

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

CITY OF WARSAW
KOSCIUSKO COUNTY, INDIANA

January 1, 2018 to December 31, 2018



FILED
07/17/2019

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Lynne A. Christiansen	01-01-12 to 12-31-19
Mayor	Dr. Joseph M. Thallemer	01-01-12 to 12-31-19
President of the Board of Public Works and Safety	Dr. Joseph M. Thallemer	01-01-12 to 12-31-19
President Pro Tempore of the Common Council	Diane L. Quance	01-01-18 to 12-31-19



INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE CITY OF WARSAW, KOSCIUSKO COUNTY, INDIANA

Report on the Financial Statement

We have audited the accompanying financial statement of the City of Warsaw (City), which comprises the financial position and results of operations for the year ended December 31, 2018, and the related notes to the financial statement as listed in the Table of Contents.

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 from 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 City'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 City'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 to the financial statement, the City 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 City for the year ended December 31, 2018.

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 City for the year ended December 31, 2018, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the City's financial statement. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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.

Other Information

Our audit was conducted for the purpose of forming an opinion on the City's financial statement. The Combining Schedule 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.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated June 25, 2019, on our consideration of the City'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 solely 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 effectiveness of the City's 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 City's internal control over financial reporting and compliance.


Paul D. Joyce, CPA
State Examiner

June 25, 2019



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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 CITY OF WARSAW, 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 City of Warsaw (City), which comprises the financial position and results of operations for the year ended December 31, 2018, and the related notes to the financial statement, and have issued our report thereon dated June 25, 2019, wherein we noted the City 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 City'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 City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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 City's financial statement will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.


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)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City'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 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*.

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 City'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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


Paul D. Joyce, CPA
State Examiner

June 25, 2019

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FINANCIAL STATEMENT AND ACCOMPANYING NOTES

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

CITY OF WARSAW
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended December 31, 2018

Fund	Cash and Investments 01-01-18	Receipts	Disbursements	Cash and Investments 12-31-18
GENERAL FUND	\$ 5,456,959	\$ 11,235,245	\$ 10,316,170	\$ 6,376,034
MOTOR VEHICLE HIGHWAY	1,574,054	997,511	1,079,095	1,492,470
LOCAL ROAD & STREET	184,887	219,276	136,312	267,851
AVIATION	517,086	1,253,855	602,703	1,168,238
PARK NONREVERT OPERATING	35,757	14,485	11,799	38,443
LAW CONTINUING EDUCATION	48,376	22,461	26,674	44,163
PARK & RECREATION	1,045,820	2,303,778	2,127,258	1,222,340
RAINY DAY	1,804,100	1,054	-	1,805,154
ECONOMIC DEV INCOME TAX (EDIT)	2,352,687	1,672,768	966,590	3,058,865
LOIT SPECIAL DISTRIBUTION	116,134	-	116,134	-
HAZARDOUS MATERIALS RESPONSE	2,295	-	-	2,295
FIRE TERRITORY OPERATING	2,202,856	4,077,153	4,026,156	2,253,853
AVIATION FUEL TRUST	36,128	1,720,214	1,673,623	82,719
CERTIFIED TECHNOLOGY PARK	701,610	242,188	267,000	676,798
CUM CAP DEVELOPMENT	958,582	374,489	451,762	881,309
PARK NONREVERTING CAPITAL	109,141	13,244	52,865	69,520
REDEVELOPMENT DISTRICT GENERAL	483,055	63,602	86,637	460,020
CITY CAPITAL PROJECTS FUND	2,640,923	-	2,355,713	285,210
CUM CAP IMP - CIG TAX	185,543	31,696	33,712	183,527
FIRE TERRITORY EQUIPMENT	2,420,856	480,300	372,334	2,528,822
SELF-INSURANCE FUND	99,187	2,368,154	2,427,779	39,562
POLICE PENSION	1,258,220	331,094	284,986	1,304,328
FIRE PENSION	1,152,233	311,045	250,798	1,212,480
RIVERBOAT	387,221	80,322	-	467,543
SALES TAX FUND	40	3,559	3,505	94
REDEVELOPMENT ALLOCATION	645,175	314,311	239,565	719,921
FEDERAL GRANT FUND	457,057	656,442	976,125	137,374
PETTY CASH/CASH CHANGE FUND	650	-	-	650
CEMETERY	373,332	763,002	628,089	508,245
DONATION	211,732	66,459	154,606	123,585
WARSAW POLICE FORFEITURE FUND	128,227	15,181	19,000	124,408
GENERAL BOND FUND	313,578	131,908	401,950	43,536
CITY HALL 2011 DEBT RESERVE	127,983	1,235	96,235	32,983
TIRB 12 WARSAW COMMONS RESERVE	124,453	-	-	124,453
WINONA PVD STDB SERIES 2013 DEBT RESERVE	299,500	-	-	299,500
WINONA PVD SERIES 2013A DEBT RESERVE	114,500	-	-	114,500
WINONA PVD STDB SERIES 2015 DEBT RESERVE	86,000	-	-	86,000
REDEVEL ALLOCATION CAP FUND	3,517	-	-	3,517
REDEVEL NORTHERN TIF ALLOCATION	7,754,348	2,778,720	4,004,871	6,528,197
REDEVEL/TIF WINONA INTERURBAN	50,165	8,357	-	58,522
AVIATION DEPRECIATION	235,176	21,390	-	256,566
REDEVEL EASTERN TIF	767,826	391,312	279,262	879,876
WINONA PVD STDB SERIES 2015 OPERATING	6,725	-	-	6,725
2011 SEWAGE REV BOND P & I	-	312,325	312,325	-
CEMETERY PERM & PERPETUAL	1,142,780	74,763	88,193	1,129,350
SELF INSURANCE/FIRE TERRITORY	138,798	744,503	685,140	198,161

CITY OF WARSAW
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended December 31, 2018

