGHWAY	LOCAL ROAD & STREET	ECONOMIC DEVELOPMENT	WLHA REHAB PROGRAM	HUD	LOCAL LAW ENFORCEMENT EDUCATION	RIVERBOAT	PARK & RECREATION
Cash and investments - beginning	\$ 928,939	\$ 331,322	\$ 148,831	\$ -	\$ 11,007	\$ 6,489	\$ 60	\$ 225,587	\$ 110,664
Receipts:									
Taxes	488,063	391,996	-	-	-	-	-	-	-
Licenses and permits	4,205	-	-	-	-	-	2,320	-	-
Intergovernmental	413,067	166,460	40,794	-	-	-	-	29,074	-
Charges for services	133,651	-	-	-	-	-	-	-	28,185
Fines and forfeits	14,085	-	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-	-	-
Other receipts	38,673	1,326	-	1,000	-	-	-	-	21,028
Total receipts	1,091,744	559,782	40,794	1,000	-	-	2,320	29,074	49,213
Disbursements:									
Personal services	510,599	75,687	-	-	-	-	-	-	19,506
Supplies	89,939	63,095	-	-	-	-	558	-	11,612
Other services and charges	511,170	292,891	-	-	96	-	-	-	13,299
Capital outlay	60,553	329,295	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-	-	-
Other disbursements	80,000	-	-	-	-	-	-	-	-
Total disbursements	1,252,261	760,968	-	-	96	-	558	-	44,417
Excess (deficiency) of receipts over disbursements	(160,517)	(201,186)	40,794	1,000	(96)	-	1,762	29,074	4,796
Cash and investments - ending	\$ 768,422	\$ 130,136	\$ 189,625	\$ 1,000	\$ 10,911	\$ 6,489	\$ 1,822	\$ 254,661	\$ 115,460

TOWN OF WINONA LAKE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2012
 (Continued)

	RAINY DAY	EDIT	LEVY EXCESS	CUMULATIVE IMPROVEMENT - CIG TAX	CUMULATIVE CAPITAL DEVELOPMENT	REDEVELOPMENT GENERAL	POLICE VENDING MACHINE	FIREFIGHTING	TIF
Cash and investments - beginning	\$ 452,074	\$ 1,153,896	\$ -	\$ 209,867	\$ 358,115	\$ -	\$ 136	\$ 3,600	\$ 527,470
Receipts:									
Taxes	-	-	-	-	31,010	46,516	-	-	83,731
Licenses and permits	-	-	-	-	-	-	-	-	-
Intergovernmental	-	277,954	-	8,592	3,458	5,242	-	-	-
Charges for services	-	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-	-	-
Other receipts	83,360	-	-	-	-	-	187	-	-
Total receipts	83,360	277,954	-	8,592	34,468	51,758	187	-	83,731
Disbursements:									
Personal services	-	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	244	-	-
Other services and charges	-	-	-	-	-	-	-	-	3,107
Capital outlay	-	754,509	-	-	-	-	-	-	101,693
Utility operating expenses	-	-	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-	-	-
Total disbursements	-	754,509	-	-	-	-	244	-	104,800
Excess (deficiency) of receipts over disbursements	83,360	(476,555)	-	8,592	34,468	51,758	(57)	-	(21,069)
Cash and investments - ending	\$ 535,434	\$ 677,341	\$ -	\$ 218,459	\$ 392,583	\$ 51,758	\$ 79	\$ 3,600	\$ 506,401

TOWN OF WINONA LAKE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2012
 (Continued)

