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STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2765

EXAMINATION REPORT

OF

TOWN OF WANATAH

LAPORTE COUNTY, INDIANA

January 1, 2004 to December 31, 2005

FILED
08/25/2006

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OFFICIALS

Office	Official	Term
Clerk-Treasurer	Amy Magana	01-01-04 to 09-19-05
	Stephen Mockler	09-20-05 to 12-31-07
President of the Town Council	Harry Savage	01-01-04 to 10-07-04
	Charles Jonas	10-08-04 to 12-31-06
Superintendent of Utilities	Charles Mack	01-01-02 to 12-31-06

STATE OF INDIANA

AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF WANATAH, LAPORTE COUNTY, INDIANA

We have examined the schedules of receipts, disbursements, and cash and investment balances of the Town of Wanatah (Town), for the period of January 1, 2004 to December 31, 2005. The Town's management is responsible for the schedules. 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 schedule of receipts, disbursements, and cash and investment balances and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the schedules referred to above present fairly, in all material respects, the cash transactions of the Town for the years ended December 31, 2004 and 2005, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

July 25, 2006

TOWN OF WANATAH
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL, PROPRIETARY AND FIDUCIARY FUND TYPES
As Of And For The Years Ended December 31, 2004 And 2005

	Cash and Investments 01-01-04	Receipts	Disbursements	Cash and Investments 12-31-04
Governmental Funds:				
General	$ 51,271	$ 358,891	$ 324,485	$ 85,677
Motor Vehicle Highway	12,931	79,790	66,887	25,834
Local Road and Street	23,150	12,688	29,000	6,838
Park and Recreation	3,993	7,023	7,317	3,699
Riverboat	115,302	38,016	16,980	136,338
Rainy Day	-	196	-	196
Cumulative Capital Improvement	39,415	1,890	-	41,305
Cumulative Capital Development	24,723	76,533	51,981	49,275
CEDIT	49,139	119,625	59,123	109,641
Proprietary Funds:				
Water Utility - Operating	32,129	296,668	271,400	57,397
Water Utility - Bond and Interest	10	78,510	76,905	1,615
Water Utility - Debt Reserve	35,966	10,083	-	46,049
Water Utility - Customer Deposit	18,715	2,034	934	19,815
Water Utility - Construction	137,061	53,437	161,422	29,076
Water Utility - Improvement	10,800	-	-	10,800
Wastewater Utility - Operating	28,629	323,160	239,213	112,576
Wastewater Utility - Bond and Interest	59,855	145,643	140,350	65,148
Wastewater Utility - Debt Reserve	141,680	-	-	141,680
Wastewater Utility - Improvement	19,800	1,050	-	20,850
Fiduciary Fund:				
Payroll	-	213,292	212,119	1,173
Totals	$ 804,569	$ 1,818,529	$ 1,658,116	$ 964,982

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds:				
General	$ 85,677	$ 229,175	$ 207,854	$ 106,998
Motor Vehicle Highway	25,834	64,556	78,318	12,072
Local Road and Street	6,838	12,802	809	18,831
Park and Recreation	3,699	8,175	6,698	5,176
Riverboat	136,338	40,899	29,662	147,575
Rainy Day	196	-	-	196
Cumulative Capital Improvement	41,305	3,131	-	44,436
Cumulative Capital Development	49,275	12,304	2,696	58,883
CEDIT	109,641	25,858	-	135,499
Proprietary Funds:				
Water Utility - Operating	57,397	335,426	303,415	89,408
Water Utility - Bond and Interest	1,615	80,412	80,492	1,535
Water Utility - Debt Reserve	46,049	11,928	-	57,977
Water Utility - Customer Deposit	19,815	6,225	2,006	24,034
Water Utility - Construction	29,076	-	29,076	-
Water Utility - Improvement	10,800	-	-	10,800
Wastewater Utility - Operating	112,576	329,168	334,442	107,302
Wastewater Utility - Bond and Interest	65,148	160,439	140,967	84,620
Wastewater Utility - Debt Reserve	141,680	-	-	141,680
Wastewater Utility - Improvement	20,850	1,800	-	22,650
Fiduciary Fund:				
Payroll	1,173	210,175	210,422	926
Totals	$ 964,982	$ 1,532,473	$ 1,426,857	$ 1,070,598

The accompanying notes are an integral part of the schedules.

TOWN OF WANATAH
NOTES TO SCHEDULES

Note 1. Introduction

The Town was established under the laws of the State of Indiana. The Town provides the following services: public safety, health and social services, culture and recreation, water and wastewater services and general administrative services.

Note 2. Fund Accounting

The Town uses funds to report on its cash and investments and the results of its operations on a cash basis. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities.

Note 3. Budgets

The operating budget is initially prepared and approved at the local level. In addition, funds for which property taxes are levied or highway use taxes are received are subject to final approval by the Indiana Department of Local Government Finance.