Fund	Cash and Investments 01-01-18	Receipts	Disbursements	Cash and Investments 12-31-18
EMPLOYEE BENEFIT TRUST	404,351	380,710	163,342	621,719
PAYROLL NET PAYROLL	-	278	278	-
PAYROLL FEDERAL WITHHOLDING	-	924,619	924,619	-
PAYROLL FICA	-	655,335	655,335	-
PAYROLL MEDICARE	-	270,729	270,729	-
PAYROLL STATE WITHHOLDING	22,436	300,883	299,172	24,147
PAYROLL COUNTY WITHHOLDING	7,581	103,014	102,595	8,000
PAYROLL PERF	-	184,387	184,387	-
PAYROLL MICHIGAN STATE WITHHOLDING	-	118	118	-
PAYROLL DEFERRED COMP	-	72,998	72,998	-
PAYROLL FIRE PENSION	-	124,343	124,343	-
PAYROLL HEALTH INSURANCE	10,815	132,707	132,373	11,149
PAYROLL FIRE TERRITORY HEALTH INS	3,086	39,100	38,868	3,318
PAYROLL AFAC PREMIUM 39	1	71,148	71,148	1
PAYROLL TEXAS LIFE INSURANCE	2	27,967	27,967	2
PAYROLL CHILD SUPPORT-INDIANA	-	69,363	69,363	-
PAYROLL DELINQUENT TAX	-	900	900	-
PAYROLL POLICE PENSION	-	119,701	119,701	-
PAYROLL WORKOUT ANYTIME	140	2,095	2,105	130
PAYROLL AFAC FLEX	10,839	37,715	37,462	11,092
PAYROLL CHILD SUPPORT-MICHIGAN	-	4,417	4,417	-
PAYROLL ANNUAL SUPPORT FEE - INSCCU	-	385	385	-
PAYROLL YMCA MEMBERSHIP	-	15,761	15,702	59
PAYROLL SMOKING SURCHARGE	-	1,725	1,531	194
PAYROLL VISION INSURANCE	-	20,264	18,558	1,706
PAYROLL GARNISHMENT ACSI	-	3,257	3,257	-
PAYROLL GARNISHMENT CLERK OF ALLEN CIRCUIT COURT	-	282	282	-
PAYROLL DIRECT DEPOSIT	-	6,968,599	6,968,599	-
WASTEWATER UTILITY OPERATING	2,894,056	8,213,026	8,077,239	3,029,843
WASTEWATER UTILITY BOND & INT 2013	2,374	669,023	663,134	8,263
WASTEWATER UTILITY DEPRECIATION	1,665,079	1,251,143	2,128,715	787,507
WASTEWATER UTILITY CASH RESERVE	237,844	425,686	425,686	237,844
WASTEWATER BOND & INT 2008	1,573	432,496	431,813	2,256
WASTEWATER LEASE BD 2015/PYMT	303,011	785,000	785,000	303,011
SRFWW WARSAW 17/18 P & I	-	321,422	2,039	319,383
SRFWW WARSAW 17 DSR	1,827,691	166,019	-	1,993,710
SRFWW WARSAW 17 CONSTR	406,644	3,053	406,644	3,053
SRFWW WARSAW 17	-	3,498,479	3,498,479	-
SRFWW WASTEWATER 18	-	962,484	962,484	-
STORMWATER UTILITY OPERATING	598,445	530,605	487,385	641,665
Totals	<u>\$ 47,151,240</u>	<u>\$ 61,888,637</u>	<u>\$ 63,734,118</u>	<u>\$ 45,305,759</u>

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

CITY OF WARSAW
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The City was established under the laws of the State of Indiana. The City operates under a Council-Mayor 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, water, wastewater, storm water, trash, aviation, and urban redevelopment and housing.

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

B. Basis of Accounting

The financial statement is reported on a regulatory basis of accounting prescribed by the Indiana 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. The basis of accounting involves the reporting of only cash and investments and the changes therein resulting from cash inflows (receipts) and cash outflows (disbursements) reported in the period in which they occurred.

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. Amounts received from one or more of the following: property tax, certified shares (local option tax), property tax replacement credit (local option tax), county option income tax, wheel tax, innkeeper's 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 City.

Licenses and permits. 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 the following: peddler licenses, animal licenses, auctioneer licenses, building and planning permits, demolition permits, electrical permits, sign permits, and gun permits.

Intergovernmental receipts. Amounts received from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of intergovernmental receipts include, but are not limited to, the following: federal grants, state grants,

CITY OF WARSAW
NOTES TO FINANCIAL STATEMENT
(Continued)

cigarette tax distributions received from the state, motor vehicle highway distributions received from the state, local road and street distributions 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. Amounts received for services including, but not limited to, the following: planning commission charges, building department charges, copies of public records, copy machines 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. Amounts received 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. Amounts received from charges for current services.

Other receipts. Amounts received from various sources, including, but 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. Amounts disbursed 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. Amounts disbursed for 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, but are not limited to, the following: office supplies, operating supplies, and repair and maintenance supplies.

Other services and charges. Amounts disbursed for services including, but not limited to, the following: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

Debt service - principal and interest. Amounts disbursed for fixed obligations resulting from financial transactions previously entered into by the City. It includes all expenditures for the reduction of the principal and interest of the City's general obligation indebtedness.

Capital outlay. Amounts disbursed for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

Utility operating expenses. Amounts disbursed for operating the utilities.

CITY OF WARSAW
NOTES TO FINANCIAL STATEMENT
(Continued)

Other disbursements. Amounts disbursed for various other purposes including, but 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 City may, from time to time, make transfers 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 City. Each fund is used to account for amounts 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 City. The amounts 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 City 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 City 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 City 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 December 31 of the year preceding the budget year or January 15 of the budget year if the City is issuing debt after December 1 or intends on filing a shortfall appeal. These rates were based upon the assessed valuations adjusted for various tax credits from the preceding year's lien date of January 1. 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.

CITY OF WARSAW
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 City to invest in securities including, but not limited to, the following: 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 City 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 City to set aside money for claim settlements. The self-insurance fund would be included in the financial statement. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks.

Note 6. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

The Indiana Public Employees' Retirement Fund (PERF) Defined Benefit Plan is a cost-sharing multiple-employer defined benefit plan and provides retirement, disability, and survivor benefits to plan members. PERF is administered through the Indiana Public Retirement System (INPRS) Board in accordance with state statutes (IC 5-10.2, IC 5-10.3) and administrative code (35 IAC 1.2), which governs most requirements of the system and gives the City authority to contribute to the plan.