	INDOT GRANT 250 EAST	LLEL GRANT MARK HARTMAN	LLEL GRANT JOHN MULL	LLEL GRANT J BENNETT	DUI GRANT WINONA LAKE	LLEL GRANT LANCE GRUBBS	LLEL GRANT PHIL OLIVER	LLEL GRANT CHRIS MALLY
Cash and investments - beginning	\$ -	\$ 14,564	\$ 14,564	\$ 14,714	\$ -	\$ 13,231	\$ 14,802	\$ 14,747
Receipts:								
Taxes	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	62,229	62,229	60,621	1,839	73,108	74,490	61,441
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	-	62,229	62,229	60,621	1,839	73,108	74,490	61,441
Disbursements:								
Personal services	-	-	-	-	-	-	-	-
Supplies	-	-	-	4,420	-	3,095	5,822	4,656
Other services and charges	-	76,793	76,793	70,915	1,839	83,244	83,470	71,510
Capital outlay	-	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-	-
Total disbursements	-	76,793	76,793	75,335	1,839	86,339	89,292	76,166
Excess (deficiency) of receipts over disbursements	-	(14,564)	(14,564)	(14,714)	-	(13,231)	(14,802)	(14,725)
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 22

TOWN OF WINONA LAKE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2012
 (Continued)

	LLEL GRANT LARRY WOODS	OPO GRANT WINONA LAKE	DUI GRANT \$ FROM STATE	LLE BLOCK GRANT	POLICE DONATION	CANAL PROJECT	WINONA LAKE DONATIONS	WL PARK SPECIAL DONATION
Cash and investments - beginning	\$ 14,740	\$ -	\$ 5,332	\$ 15	\$ 5,971	\$ 27,045	\$ 49,896	\$ -
Receipts:								
Taxes	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	60,522	1,769	12,500	-	-	-	-	-
Charges for services	-	-	-	-	-	18,490	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	6,620	-	8,841	4,000
Total receipts	60,522	1,769	12,500	-	6,620	18,490	8,841	4,000
Disbursements:								
Personal services	-	-	-	-	-	-	-	-
Supplies	3,745	-	-	-	11,891	3,025	10,035	-
Other services and charges	71,517	1,769	17,787	15	-	-	3,677	-
Capital outlay	-	-	-	-	-	265	717	-
Utility operating expenses	-	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	16,000	-
Total disbursements	75,262	1,769	17,787	15	11,891	3,290	30,429	-
Excess (deficiency) of receipts over disbursements	(14,740)	-	(5,287)	(15)	(5,271)	15,200	(21,588)	4,000
Cash and investments - ending	\$ -	\$ -	\$ 45	\$ -	\$ 700	\$ 42,245	\$ 28,308	\$ 4,000

TOWN OF WINONA LAKE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2012
 (Continued)

	CHRISTMAS DECORATION	SENIOR CENTER	OPO GRANT \$ FROM STATE	AGGRESSIVE DRIVING GRANT	ENERGY BASE BLOCK GRANT	SAFE ROUTES TO SCHOOL GRANT	WLHA REIMBURSEMENT	BROWNFIELD GRANT
Cash and investments - beginning	\$ 63	\$ 494	\$ 8,846	\$ -	\$ 3,360	\$ -	\$ 121,675	\$ 14
Receipts:								
Taxes	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	-	30,000	-	-	16,765	-	-
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-	-
Other receipts	-	175	-	-	-	-	6,291	-
Total receipts	-	175	30,000	-	-	16,765	6,291	-
Disbursements:								
Personal services	-	-	-	-	-	16,765	-	-
Supplies	-	-	-	-	3,360	-	800	-
Other services and charges	-	-	37,823	-	-	-	-	14
Capital outlay	-	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-	-
Total disbursements	-	-	37,823	-	3,360	16,765	800	14
Excess (deficiency) of receipts over disbursements	-	175	(7,823)	-	(3,360)	-	5,491	(14)
Cash and investments - ending	\$ 63	\$ 669	\$ 1,023	\$ -	\$ -	\$ -	\$ 127,166	\$ -

TOWN OF WINONA LAKE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2012
 (Continued)

