

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

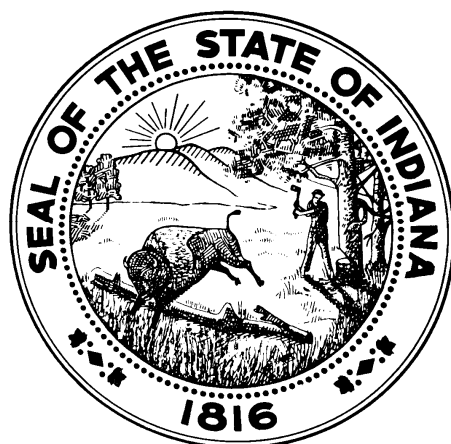
EXAMINATION REPORT

OF

CITY OF WOODBURN

ALLEN COUNTY, INDIANA

January 1, 2007 to December 31, 2007



**FILED**  
12/30/2008



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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Lesa Meadows	08-21-06 to 12-31-11
Mayor	Richard A. Hoepner	01-01-04 to 12-31-11
President of the Board of Public Works and Safety	Richard A. Hoepner	01-01-04 to 12-31-11
President of the Common Council	Richard A. Hoepner	01-01-04 to 12-31-11



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE CITY OF WOODBURN, ALLEN COUNTY, INDIANA

We have examined the financial information presented herein of the City of Woodburn (City), for the period of January 1, 2007 to December 31, 2007. 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, 2007, 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

November 24, 2008

CITY OF WOODBURN  
SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES  
ALL GOVERNMENTAL, PROPRIETARY, AND FIDUCIARY FUND TYPES  
As Of And For The Year Ended December 31, 2007

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Governmental Funds:				
General	\$ 119,733	\$ 244,287	\$ 232,918	\$ 131,102
Motor Vehicle Highway	39,483	75,409	80,368	34,524
Local Road and Street	13,329	18,741	7,200	24,870
Economic Development Income Tax	281,363	140,566	89,443	332,486
Rainy Day	6,814	623	-	7,437
Law Enforcement Continuing Education	3,909	1,174	3,250	1,833
1992 Street Bond	-	521	521	-
Cumulative Capital Improvement	25,638	5,546	-	31,184
Cumulative Capital Development	32,262	13,457	1,550	44,169
Riverboat Wagering	24,078	9,957	8,752	25,283
Police Dog Donations	787	1,500	-	2,287
Havenwood Utilities Receivership	-	11,044	1	11,043
Loan and Interest Payment	14,206	-	14,206	-
Trash and Garbage Pickup	6,750	62,634	63,435	5,949
Proprietary Funds:				
Water Utility Operating	34,408	318,738	311,722	41,424
Water Utility Bond and Interest	58,972	105,265	101,565	62,672
Water Utility Depreciation	-	43,493	10,533	32,960
Water Utility Debt Service Reserve	42,552	22,659	-	65,211
Water Utility Customer Deposit	5,010	1,000	1,100	4,910
Wastewater Utility Operating	58,870	211,814	206,447	64,237
Wastewater Bond and Interest	19,595	89,452	60,505	48,542
Wastewater Depreciation	86,025	-	52,079	33,946
Wastewater Debt Service Reserve	60,078	2,712	-	62,790
Fiduciary Fund:				
Payroll	46	47,702	47,749	(1)
Totals	<u>\$ 933,908</u>	<u>\$ 1,428,294</u>	<u>\$ 1,293,344</u>	<u>\$ 1,068,858</u>

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

CITY OF WOODBURN  
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 (police and fire), highways and streets, public improvements, planning and zoning, general administrative services, water and wastewater.

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 City 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. All property taxes collected by the County Treasurer and available for distribution were distributed to the City 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 (IC 5-13-9) authorizes the City 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.