My Choice: Retirement Savings Plan for Public Employees (My Choice) is a multiple-employer defined contribution plan. It is administered through the Indiana Public Retirement System (INPRS) Board in accordance with state statutes (IC 5-10.2, IC 5-10.3) and administrative code (35 IAC 1.2), which governs most requirements of the system and gives the City authority to contribute to the plan.

New employees hired have a one-time election to join either the Public Employees' Hybrid Plan (PERF Hybrid) or the My Choice: Retirement Savings Plan for Public Employees (My Choice), which is a multiple-employer defined contribution plan. PERF Hybrid consists of two components: PERF DB, the employer-funded monthly defined benefit component, and the Public Employees' Hybrid Members Defined Contribution Account, the defined contribution component.

CITY OF WARSAW
NOTES TO FINANCIAL STATEMENT
(Continued)

Financial Report

INPRS 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
One North Capitol, Suite 001
Indianapolis, IN 46204
Ph. (844) 464-6777

Contributions

Members' contributions are set by state statute at 3 percent of compensation for both the defined contribution component of PERF Hybrid and My Choice. The employer may elect to make the contribution on behalf of the member of the defined contribution component of PERF Hybrid and My Choice members may receive additional employer contribution in lieu of the PERF DB. Contributions to the PERF DB are determined by INPRS Board based on actuarial valuation.

B. 1925 Police Officers' Pension Plan

Plan Description

The 1925 Police Officers' Pension Plan is a single-employer defined benefit pension plan. The plan is administered by the local pension board as authorized by state statute (IC 36-8-6). The plan provides retirement, disability, and death benefits to plan members and beneficiaries. The plan was established by the plan administrator, as provided by state statute. The plan administrator does not issue a publicly available financial report that includes financial statements and required supplementary information of the plan.

Funding Policy

The contribution requirements of plan members for the 1925 Police Officers' Pension Plan are established by state statute.

On Behalf Payments

The 1925 Police Officers' Pension Plan is funded by the State of Indiana through the Indiana Public Retirement System as provided under Indiana Code 5-10.3-11.

C. 1937 Firefighters' Pension Plan

Plan Description

The 1937 Firefighters' Pension Plan is a single-employer defined benefit pension plan. The plan is administered by the local pension board as authorized by state statute (IC 36-8-7). The plan provides retirement, disability, and death benefits to plan members and beneficiaries. The plan was established by the plan administrator, as provided by state statute. The plan administrator does not issue a publicly available financial report that includes financial statements and required supplementary information of the plan.

CITY OF WARSAW
NOTES TO FINANCIAL STATEMENT
(Continued)

Funding Policy

The contribution requirements of plan members for the 1937 Firefighters' Pension Plan are established by state statute.

On Behalf Payments

The 1937 Firefighters' Pension Plan is funded by the State of Indiana through the Indiana Public Retirement System as provided under Indiana Code 5-10.3-11.

D. 1977 Police Officers' and Firefighters' Pension and Disability Fund

Plan Description

The 1977 Police Officers' and Firefighters' Pension and Disability Fund is a cost-sharing multiple-employer defined benefit pension plan administered by the Indiana Public Retirement System (INPRS) for all police officers and firefighters hired after April 30, 1977, providing retirement, disability, and survivor benefits.

State statute (IC 36-8-8) regulates the operations of the system, including benefits, vesting, and requirements for contributions by employers and by employees. Covered employees may retire at age 52 with 20 years of service. An employee with 20 years of service may leave service, but will not receive benefits until reaching age 52.

Financial Report

INPRS 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
One North Capitol, Suite 001
Indianapolis, IN 46204
Ph. (844) 464-6777

Contributions

The contribution requirements of plan members and the City are established by the Board of Trustees of INPRS based on actuarial valuation. Employers may pay all or part of the member contribution for the member.

Note 7. Holding Corporations

The City has entered into a capital lease with Warsaw Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the City. The lessor has been determined to be a related-party of the City. Lease payments during the year totaled \$785,000.

CITY OF WARSAW
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 8. Subsequent Events

On January 18, 2019, the City accepted \$1,615,000 from the Northeast Indiana Regional Development Authority to help fund the North Buffalo Street Plaza Project.

On January 18, 2019, the City approved a proposal for design services and bid assistance for the WWTU Plant Expansion project from Wessler Engineering for \$2,050,000.

On January 18, 2019, the City contracted with Kokosing Industrial for the WWTU Expansion Project in the amount of \$25,710,750, which will be financed through the 2018 State Revolving Fund.

On February 15, 2019, the City awarded CR 300 N Phase II road project to Phend & Brown for \$1,880,359. The project will be funded by TIF funds from Northern Redevelopment.

OTHER INFORMATION - UNAUDITED

The City's Annual Financial Report information can be found on the Indiana Gateway for Government Units 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 City's Annual Financial Report 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 other information presented was approved by management of the City. It is presented as intended by the City.

CITY OF WARSAW
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2018

	GENERAL FUND	MOTOR VEHICLE HIGHWAY	LOCAL ROAD & STREET	AVIATION	PARK NONREVERT OPERATING
Cash and investments - beginning	\$ 5,456,959	\$ 1,574,054	\$ 184,887	\$ 517,086	\$ 35,757
Receipts:					
Taxes	9,282,088	-	-	796,158	-
Licenses and permits	33,093	-	-	-	-
Intergovernmental receipts	362,057	632,624	219,276	53,678	-
Charges for services	94,202	-	-	404,019	14,485
Fines and forfeits	10,121	-	-	-	-
Utility fees	-	-	-	-	-
Other receipts	1,453,684	364,887	-	-	-
Total receipts	<u>11,235,245</u>	<u>997,511</u>	<u>219,276</u>	<u>1,253,855</u>	<u>14,485</u>
Disbursements:					
Personal services	6,693,902	-	-	367,252	-
Supplies	884,797	502,397	24,670	42,332	8,019
Other services and charges	2,296,216	576,698	111,642	115,717	3,780
Debt service - principal and interest	-	-	-	-	-
Capital outlay	440,483	-	-	77,402	-
Utility operating expenses	-	-	-	-	-
Other disbursements	772	-	-	-	-
Total disbursements	<u>10,316,170</u>	<u>1,079,095</u>	<u>136,312</u>	<u>602,703</u>	<u>11,799</u>
Excess (deficiency) of receipts over disbursements	<u>919,075</u>	<u>(81,584)</u>	<u>82,964</u>	<u>651,152</u>	<u>2,686</u>
Cash and investments - ending	<u>\$ 6,376,034</u>	<u>\$ 1,492,470</u>	<u>\$ 267,851</u>	<u>\$ 1,168,238</u>	<u>\$ 38,443</u>