	WL IMPROVEMENT DONATIONS	PAYROLL	PAYROLL FICA	PAYROLL FEDERAL WH	PAYROLL MEDICARE	PAYROLL STATE WH	PAYROLL LOCAL TAX	PAYROLL DIRECT DEPOSIT
Cash and investments - beginning	\$ 10,795	\$ 3	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:								
Taxes	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-	-
Other receipts	-	9	55,200	58,335	15,392	18,655	4,767	378,856
Total receipts	-	9	55,200	58,335	15,392	18,655	4,767	378,856
Disbursements:								
Personal services	-	-	55,200	58,335	15,392	17,105	4,370	378,856
Supplies	-	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-	-
Total disbursements	-	-	55,200	58,335	15,392	17,105	4,370	378,856
Excess (deficiency) of receipts over disbursements	-	9	-	-	-	1,550	397	-
Cash and investments - ending	\$ 10,795	\$ 12	\$ -	\$ -	\$ -	\$ 1,550	\$ 397	\$ -

TOWN OF WINONA LAKE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2012
 (Continued)

	PAYROLL AFLAC	PAYROLL HEALTH LIFE	PAYROLL HSA	PAYROLL DEFERRED SAVINGS	PAYROLL GARNISHMENT	PAYROLL CHILD SUPPORT	PAYROLL UNITED WAY	PAYROLL REPAY LOAN
Cash and investments - beginning	\$ 543	\$ 343	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:								
Taxes	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-	-
Other receipts	2,881	20,137	14,089	31,936	1,155	5,515	260	1,224
Total receipts	2,881	20,137	14,089	31,936	1,155	5,515	260	1,224
Disbursements:								
Personal services	3,343	17,960	14,089	31,936	1,155	5,515	-	-
Supplies	-	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	260	1,224
Capital outlay	-	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-	-
Total disbursements	3,343	17,960	14,089	31,936	1,155	5,515	260	1,224
Excess (deficiency) of receipts over disbursements	(462)	2,177	-	-	-	-	-	-
Cash and investments - ending	\$ 81	\$ 2,520	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

TOWN OF WINONA LAKE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2012
 (Continued)

	WASTEWATER OPERATING	WASTEWATER REPLACEMENT	WASTEWATER DEBT SERVICE RESERVE	WASTEWATER IMPROVEMENT	WASTEWATER CONSTRUCTION	WASTEWATER BOND INTEREST	WASTEWATER UTILITY SINKING	Totals
Cash and investments - beginning	\$ 1,245,737	\$ 55,000	\$ 88,850	\$ 154,559	\$ 150,000	\$ 51,932	\$ 36,941	\$ 6,586,833
Receipts:								
Taxes	-	-	-	-	-	-	-	1,041,316
Licenses and permits	-	-	-	-	-	-	-	6,525
Intergovernmental	-	-	-	-	-	-	-	1,462,154
Charges for services	-	-	-	-	-	-	-	180,326
Fines and forfeits	-	-	-	-	-	-	-	14,085
Utility fees	824,940	-	-	-	-	-	-	824,940
Penalties	4,037	-	-	-	-	-	-	4,037
Other receipts	7,625	-	-	-	-	-	-	787,537
Total receipts	836,602	-	-	-	-	-	-	4,320,920
Disbursements:								
Personal services	-	-	-	-	-	-	-	1,225,813
Supplies	-	-	-	-	-	-	-	216,297
Other services and charges	-	-	-	-	-	-	-	1,419,213
Capital outlay	260,075	-	-	-	-	-	-	1,507,107
Utility operating expenses	1,033,655	-	-	-	-	-	-	1,033,655
Other disbursements	-	-	-	-	-	-	-	96,000
Total disbursements	1,293,730	-	-	-	-	-	-	5,498,085
Excess (deficiency) of receipts over disbursements	(457,128)	-	-	-	-	-	-	(1,177,165)
Cash and investments - ending	\$ 788,609	\$ 55,000	\$ 88,850	\$ 154,559	\$ 150,000	\$ 51,932	\$ 36,941	\$ 5,409,668