CITY OF WOODBURN  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF CAPITAL ASSETS

For The Year Ended December 31, 2007

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 since 2004 have been reported. Retroactive reporting of general infrastructure assets will not occur.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land held for resale	\$ 218,686
Infrastructure	19,079
Buildings	105,824
Improvements other than buildings	6,777
Machinery and equipment	<u>272,531</u>
 Total governmental activities, capital assets not being depreciated	 \$ <u>622,897</u>
 Business-type activities:	
Water Utility:	
Capital assets, not being depreciated:	
Land	\$ 15,925
Buildings	189,107
Improvements other than buildings	2,709,529
Machinery and equipment	<u>98,089</u>
 Total Water Utility capital assets	 <u>3,012,650</u>
 Wastewater Utility:	
Capital assets, not being depreciated:	
Land	34,696
Improvements other than buildings	1,802,036
Machinery and equipment	<u>114,049</u>
 Total Wastewater Utility capital assets	 <u>1,950,781</u>
 Total business-type activities capital assets	 \$ <u>4,963,431</u>

CITY OF WOODBURN  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF LONG-TERM DEBT  
 December 31, 2007

The City has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental Activities:		
Capital lease:		
2006 Ford F350 Truck	\$ 11,541	\$ 6,257
Loan payable:		
Woodburn Development Corporation Industrial Land	<u>163,621</u>	<u>28,411</u>
Total governmental activities debt	<u>\$ 175,162</u>	<u>\$ 34,668</u>
Business-type Activities:		
Water Utility		
Revenue bonds:		
2003 Water Improvement	<u>1,170,000</u>	<u>104,745</u>
Wastewater Utility		
Revenue bonds:		
1994 Wastewater Improvement	185,000	31,458
2002 Wastewater Improvement	<u>245,000</u>	<u>26,442</u>
Total Wastewater Utility	<u>430,000</u>	<u>57,900</u>
Total business-type activities debt:	<u>\$ 1,600,000</u>	<u>\$ 162,645</u>

CITY OF WOODBURN, ALLEN COUNTY  
EXAMINATION RESULTS AND COMMENTS

TAX PENALTIES AND INTEREST

Sales Tax

The amounts payable to Indiana Department of Revenue for September 2007 sales tax were not paid until November 2007. Penalties and Interest totaling \$144.58 were paid to the Indiana Department of Revenue in November 2007 because of the September 2007 sales tax being remitted late.

Federal Withholding Tax

The amounts payable to the Internal Revenue Service for February 2007 federal withholdings were not paid until June 2007. Penalties and interest totaling \$24.20 were paid to the Internal Revenue Service in June 2007 because of the February 2007 federal withholding tax being remitted late.

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

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

Any penalties, interest or other charges paid by the governmental unit may be the personal obligation of the responsible official or employee.

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

LIST OF EMPLOYEES NOT FILED WITH COUNTY TREASURER AND STATE BOARD OF ACCOUNTS

A list of City employees was not certified to the County Treasurer in June or December of 2007.

The Form 100R, which lists the names, addresses, duties, and compensation of public employees, was not sent to the State Examiner in January of 2007 or 2008.

Indiana Code 6-1.1-22-14(a) states in part:

"on or before June 1 and December 1 of each year . . . the disbursing officer of each political subdivision . . . shall certify the names and addresses of each person who has money due from the political subdivision to the treasurer of each county in which the political subdivision is located."

Indiana Code 5-11-13 refers to the requirement for a certified report of names, addresses, duties, and compensation of public employees (General Form 100R) to be sent to the State Examiner during the month of January.

DELINQUENT WASTEWATER ACCOUNTS

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

CITY OF WOODBURN, ALLEN COUNTY  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

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

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

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

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

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

BILLING PROCEDURES AND RATES

The City has an ordinance addressing billing procedures and rates for its utility customers. The City did not comply with the timing of service disconnection to customers for failure to pay bills. Per Section 52.67 of the Woodburn City Code Regarding Payment of Bills; Failure to Pay (partial quote) (B) Billings will be rendered Monthly. If a billing is not paid on or before the date indicated on the billing, the customer will be considered delinquent. A period of two consecutive months delinquent will then constitute termination of water service to the customer by the utility. The City has not been disconnecting until after three consecutive months delinquent.

The City has an ordinance establishing fees for the collection of garbage. The garbage pickup billings did not have the correct amount charged to residential customers per ordinance and contract set between the City of Woodburn and Waste Management for 2007 and 2008.

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

CITY OF WOODBURN  
EXIT CONFERENCE

The contents of this report were discussed on November 24, 2008, with Richard A. Hoeppe, Mayor; Lesa Meadows, Clerk-Treasurer; Clarence Reichhart, Council member; and James Norden, Council member. The officials concurred with our findings