CITY OF WARSAW
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2018

	LAW CONTINUING EDUCATION	PARK & RECREATION	RAINY DAY	ECONOMIC DEV INCOME TAX (EDIT)	LOIT SPECIAL DISTRIBUTION
Cash and investments - beginning	\$ 48,376	\$ 1,045,820	\$ 1,804,100	\$ 2,352,687	\$ 116,134
Receipts:					
Taxes	-	1,902,947	-	1,300,095	-
Licenses and permits	-	-	-	-	-
Intergovernmental receipts	-	128,360	-	-	-
Charges for services	-	272,471	-	-	-
Fines and forfeits	-	-	-	-	-
Utility fees	-	-	-	-	-
Other receipts	22,461	-	1,054	372,673	-
Total receipts	22,461	2,303,778	1,054	1,672,768	-
Disbursements:					
Personal services	-	1,290,662	-	-	-
Supplies	922	196,792	-	-	-
Other services and charges	7,752	529,150	-	190,996	-
Debt service - principal and interest	-	-	-	-	-
Capital outlay	18,000	109,840	-	775,594	116,134
Utility operating expenses	-	-	-	-	-
Other disbursements	-	814	-	-	-
Total disbursements	26,674	2,127,258	-	966,590	116,134
Excess (deficiency) of receipts over disbursements	(4,213)	176,520	1,054	706,178	(116,134)
Cash and investments - ending	\$ 44,163	\$ 1,222,340	\$ 1,805,154	\$ 3,058,865	\$ -

CITY OF WARSAW
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2018

	HAZARDOUS MATERIALS RESPONSE	FIRE TERRITORY OPERATING	AVIATION FUEL TRUST	CERTIFIED TECHNOLOGY PARK	CUM CAP DEVELOPMENT
Cash and investments - beginning	\$ 2,295	\$ 2,202,856	\$ 36,128	\$ 701,610	\$ 958,582
Receipts:					
Taxes	-	3,796,474	-	-	349,787
Licenses and permits	-	-	-	-	-
Intergovernmental receipts	-	260,899	-	-	23,584
Charges for services	-	-	-	-	-
Fines and forfeits	-	-	-	-	-
Utility fees	-	-	-	-	-
Other receipts	-	19,780	1,720,214	242,188	1,118
Total receipts	-	4,077,153	1,720,214	242,188	374,489
Disbursements:					
Personal services	-	3,535,041	-	-	-
Supplies	-	151,073	1,240,516	-	50,365
Other services and charges	-	271,194	108,107	67,000	71,620
Debt service - principal and interest	-	-	-	-	-
Capital outlay	-	68,848	-	200,000	329,777
Utility operating expenses	-	-	-	-	-
Other disbursements	-	-	325,000	-	-
Total disbursements	-	4,026,156	1,673,623	267,000	451,762
Excess (deficiency) of receipts over disbursements	-	50,997	46,591	(24,812)	(77,273)
Cash and investments - ending	\$ 2,295	\$ 2,253,853	\$ 82,719	\$ 676,798	\$ 881,309

CITY OF WARSAW
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2018

	PARK NONREVERTING CAPITAL	REDEVELOPMENT DISTRICT GENERAL	CITY CAPITAL PROJECTS FUND	CUM CAP IMP - CIG TAX	FIRE TERRITORY EQUIPMENT
Cash and investments - beginning	\$ 109,141	\$ 483,055	\$ 2,640,923	\$ 185,543	\$ 2,420,856
Receipts:					
Taxes	-	43,506	-	-	402,406
Licenses and permits	-	-	-	-	-
Intergovernmental receipts	-	2,934	-	-	33,894
Charges for services	13,244	-	-	-	-
Fines and forfeits	-	-	-	-	-
Utility fees	-	-	-	-	-
Other receipts	-	17,162	-	31,696	44,000
Total receipts	<u>13,244</u>	<u>63,602</u>	<u>-</u>	<u>31,696</u>	<u>480,300</u>
Disbursements:					
Personal services	-	-	-	-	-
Supplies	-	-	-	-	-
Other services and charges	52,865	9,737	44,981	-	14,899
Debt service - principal and interest	-	-	-	-	-
Capital outlay	-	76,900	2,310,732	33,712	357,435
Utility operating expenses	-	-	-	-	-
Other disbursements	-	-	-	-	-
Total disbursements	<u>52,865</u>	<u>86,637</u>	<u>2,355,713</u>	<u>33,712</u>	<u>372,334</u>
Excess (deficiency) of receipts over disbursements	<u>(39,621)</u>	<u>(23,035)</u>	<u>(2,355,713)</u>	<u>(2,016)</u>	<u>107,966</u>
Cash and investments - ending	<u>\$ 69,520</u>	<u>\$ 460,020</u>	<u>\$ 285,210</u>	<u>\$ 183,527</u>	<u>\$ 2,528,822</u>

CITY OF WARSAW
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2018

	SELF-INSURANCE FUND	POLICE PENSION	FIRE PENSION	RIVERBOAT	SALES TAX FUND
Cash and investments - beginning	\$ 99,187	\$ 1,258,220	\$ 1,152,233	\$ 387,221	\$ 40
Receipts:					
Taxes	-	318,066	298,603	-	-
Licenses and permits	-	-	-	-	-
Intergovernmental receipts	-	2,346	1,760	80,322	-
Charges for services	-	-	-	-	-
Fines and forfeits	-	-	-	-	-
Utility fees	-	-	-	-	-
Other receipts	2,368,154	10,682	10,682	-	3,559
Total receipts	2,368,154	331,094	311,045	80,322	3,559
Disbursements:					
Personal services	-	284,622	250,534	-	-
Supplies	-	-	-	-	-
Other services and charges	2,427,779	364	264	-	3,505
Debt service - principal and interest	-	-	-	-	-
Capital outlay	-	-	-	-	-
Utility operating expenses	-	-	-	-	-
Other disbursements	-	-	-	-	-
Total disbursements	2,427,779	284,986	250,798	-	3,505
Excess (deficiency) of receipts over disbursements	(59,625)	46,108	60,247	80,322	54
Cash and investments - ending	\$ 39,562	\$ 1,304,328	\$ 1,212,480	\$ 467,543	\$ 94