TOWN OF WINONA LAKE
 SCHEDULE OF PAYABLES AND RECEIVABLES
 December 31, 2012

Government or Enterprise	Accounts Payable	Accounts Receivable
Wastewater	\$ 68,097	\$ 46,076
Governmental activities	132,955	-
Totals	\$ 201,052	\$ 46,076

TOWN OF WINONA LAKE
 SCHEDULE OF LEASES AND DEBT
 December 31, 2012

Description of Debt		Ending Principal Balance	Principal and Interest Due Within One Year
Type	Purpose		
Governmental activities:			
Lease Purchase Agreement	Ferrara Fire Truck	\$ 380,036	\$ 95,009
Totals		<u>\$ 380,036</u>	<u>\$ 95,009</u>

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TOWN OF WINONA LAKE
 SCHEDULE OF CAPITAL ASSETS
 December 31, 2012

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.

	Ending Balance
Governmental activities:	
Land	\$ 2,478,110
Infrastructure	3,988,182
Buildings	1,376,468
Machinery, equipment, and vehicles	375,463
Total governmental activities	8,218,223
Wastewater:	
Infrastructure	3,082,152
Buildings	218,989
Machinery, equipment, and vehicles	531,646
Total Wastewater	3,832,787
Total capital assets	\$ 12,051,010

TOWN OF WINONA LAKE
AUDIT RESULTS AND COMMENTS

INTERNAL CONTROLS OVER THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The Town did not have a proper system on internal control in place to prevent or detect and correct errors on the Schedule of Expenditures of Federal Awards (SEFA). The Town should have proper controls in place over the preparation of the SEFA to ensure accurate reporting of federal awards. Without a proper system of internal control in place that operates effectively, material misstatements of the SEFA could remain undetected.

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.

Controls over the receipting, disbursing, recording and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

We noted the following deficiencies in the internal control system of the Town related to financial transactions and reporting. We believe the following deficiencies constitute material weaknesses:

Lack of Segregation of Duties: Control activities should be selected and developed at various levels of the Town to reduce risks to the achievement of financial reporting objectives. The Town has not separated incompatible activities related to receipts, utility billings and collections, disbursements, payroll and related liabilities, and cash and investment balances. The failure to establish these controls could enable material misstatements or irregularities to remain undetected.

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.

Controls over the receipting, disbursing, recording and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE

TO: THE OFFICIALS OF THE TOWN OF WINONA LAKE, KOSCIUSKO COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

We have audited the Town of Winona Lake's (Town) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on its major federal program for the period of January 1, 2011 to December 31, 2012. The Town's major federal program is identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Town's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the Town's compliance.

Opinion on Each Major Federal Program

In our opinion, the Town complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the period of January 1, 2011 to December 31, 2012.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
(Continued)

Report on Internal Control Over Compliance

Management of the Town is responsible for establishing and maintaining effective internal control over compliance with types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town's internal control over compliance with the type of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified a deficiency in internal control over compliance that we consider to be a material weakness.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2012-3 to be a material weakness.

The Town's response to the internal control over compliance findings identified in our audit is described in the accompanying Corrective Action Plan. The Town's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Bruce Hartman
State Examiner

September 3, 2013

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The Schedule of Expenditures of Federal Awards and accompanying notes presented were approved by management of the Town. The schedule and notes are presented as intended by the Town.

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TOWN OF WINONA LAKE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Years Ended December 31, 2011 and 2012

