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

EXAMINATION REPORT

OF

CITY OF WINCHESTER

RANDOLPH COUNTY, INDIANA

January 1, 2006 to December 31, 2006

FILED

10/23/2007

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OFFICIALS

Office	Official	Term
Clerk-Treasurer	Vicki Haney	01-01-04 to 12-31-07
Mayor	Steve D. Croyle	01-01-04 to 12-31-07
President of the City Council	Melanie Robinson	01-01-06 to 12-31-07

STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE CITY OF WINCHESTER, RANDOLPH COUNTY, INDIANA

We have examined the financial information presented herein of the City of Winchester (City), for the period of January 1, 2006 to December 31, 2006. The City's management is responsible for the financial information presented herein. 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 information presented herein 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 financial information referred to above presents fairly, in all material respects, the financial information of the City for the year ended December 31, 2006, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The 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 basic financial information. They have not been subjected to the examination procedures applied to the basic financial information, and accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

September 11, 2007

CITY OF WINCHESTER
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL, FIDUCIARY, AND PROPRIETARY FUND TYPES
As Of And For The Year Ended December 31, 2006

	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
Governmental Funds:				
General	$ 357,036	$ 2,131,986	$ 2,353,386	$ 135,636
Local Road and Street	154,030	39,776	31,799	162,007
Motor Vehicle Highway	113,364	614,397	617,151	110,610
Water and Lights	33,074	111,868	117,500	27,442
Banquet Equipment Award (OPO) Grant	-	3,745	3,745	-
Law Enforcement Continuing Education	4,833	3,590	1,969	6,454
J Tech Grant	-	1,000	1,000	-
Beeson Park	11,922	40,370	35,004	17,288
Cumulative Capital Improvement	9,698	17,995	-	27,693
Beeson Farm	178,640	22,003	34,748	165,895
Operation Pullover	444	3,300	2,824	920
Goodrich Park	16,312	181,307	155,889	41,730
Goodrich Park Repair	122,540	191,912	153,443	161,009
Fire Department Donation	1,200	500	-	1,700
Rainy Day	145,416	324,460	-	469,876
Substance Abuse Grant	155	-	-	155
Willow Ridge TIF District	212,010	149,058	86,178	274,890
Clerk's Record Perpetuation	10,961	2,510	2,909	10,562
Project Love Grant (Car Seats)	600	20	285	335
Fire Department Special CEDIT	15,250	-	3,637	11,613
Police Department Donation Wal-Mart	904	300	462	742
Indiana University (Car Seats)	1,483	-	-	1,483
Ambulance Nonreverting	2,605	26,026	2,515	26,116
Economic Development Income Tax	889,158	202,016	490,749	600,425
SART Forensic Equipment	45	-	-	45
DARE Donation	-	100	83	17
State Road 32 Project	-	412	412	-
Morton Park Donation	-	995	-	995
Cumulative Capital Development	255,257	59,745	8,846	306,156
IDEM Grant	-	96,584	96,584	-
Recycling	44,499	15,288	37,426	22,361
Weed Assessment	-	1,517	264	1,253
Animal Control	400	4,635	4,782	253
Animal Control Donation	2,121	1,018	1,007	2,132
Vision Park TIF	1,674,252	107,176	1,607,541	173,887
Confidential Funds	2,255	-	-	2,255
Fiduciary Funds:				
Police Pension	54,127	-	54,127	-
Firefighter's Pension	44,074	30,609	48,422	26,261
E.P. Miller Cemetery	5,259	256	515	5,000
Alice Bly Cemetery	10,000	-	-	10,000
Payroll	1,043	1,094,266	1,094,138	1,171
Court Costs Due County	-	20,352	20,352	-
City Court User Fee	16,120	37,455	37,347	16,228
City Court	5,744	222,979	223,506	5,217
Proprietary Funds				
Wastewater Utility Operating	641,577	1,324,609	1,191,669	774,517
Wastewater Utility Bond and Interest	322,067	360,000	338,561	343,506
Wastewater Utility Improvement	163,081	-	34,972	128,109
Wastewater Utility Debt Service Reserve	401,000	-	-	401,000
Community Focus Fund Grant	-	62,615	62,615	-
Employee Benefit Insurance	608,984	589,275	557,449	640,810
Totals	$ 6,533,540	$ 8,098,025	$ 9,515,811	$ 5,115,754

The accompanying notes are an integral part of the financial information.