CITY OF WARSAW
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2018

	REDEVELOPMENT ALLOCATION	FEDERAL GRANT FUND	PETTY CASH/CASH CHANGE FUND	CEMETERY	DONATION
Cash and investments - beginning	\$ 645,175	\$ 457,057	\$ 650	\$ 373,332	\$ 211,732
Receipts:					
Taxes	313,054	-	-	558,615	-
Licenses and permits	-	-	-	-	-
Intergovernmental receipts	-	656,442	-	37,663	-
Charges for services	-	-	-	166,724	-
Fines and forfeits	-	-	-	-	-
Utility fees	-	-	-	-	-
Other receipts	1,257	-	-	-	66,459
Total receipts	<u>314,311</u>	<u>656,442</u>	<u>-</u>	<u>763,002</u>	<u>66,459</u>
Disbursements:					
Personal services	-	-	-	444,293	-
Supplies	-	-	-	42,597	-
Other services and charges	43,580	976,125	-	52,453	154,606
Debt service - principal and interest	195,985	-	-	-	-
Capital outlay	-	-	-	88,746	-
Utility operating expenses	-	-	-	-	-
Other disbursements	-	-	-	-	-
Total disbursements	<u>239,565</u>	<u>976,125</u>	<u>-</u>	<u>628,089</u>	<u>154,606</u>
Excess (deficiency) of receipts over disbursements	<u>74,746</u>	<u>(319,683)</u>	<u>-</u>	<u>134,913</u>	<u>(88,147)</u>
Cash and investments - ending	<u>\$ 719,921</u>	<u>\$ 137,374</u>	<u>\$ 650</u>	<u>\$ 508,245</u>	<u>\$ 123,585</u>

CITY OF WARSAW
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2018

	WARSAW POLICE FORFEITURE FUND	GENERAL BOND FUND	CITY HALL 2011 DEBT RESERVE	TIRB 12 WARSAW COMMONS RESERVE	WINONA PVD STDB SERIES 2013 DEBT RESERVE
Cash and investments - beginning	\$ 128,227	\$ 313,578	\$ 127,983	\$ 124,453	\$ 299,500
Receipts:					
Taxes	-	53,077	-	-	-
Licenses and permits	-	-	-	-	-
Intergovernmental receipts	-	3,402	-	-	-
Charges for services	-	-	-	-	-
Fines and forfeits	-	-	-	-	-
Utility fees	-	-	-	-	-
Other receipts	15,181	75,429	1,235	-	-
Total receipts	15,181	131,908	1,235	-	-
Disbursements:					
Personal services	-	-	-	-	-
Supplies	-	-	-	-	-
Other services and charges	-	500	-	-	-
Debt service - principal and interest	-	401,450	-	-	-
Capital outlay	19,000	-	-	-	-
Utility operating expenses	-	-	-	-	-
Other disbursements	-	-	96,235	-	-
Total disbursements	19,000	401,950	96,235	-	-
Excess (deficiency) of receipts over disbursements	(3,819)	(270,042)	(95,000)	-	-
Cash and investments - ending	\$ 124,408	\$ 43,536	\$ 32,983	\$ 124,453	\$ 299,500

CITY OF WARSAW
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2018

	WINONA PVD SERIES 2013A DEBT RESERVE	WINONA PVD STDB SERIES 2015 DEBT RESERVE	REDEVEL ALLOCATION CAP FUND	REDEVEL NORTHERN TIF ALLOCATION	REDEVEL/TIF WINONA INTERURBAN
Cash and investments - beginning	\$ 114,500	\$ 86,000	\$ 3,517	\$ 7,754,348	\$ 50,165
Receipts:					
Taxes	-	-	-	2,695,573	8,357
Licenses and permits	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-
Charges for services	-	-	-	-	-
Fines and forfeits	-	-	-	-	-
Utility fees	-	-	-	-	-
Other receipts	-	-	-	83,147	-
Total receipts	-	-	-	2,778,720	8,357
Disbursements:					
Personal services	-	-	-	47,790	-
Supplies	-	-	-	-	-
Other services and charges	-	-	-	454,874	-
Debt service - principal and interest	-	-	-	849,296	-
Capital outlay	-	-	-	2,652,911	-
Utility operating expenses	-	-	-	-	-
Other disbursements	-	-	-	-	-
Total disbursements	-	-	-	4,004,871	-
Excess (deficiency) of receipts over disbursements	-	-	-	(1,226,151)	8,357
Cash and investments - ending	\$ 114,500	\$ 86,000	\$ 3,517	\$ 6,528,197	\$ 58,522

CITY OF WARSAW
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2018

	AVIATION DEPRECIATION	REDEVEL EASTERN TIF	WINONA PVD STDB SERIES 2015 OPERATING	2011 SEWAGE REV BOND P & I	CEMETERY PERM & PERPETUAL
Cash and investments - beginning	\$ 235,176	\$ 767,826	\$ 6,725	\$ -	\$ 1,142,780
Receipts:					
Taxes	-	369,224	-	-	-
Licenses and permits	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-
Charges for services	21,390	-	-	-	57,632
Fines and forfeits	-	-	-	-	-
Utility fees	-	-	-	-	-
Other receipts	-	22,088	-	312,325	17,131
Total receipts	<u>21,390</u>	<u>391,312</u>	<u>-</u>	<u>312,325</u>	<u>74,763</u>
Disbursements:					
Personal services	-	-	-	-	-
Supplies	-	-	-	-	-
Other services and charges	-	29,009	-	-	50,446
Debt service - principal and interest	-	-	-	312,325	-
Capital outlay	-	250,253	-	-	37,747
Utility operating expenses	-	-	-	-	-
Other disbursements	-	-	-	-	-
Total disbursements	<u>-</u>	<u>279,262</u>	<u>-</u>	<u>312,325</u>	<u>88,193</u>
Excess (deficiency) of receipts over disbursements	<u>21,390</u>	<u>112,050</u>	<u>-</u>	<u>-</u>	<u>(13,430)</u>
Cash and investments - ending	<u>\$ 256,566</u>	<u>\$ 879,876</u>	<u>\$ 6,725</u>	<u>\$ -</u>	<u>\$ 1,129,350</u>