Note 4. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the Town in June and December. 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% 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 become delinquent if not paid by May 10 and November 10, respectively.

Note 5. Deposits and Investments

Deposits, made in accordance with Indiana Code 5-13, with financial institutions in the State of Indiana at year end were 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 statute (IC 5-13-9) authorizes 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 6. Pension Plan

Public Employees' Retirement Fund

Plan Description

The Town contributes to the Indiana Public Employees' Retirement Fund (PERF), 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% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

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

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.

Note 7. Long-Term Debt

The Town has entered into debt such as bonds for the utilities to use in constructing or acquiring assets. The outstanding principal at December 31, 2005, was $1,733,000.

INTERNAL CONTROLS OVER RECEIPTING

The following deficiencies in internal controls over receipting were noted:

(1) Corrections were made to transactions by posting negative receipts many months after the original transaction.

(2) The accounting system in use allows for duplicate receipt numbers to be used.

(3) Receipts were not issued in numerical order.

(4) Not all duplicate receipts were retained for audit.

(5) In receipting the December taxes from the LaPorte County Auditor's office, all of the collections except CEDIT were posted to the general fund and not to their respective funds.

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 DISBURSEMENTS

The following deficiencies in internal controls over disbursements were noted:

(1) Not all claims had check numbers included.

(2) Eighty-four percent of claims were not certified by the fiscal officer.

(3) Fifty percent of claims were not signed as to whether goods have been received.

(4) Not all claims were retained for audit.

(5) Incorrect check numbers were posted in the ledger.

(6) On occasion checks were written with appropriation numbers that did not match those accounts. (For example: a wastewater check was posted to the MVH Fund)

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)

CAPITAL ASSET RECORDS

The Town established a capitalization policy on April 14, 2005, to include all land and items with a value greater than $5,000 for buildings, other improvements, and machinery and equipment. For 2004 and 2005, $47,523 of additions were noted that did not get posted to the capital asset ledger. In addition, the water utility construction improvements were completed in 2004 and $161,422 of additions to construction in progress were not added nor was the completed project transferred from construction in progress to improvements.

Every governmental unit should have a complete inventory of all capital assets owned which reflect their acquisition value. Such inventory should be recorded in the Capital Assets Ledger form. A complete inventory should be taken every year for good internal control and for verifying account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

PARK BOARD MEETINGS

The Park Board only met twice in 2004 (February and March) and once in July 2005 based on the minutes provided for audit. No minutes for a 2006 meeting were provided.

Indiana Code 36-10-3-8(a) states: "All meetings of the board are open to the public. The board shall fix the time and place of its regular meetings, but it shall meet at least quarterly."

PLANNING COMMISSION AND BZA MEETINGS

Minutes were not provided for review which documented that the planning commission or the board of zoning appeals met to elect a president/chairman and vice president/chairman in 2005 or 2006 as required by Indiana code.

Indiana Code 36-7-4-303 states: "At its first regular meeting in each year, the plan commission shall elect from its members a president and a vice president."

Indiana Code 36-7-4-912 states: "At the first meeting of each year, the board of zoning appeals shall elect a chairman and vice chairman from its members."

ADVANCE PAYMENTS - PAYROLL

The pay period included the date the checks were written causing payments to be made in advance of performance of employees' duties.

Compensation and any other payments for goods and services should not be paid in advance of receipt of the goods or services unless specifically authorized by statute. Payments made for goods or services which are not received may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

CONTRACTS

Payments totaling $2,040 were made to Municipal Consulting in 2004 and to Therber and Brock in the amount of $3,907.50 in 2005 for bookkeeping consulting services without contracts.

Payments made or received for contractual services should be supported by a written contract. Each governmental unit is responsible for complying with the provisions of its contracts. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

REQUIRED REPORTS NOT FILED

The Town Annual Financial Report for 2004 was not filed with the State Board of Accounts nor was it advertised.

The outgoing Clerk-Treasurer should also refer to the new officer the reports that must be prepared in January and offer his assistance in preparing the reports, and in reconciling the depository accounts at the close of the year. Among the reports that may have to be prepared are Withholding Taxes (Federal and State), Social Security, Utility Receipts Tax, Sales Tax (if any), Published Annual Report and Annual Report to be filed with the State Board of Accounts, Utility Reports to be filed with the Indiana Utility Regulatory Commission and Form 100-R, Certified Report of Names, Addresses, Duties and Compensation of Public Employees. (Uniform Compliance and Accounting Guidelines Manual for Cities and Towns Chapter 7)

TOWN OF WANATAH
EXIT CONFERENCE

The contents of this report were discussed on August 2, 2006, with Stephen Mockler, Clerk-Treasurer; Charles Jonas, President of the Town Council; and Laurie Shoupe, Deputy Clerk-Treasurer. The officials concurred with our findings.

On August 2, 2006, a copy of the examination results and comments was sent to Amy Magana, former Clerk-Treasurer.