CITY OF WINCHESTER
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

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

Note 2. Fund Accounting

The City 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 District in June and December. State statute (Indiana Code 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. All property taxes collected by the County Treasurer and available for distribution were distributed to the District on or prior to December 31 of the year collected.

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 (Indiana Code 5-13-9) authorizes the District 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 District 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 (Indiana Code 5-10.2 and 5-10.3) govern, through the PERF Board, most requirements of the system, and give the District 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. Subsequent Events

The City has entered into a capital lease in 2007 for the purchase of a street sweeper.

CITY OF WINCHESTER
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS

For The Year Ended December 31, 2006

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

General infrastructure assets completed in the current year have been reported.

Primary Government	Ending Balance
Governmental activities:	
Capital assets, not being depreciated:	
Land	$ 113,006
Infrastructure	361,537
Buildings	1,084,491
Improvements other than buildings	167,989
Machinery and equipment	2,118,591
Total governmental activities, capital assets not being depreciated	$ 3,845,614

Primary Government	Ending Balance
Business-type activities:	
Wastewater Utility:	
Capital assets, not being depreciated:	
Land	$ 111,739
Buildings	6,172,493
Improvements other than buildings	6,614,720
Machinery and equipment	486,824
Total Wastewater Utility capital assets	$ 13,385,776

CITY OF WINCHESTER
SUPPLEMENTARY INFORMATION
SCHEDULE OF LONG-TERM DEBT

For The Year Ended December 31, 2006

The City has entered into the following long-term debt:

Description of Asset	Ending Balance	Due Within One Year
Governmental Activities:		
Capital leases:		
Police Cars	$ 21,551	$ 21,551
Total Patcher	52,500	7,528
Bonds payable:		
General obligation bonds:		
Willow Ridge TIF Bonds Series A	451,000	-
Willow Ridge TIF Bonds Series B	50,000	50,000
Vision Park TIF Bonds Series B	1,570,000	50,000
Total governmental activities long-term debt	$ 2,145,051	$ 129,079
Business-type Activities:		
Wastewater Utility		
Capital leases:		
Sewer Vactor	$ 56,617	$ 27,562
Wastewater Equipment	763,380	32,798
Mower	27,865	7,835
Revenue bonds:		
Wastewater Refunding Bonds 2001	125,000	1,000
Wastewater Improvement Bonds 2001	915,000	60,000
Wastewater Refunding Bonds of 2003	1,385,000	130,000
Total Wastewater Utility	$ 3,272,862	$ 259,195

APPROPRIATIONS

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

Fund	Excess Amount Disbursed
Economic Development Income Tax	$ 135,674

In addition, the unit did not amend their EDIT plan prior to making these expenditures.

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."

Indiana Code 6-3.5-7-15 states in part: "(a) The executive of a county, city, or town may, subject to the use of the certified distribution permitted under sections 25 and 26 of this chapter: (1) adopt a capital improvement plan specifying the uses of the revenues to be received under this chapter . . ."

DEPOSITS - STREET DEPARTMENT

Of the compost receipts tested, 20% were remitted to the Clerk-Treasurer later than the next business day.

Indiana Code 5-13-6-1(d) states: "A city (other than a consolidated city) or a town shall deposit funds not later than the next business day following the receipt of the funds in depositories (1) selected by the city or town as provided in an ordinance adopted by the city or the town; and (2) approved as depositories of state funds."

DEPOSITS - POLICE DEPARTMENT

Of the police receipts tested, 80% were deposited later than the next business day.

Indiana Code 5-13-6-1(d) states: "A city (other than a consolidated city) or a town shall deposit funds not later than the next business day following the receipt of the funds in depositories (1) selected by the city or town as provided in an ordinance adopted by the city or the town; and (2) approved as depositories of state funds."

DEPOSITS - ANIMAL SHELTER

Of the receipts tested, 20% were deposited later than the next business day.

Indiana Code 5-13-6-1(d) states: "A city (other than a consolidated city) or a town shall deposit funds not later than the next business day following the receipt of the funds in depositories (1) selected by the city or town as provided in an ordinance adopted by the city or the town; and (2) approved as depositories of state funds."

RECEIPT ISSUANCE - ANIMAL SHELTER

In some instances receipts were not issued.

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)

CITY OF WINCHESTER
EXIT CONFERENCE

The contents of this report were discussed on September 11, 2007, with Vicki Haney, Clerk-Treasurer; Steve D. Croyle, Mayor; and Melanie Robinson, President of the City Council. The officials concurred with our findings.