CITY OF WARSAW
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2018

	SELF INSURANCE/FIRE TERRITORY	EMPLOYEE BENEFIT TRUST	PAYROLL NET PAYROLL	PAYROLL FEDERAL WITHHOLDING	PAYROLL FICA
Cash and investments - beginning	\$ 138,798	\$ 404,351	\$ -	\$ -	\$ -
Receipts:					
Taxes	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-
Charges for services	-	-	-	-	-
Fines and forfeits	-	-	-	-	-
Utility fees	-	-	-	-	-
Other receipts	744,503	380,710	278	924,619	655,335
Total receipts	744,503	380,710	278	924,619	655,335
Disbursements:					
Personal services	-	-	278	924,619	655,335
Supplies	-	-	-	-	-
Other services and charges	685,140	163,342	-	-	-
Debt service - principal and interest	-	-	-	-	-
Capital outlay	-	-	-	-	-
Utility operating expenses	-	-	-	-	-
Other disbursements	-	-	-	-	-
Total disbursements	685,140	163,342	278	924,619	655,335
Excess (deficiency) of receipts over disbursements	59,363	217,368	-	-	-
Cash and investments - ending	\$ 198,161	\$ 621,719	\$ -	\$ -	\$ -

CITY OF WARSAW
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2018

	PAYROLL MEDICARE	PAYROLL STATE WITHHOLDING	PAYROLL COUNTY WITHHOLDING	PAYROLL PERF	PAYROLL MICHIGAN STATE WITHHOLDING
Cash and investments - beginning	\$ -	\$ 22,436	\$ 7,581	\$ -	\$ -
Receipts:					
Taxes	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-
Charges for services	-	-	-	-	-
Fines and forfeits	-	-	-	-	-
Utility fees	-	-	-	-	-
Other receipts	270,729	300,883	103,014	184,387	118
Total receipts	<u>270,729</u>	<u>300,883</u>	<u>103,014</u>	<u>184,387</u>	<u>118</u>
Disbursements:					
Personal services	270,729	299,172	102,595	184,387	118
Supplies	-	-	-	-	-
Other services and charges	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-
Capital outlay	-	-	-	-	-
Utility operating expenses	-	-	-	-	-
Other disbursements	-	-	-	-	-
Total disbursements	<u>270,729</u>	<u>299,172</u>	<u>102,595</u>	<u>184,387</u>	<u>118</u>
Excess (deficiency) of receipts over disbursements	-	1,711	419	-	-
Cash and investments - ending	<u>\$ -</u>	<u>\$ 24,147</u>	<u>\$ 8,000</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF WARSAW
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2018

	PAYROLL DEFERRED COMP	PAYROLL FIRE PENSION	PAYROLL HEALTH INSURANCE	PAYROLL FIRE TERRITORY HEALTH INS	PAYROLL AFAC PREMIUM 39
Cash and investments - beginning	\$ -	\$ -	\$ 10,815	\$ 3,086	\$ 1
Receipts:					
Taxes	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-
Charges for services	-	-	-	-	-
Fines and forfeits	-	-	-	-	-
Utility fees	-	-	-	-	-
Other receipts	72,998	124,343	132,707	39,100	71,148
Total receipts	<u>72,998</u>	<u>124,343</u>	<u>132,707</u>	<u>39,100</u>	<u>71,148</u>
Disbursements:					
Personal services	72,998	124,343	132,373	38,868	71,148
Supplies	-	-	-	-	-
Other services and charges	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-
Capital outlay	-	-	-	-	-
Utility operating expenses	-	-	-	-	-
Other disbursements	-	-	-	-	-
Total disbursements	<u>72,998</u>	<u>124,343</u>	<u>132,373</u>	<u>38,868</u>	<u>71,148</u>
Excess (deficiency) of receipts over disbursements	-	-	334	232	-
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,149</u>	<u>\$ 3,318</u>	<u>\$ 1</u>

CITY OF WARSAW
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2018

	PAYROLL TEXAS LIFE INSURANCE	PAYROLL CHILD SUPPORT-INDIANA	PAYROLL DELINQUENT TAX	PAYROLL POLICE PENSION	PAYROLL WORKOUT ANYTIME
Cash and investments - beginning	\$ 2	\$ -	\$ -	\$ -	\$ 140
Receipts:					
Taxes	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-
Charges for services	-	-	-	-	-
Fines and forfeits	-	-	-	-	-
Utility fees	-	-	-	-	-
Other receipts	27,967	69,363	900	119,701	2,095
Total receipts	27,967	69,363	900	119,701	2,095
Disbursements:					
Personal services	27,967	69,363	900	119,701	2,105
Supplies	-	-	-	-	-
Other services and charges	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-
Capital outlay	-	-	-	-	-
Utility operating expenses	-	-	-	-	-
Other disbursements	-	-	-	-	-
Total disbursements	27,967	69,363	900	119,701	2,105
Excess (deficiency) of receipts over disbursements	-	-	-	-	(10)
Cash and investments - ending	\$ 2	\$ -	\$ -	\$ -	\$ 130

CITY OF WARSAW
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2018

	PAYROLL AFAC FLEX	PAYROLL CHILD SUPPORT-MICHIGAN	PAYROLL ANNUAL SUPPORT FEE - INSCCU	PAYROLL YMCA MEMBERSHIP	PAYROLL SMOKING SURCHARGE
Cash and investments - beginning	\$ 10,839	\$ -	\$ -	\$ -	\$ -
Receipts:					
Taxes	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-
Charges for services	-	-	-	-	-
Fines and forfeits	-	-	-	-	-
Utility fees	-	-	-	-	-
Other receipts	37,715	4,417	385	15,761	1,725
Total receipts	37,715	4,417	385	15,761	1,725
Disbursements:					
Personal services	37,462	4,417	385	15,702	1,531
Supplies	-	-	-	-	-
Other services and charges	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-
Capital outlay	-	-	-	-	-
Utility operating expenses	-	-	-	-	-
Other disbursements	-	-	-	-	-
Total disbursements	37,462	4,417	385	15,702	1,531
Excess (deficiency) of receipts over disbursements	253	-	-	59	194
Cash and investments - ending	\$ 11,092	\$ -	\$ -	\$ 59	\$ 194