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 12-31-11	Total Federal Awards Expended 12-31-12
<u>Department of Transportation - Federal Highway Administration (FHWA)</u>					
Highway Planning and Construction Cluster Highway Planning and Construction Safe Routes to School	Indiana Department of Transportation	20.205	K8-2011-03-03-16	\$ -	\$ 16,765
<u>Department of Transportation - National Highway Traffic Safety Administration (NHTSA)</u>					
Highway Safety Cluster State and Community Highway Safety Law Enforcement Liaison Program Law Enforcement Liaison Program	Indiana Criminal Justice Institute	20.600	PT-11-04-01-51 1517	468,435 -	- 84,331
Total - State and Community Highway Safety				<u>468,435</u>	<u>84,331</u>
Alcohol Impaired Driving Countermeasures Incentive Grants I DUI Task Force DUI Task Force Big City/Big County Enforcement Program Big City/Big County Enforcement Program Dangerous Driving Enforcement Program		20.601	K8-2011-03-03-16 K8-2012-03-03-17 PT-11-04-04-19 PT-12-11-04-17 CA-2011-08-01-09	17,801 7,205 45,759 6,154 18,278	- 17,787 - 37,823 -
Total - Alcohol Impaired Driving Countermeasures Incentive Grants I				<u>95,197</u>	<u>55,610</u>
Safety Belt Performance Grants Law Enforcement Liaison Program		20.609	PT-12-04-01-51	93,039	446,962
Total - Highway Safety Cluster				<u>656,671</u>	<u>586,903</u>
Total - Department of Transportation				<u>656,671</u>	<u>603,668</u>
<u>Department of Energy (DOE)</u>					
ARRA - State Energy Program Energy Efficiency & Conservation Block Grant - ARRA	Office of Lieutenant Governor	81.041	DE-EE-00075 ARRA	7,058	3,360
Total federal awards expended				<u>\$ 663,729</u>	<u>\$ 607,028</u>

The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards.

TOWN OF WINONA LAKE
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

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

Circular A-133 requires an annual audit of nonfederal entities expending a total amount of federal awards equal to or in excess of \$500,000 in any fiscal year unless by constitution or statute a less frequent audit is required. In accordance with Indiana Code (IC 5-11-1 et seq.), audits of towns with populations under 5,000 shall be conducted biennially. Such audits shall include both years within the biennial period.

Note 2. Subrecipients

Of the federal expenditures presented in the schedule, the Town provided federal awards to sub-recipients as follows for the years ended December 31, 2011 and 2012:

Program Title	Federal CFDA Number	2011	2012
State and Community Highway Safety Alcohol Impaired Driving Countermeasures Incentive Grants I	20.600	\$ 39,590	\$ 33,804
	20.601	38,618	15,948

TOWN OF WINONA LAKE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statement:

Type of auditor's report issued:	Adverse as to GAAP; Unmodified as to Regulatory Basis
Internal control over financial reporting:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Noncompliance material to financial statement noted?	no

Federal Awards:

Internal control over major program:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Type of auditor's report issued on compliance for major program:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?	yes

Identification of Major Program:

_____ Name of Federal Program or Cluster _____

Highway Safety Cluster

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

Auditee qualified as low-risk auditee? no

Section II – Financial Statement Findings

FINDING 2012-1 - INTERNAL CONTROLS OVER THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The Town did not have a proper system on internal control in place to prevent or detect and correct errors on the Schedule of Expenditures of Federal Awards (SEFA). The Town should have proper controls in place over the preparation of the SEFA to ensure accurate reporting of federal awards. Without a proper system of internal control in place that operates effectively, material misstatements of the SEFA could remain undetected.

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.

TOWN OF WINONA LAKE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Controls over the receipting, disbursing, recording and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

FINDING 2012-2 - INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

We noted the following deficiencies in the internal control system of the Town related to financial transactions and reporting. We believe the following deficiencies constitute material weaknesses:

Lack of Segregation of Duties: Control activities should be selected and developed at various levels of the Town to reduce risks to the achievement of financial reporting objectives. The Town has not separated incompatible activities related to receipts, utility billings and collections, disbursements, payroll and related liabilities, and cash and investment balances. The failure to establish these controls could enable material misstatements or irregularities to remain undetected.

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.