CITY OF WARSAW
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2018

	PAYROLL VISION INSURANCE	PAYROLL GARNISHMENT ACSI	PAYROLL GARNISHMENT CLERK OF ALLEN CIRCUIT COURT	PAYROLL DIRECT DEPOSIT	WASTEWATER UTILITY OPERATING
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ 2,894,056
Receipts:					
Taxes	-	-	-	-	333,000
Licenses and permits	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-
Charges for services	-	-	-	-	-
Fines and forfeits	-	-	-	-	-
Utility fees	-	-	-	-	6,271,853
Other receipts	20,264	3,257	282	6,968,599	1,608,173
Total receipts	20,264	3,257	282	6,968,599	8,213,026
Disbursements:					
Personal services	18,558	3,257	282	6,968,599	2,331,628
Supplies	-	-	-	-	-
Other services and charges	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-
Capital outlay	-	-	-	-	-
Utility operating expenses	-	-	-	-	1,411,599
Other disbursements	-	-	-	-	4,334,012
Total disbursements	18,558	3,257	282	6,968,599	8,077,239
Excess (deficiency) of receipts over disbursements	1,706	-	-	-	135,787
Cash and investments - ending	\$ 1,706	\$ -	\$ -	\$ -	\$ 3,029,843

CITY OF WARSAW
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2018

	WASTEWATER UTILITY BOND & INT 2013	WASTEWATER UTILITY DEPRECIATION	WASTEWATER UTILITY CASH RESERVE	WASTEWATER BOND & INT 2008
Cash and investments - beginning	\$ 2,374	\$ 1,665,079	\$ 237,844	\$ 1,573
Receipts:				
Taxes	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental receipts	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeits	-	-	-	-
Utility fees	-	-	-	-
Other receipts	669,023	1,251,143	425,686	432,496
Total receipts	669,023	1,251,143	425,686	432,496
Disbursements:				
Personal services	-	-	-	-
Supplies	-	-	-	-
Other services and charges	-	-	-	-
Debt service - principal and interest	663,133	-	-	431,813
Capital outlay	-	2,128,715	-	-
Utility operating expenses	-	-	-	-
Other disbursements	1	-	425,686	-
Total disbursements	663,134	2,128,715	425,686	431,813
Excess (deficiency) of receipts over disbursements	5,889	(877,572)	-	683
Cash and investments - ending	\$ 8,263	\$ 787,507	\$ 237,844	\$ 2,256

CITY OF WARSAW
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2018

	WASTEWATER LEASE BD 2015/PYMT	SRFWW WARSAW 17/18 P & I	SRFWW WARSAW 17 DSR	SRFWW WARSAW 17 CONSTR
Cash and investments - beginning	\$ 303,011	\$ -	\$ 1,827,691	\$ 406,644
Receipts:				
Taxes	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental receipts	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeits	-	-	-	-
Utility fees	-	-	-	-
Other receipts	785,000	321,422	166,019	3,053
Total receipts	785,000	321,422	166,019	3,053
Disbursements:				
Personal services	-	-	-	-
Supplies	-	-	-	-
Other services and charges	-	-	-	-
Debt service - principal and interest	785,000	-	-	-
Capital outlay	-	-	-	-
Utility operating expenses	-	-	-	-
Other disbursements	-	2,039	-	406,644
Total disbursements	785,000	2,039	-	406,644
Excess (deficiency) of receipts over disbursements	-	319,383	166,019	(403,591)
Cash and investments - ending	\$ 303,011	\$ 319,383	\$ 1,993,710	\$ 3,053

CITY OF WARSAW
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2018

	SRFWW WARSAW 17	SRFWW WASTEWATER 18	STORMWATER UTILITY OPERATING	Totals
Cash and investments - beginning	\$ -	\$ -	\$ 598,445	\$ 47,151,240
Receipts:				
Taxes	-	-	-	22,821,030
Licenses and permits	-	-	-	33,093
Intergovernmental receipts	-	-	-	2,499,241
Charges for services	-	-	-	1,044,167
Fines and forfeits	-	-	-	10,121
Utility fees	-	-	529,816	6,801,669
Other receipts	3,498,479	962,484	789	28,679,316
Total receipts	<u>3,498,479</u>	<u>962,484</u>	<u>530,605</u>	<u>61,888,637</u>
Disbursements:				
Personal services	-	-	66,605	25,459,521
Supplies	-	-	-	3,144,480
Other services and charges	-	-	-	9,514,341
Debt service - principal and interest	-	-	-	3,639,002
Capital outlay	-	-	222,513	10,314,742
Utility operating expenses	-	-	120,959	1,532,558
Other disbursements	3,498,479	962,484	77,308	10,129,474
Total disbursements	<u>3,498,479</u>	<u>962,484</u>	<u>487,385</u>	<u>63,734,118</u>
Excess (deficiency) of receipts over disbursements	-	-	43,220	(1,845,481)
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 641,665</u>	<u>\$ 45,305,759</u>

CITY OF WARSAW
 SCHEDULE OF PAYABLES AND RECEIVABLES
 December 31, 2018

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Wastewater	\$ 31,069	\$ -
Governmental activities	<u>446,408</u>	<u>-</u>
Totals	<u>\$ 477,477</u>	<u>\$ -</u>

CITY OF WARSAW
SCHEDULE OF LEASES AND DEBT
December 31, 2018

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities: Old National Bank	Radio Equipment	\$ 132,189	4/20/2018	6/1/2020
Wastewater: Lease Rental Refunding Rev Bonds 2015	Refunded 2005 Lease Rental Rev Bonds	791,000	10/21/2015	1/15/2024
Total of annual lease payments		<u>\$ 923,189</u>		

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
General obligation bonds	General Obligation Bond 2016	\$ 2,645,000	\$ 261,000
Revenue bonds	Special Taxing District Bonds 2011	95,000	96,235
Revenue bonds	Tax Increment Rev Bonds Series 2012	1,085,000	119,472
Revenue bonds	Tax Increment Rev Bonds Series 2013	2,255,000	279,824
Revenue bonds	Tax Increment Rev Bonds Series 2013A	860,000	122,182
Revenue bonds	Tax Increment Special Taxing District Series 2015 Winona PVD III	825,000	110,225
Revenue bonds	Taxable Economic Development Bonds 2000	315,000	226,200
Total governmental activities		<u>8,080,000</u>	<u>1,215,138</u>
Wastewater:			
Revenue bonds	Sewage Works Revenue Bond 2011	3,410,000	313,200
Revenue bonds	Sewage Works Revenue Bonds 2008	625,000	434,038
Revenue bonds	Sewage Works Revenue Bonds 2013	2,205,000	663,014
Revenue bonds	Sewage Works Revenue Bonds 2017	9,371,000	403,452
Revenue bonds	Sewage Works Revenue Bonds 2018	31,700,000	301,348
Total Wastewater		<u>47,311,000</u>	<u>2,115,052</u>
Totals		<u>\$ 55,391,000</u>	<u>\$ 3,330,190</u>

CITY OF WARSAW
 SCHEDULE OF CAPITAL ASSETS
 December 31, 2018

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	\$ 8,683,438
Infrastructure	83,607,225
Buildings	8,785,545
Improvements other than buildings	11,653,588
Machinery, equipment, and vehicles	16,877,322
Construction in progress	<u>9,223,780</u>
Total governmental activities	<u>138,830,898</u>
Wastewater:	
Land	260,463
Buildings	20,102,225
Improvements other than buildings	40,777,648
Machinery, equipment, and vehicles	3,864,103
Construction in progress	<u>5,538,901</u>
Total Wastewater	<u>70,543,340</u>
Stormwater:	
Improvements other than buildings	56,707
Machinery, equipment, and vehicles	239,277
Construction in progress	<u>77,286</u>
Total Stormwater	<u>373,270</u>
Total capital assets	<u>\$ 209,747,508</u>

SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



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

TO: THE OFFICIALS OF THE CITY OF WARSAW, KOSCIUSKO COUNTY, INDIANA

Report on Compliance for the Major Federal Program

We have audited the City of Warsaw's (City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on its major federal program for the year ended December 31, 2018. The City'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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the City'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 the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 City'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 City's compliance.

Opinion on the Major Federal Program

In our opinion, the City 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 year ended December 31, 2018.

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


Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types 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 the Uniform Guidance, 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 City's internal control over compliance.

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 a 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. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.


Paul D. Joyce, CPA
State Examiner

June 25, 2019

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

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

CITY OF WARSAW
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2018

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	Passed Through to Subrecipient	Total Federal Awards Expended
Department of Housing and Urban Development					
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii CDBG Owner Occupied Rehabilitation	Office of Community and Rural Affairs	14.228	HD-015-008	\$ -	\$ 5,000
Total - Department of Housing and Urban Development				-	5,000
Department of Justice					
Bulletproof Vest Partnership Program	Direct grant	16.607			
2016 Bulletproof Vest Partnership Program			2016BUBX16082450	-	4,228
2017 Bulletproof Vest Partnership Program			2017BUBX17089459	-	1,322
Total - Department of Justice				-	5,550
Department of Transportation					
Airport Improvement Program	Direct grant	20.106			
ASW 13001 Airport Layout Plan			AIP 3-18-0085-012	-	28,800
Runway 18-36 Rehab Phase 2			AIP 3-18-0085-016	-	72,000
Non Primary Entitlement Grant			AIP 3-18-0085-010	-	17,431
Total - Airport Improvement Program				-	118,231
Highway Planning and Construction Cluster					
Highway Planning and Construction Husky Trail Road Project	Indiana Department of Transportation	20.205	1297651	-	91,958
Market Street Improvement Project			1400786	-	44,360
Total - Highway Planning and Construction Cluster				-	136,318
Highway Safety Cluster					
State and Community Highway Safety	Town of Winona Lake	20.600			
2018 Non-Motorist Grant			D3-18-12080	-	5,981
Operation Pull Over (OPO) Enforcement			D3-18-11933	-	5,961
Total - State and Community Highway Safety				-	11,942
Alcohol Impaired Driving Countermeasures Incentive Grants I Kosciusko Co DUI Task Force	Town of Winona Lake	20.601	D3-18-12073	-	2,167
Total - Highway Safety Cluster				-	14,109
Total - Department of Transportation				-	268,658
Environmental Protection Agency					
Clean Water State Revolving Fund Cluster					
Capitalization Grants for Clean Water State Revolving Funds Wastewater SRF 17	Indiana Finance Authority	66.458	WW17154301	-	3,095,930
Total - Environmental Protection Agency				-	3,095,930
Total federal awards expended				\$ -	\$ 3,375,138

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

CITY OF WARSAW
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes the federal grant activity of the City under programs of the federal government for the year ended December 31, 2018. The information in the SEFA is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the SEFA presents only a select portion of the operations of the City, it is not intended to and does not present the financial position of the City.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the SEFA are reported on the cash basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement. When federal grants are received on a reimbursement basis, the federal awards are considered expended when the reimbursement is received. The City has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

CITY OF WARSAW
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 weakness identified?	no
Significant deficiency identified?	none reported
Noncompliance material to financial statement noted?	no

Federal Awards:

Internal control over major program:	
Material weakness identified?	no
Significant deficiency identified?	none reported
Any audit finding disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)?	no

Identification of Major Program and type of auditor's report issued on compliance for it:

Name of Federal Program or Cluster	Opinion Issued
Clean Water State Revolving Fund Cluster	Unmodified

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee?	no
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Section II - Financial Statement Findings

No matters are reportable.

Section III - Federal Award Findings and Questioned Costs

No matters are reportable.

OTHER REPORTS

In addition to this report, other reports may have been issued for the City. All reports can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>.