Controls over the receipting, disbursing, recording and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Section III – Federal Award Findings and Questioned Costs

FINDING 2012-3 - INTERNAL CONTROLS OVER REPORTING FOR THE FEDERAL HIGHWAY SAFETY CLUSTER

Federal Agency: U.S. Department of Transportation National Highway Traffic Safety Administration
Federal Program: State and Community Highway Safety
CFDA Number: 20.600
Federal Award Number and Year: PT-11-04-01-51 2011 and 1517, 2012
Pass-Through Entity: Indiana Criminal Justice Institute

Management of the Town of Winona Lake has not established an effective internal control system, which would include segregation of duties, related to the reporting compliance requirement which has a direct and material effect on the program. The failure to establish an effective internal control system over reporting places the Town at risk of noncompliance with the grant agreement and the compliance requirement. A lack of segregation of duties within an internal control system could also allow noncompliance with compliance requirement and allow the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the grant.

An internal control system, including segregation of duties, should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement, or a type of compliance requirement of a federal program will be prevented, detected and corrected, on a timely basis.

TOWN OF WINONA LAKE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

In order to have an effective internal control system, it is important to have proper segregation of duties. This is accomplished by making sure proper oversight, reviews, and approvals take place and to have a separation of functions over certain activities related to the program. The fundamental premise of segregation of duties is that an individual or small group of individuals should not be in a position to initiate, approve, undertake, and review the same activity.

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

The failure to establish internal controls could enable material noncompliance to go undetected. Noncompliance of the grant agreement or the compliance requirements that have a direct and material effect to the program could result in the loss of federal funds to the Town.

We recommended that the Town's management establish controls, including segregation of duties, related to the grant agreement and reporting compliance requirement.

TOWN OF WINONA LAKE

1310 Park Ave., P.O. Box 338
Winona Lake, IN 46590
(574)267-5783 or 267-7581
Fax (574)267-4793

September 3, 2013

Indiana State Board of Accounts
302 West Washington Street, Rm E418
Indianapolis, IN 46204-2765

**RE: TOWN OF WINONA LAKE AUDIT FINDINGS 2012 – EXIT CONFERENCE
CORRECTIVE ACTION PLAN**

**FINDING 2012 – 1 INTERNAL CONTROLS OVER THE SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS:**

The State has changed the procedures for the handling of LEL's, OPO's and DUI Grants. Actual expenses are submitted to the Town Coordinator who completes the necessary Forms and submits to the ICJI. The State then issues payment to the Town of Winona Lake and the Town disperses the Grant monies.

**FINDING 2012 – 2 INTERNAL CONTROLS OVER FINANCIAL TRANSACTION AND
REPORTING**

1. Lack of Segregation of Duties:

As a Statutory State of Indiana Political Subdivision, the Town of Winona Lake, Office of Clerk Treasurer, segregates the respective duties, responsibilities and functions of this office to the extent possible without compromise of the integrity and importance of the Public Trust served.

Ever mindful of the monetary cost and expenditures of this office to the Public Trust, the goal of maintaining a cost effective service and environment is paramount. Cross training and the overlap of duties the office staff perform working cooperatively together is important and required.

The limited small staff in the office in carrying out said duties, responsibilities and functions is segregated to the extent deemed most practical and workable for all residents and citizens served.

This office reviews and monitors operational procedures of staff and related assignments on a continual basis through timely staff discussion, observation and issue related experiences.

**FINDING 2012 – 3 INTERNAL CONTROLS OVER COMPLIANCE REQUIREMENT THAT
HAVE A DIRECT AND MATERIAL EFFECT TO THE FEDERAL HIGHWAY SAFETY
CLUSTER**

The Deputy Clerk and Clerk in the Clerk Treasurer's office and the Town Coordinator, pursuant in Finding 2012 - 1 above, three different staff members, handle the Internal Controls, including Segregation in Finding 2012 – 2. This office is open to direct assistance via in-person instruction.



"Princess Winona"


Kent Adams, Clerk Treasurer 9/03/2013 Date



TOWN OF WINONA LAKE
EXIT CONFERENCE

The contents of this report were discussed on September 3, 2013, with Kent Adams, Clerk-Treasurer; Cindy Nolton, Deputy Clerk-Treasurer; Ellen Swaim, Deputy Clerk; and Bruce Shaffner, President of the Town Council.