

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

EXAMINATION REPORT  
OF  
CITY OF WABASH  
WABASH COUNTY, INDIANA  
January 1, 2008 to December 31, 2008



**FILED**  
12/28/2009



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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Meredith Brown	01-01-08 to 12-31-11
Mayor	Robert E. Vanlandingham	01-01-08 to 12-31-11
President of the Board of Public Works	Robert E. Vanlandingham	01-01-08 to 12-31-11
President of the Common Council	Margaret Salb Bryan Dillon	01-01-08 to 12-31-08 01-01-09 to 12-31-09
Superintendent of Wastewater Utility	John Wonderly	01-01-08 to 12-31-09



**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 WABASH, WABASH COUNTY, INDIANA

We have examined the financial information presented herein of the City of Wabash (City), for the period of January 1, 2008 to December 31, 2008. 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, 2008, 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 5, 2009

CITY OF WABASH  
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, 2008

	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
<b>Governmental Funds:</b>				
General	\$ 7,284,437	\$ 6,632,974	\$ 6,547,895	\$ 7,369,516
Motor Vehicle Highway	1,353,174	1,222,890	1,088,361	1,487,703
Local Road and Street	37,360	49,477	50,000	36,837
Law Enforcement Continuing Education	10,079	8,149	72	18,156
Park and Recreation	423,939	557,591	532,531	448,999
Park and Recreation Nonreverting	-	892	892	-
Aviation	239,573	180,071	122,962	296,682
Aviation Revolving	44,595	11,977	4,371	52,201
Ambulance	866,207	738,659	605,889	998,977
Criminal Justice Grant	18,512	21,994	35,926	4,580
Wabash City WASA Grant	1,159	-	-	1,159
Rainy Day	296,938	199,935	-	496,873
Redevelopment Commission	44,475	5,962	4,988	45,449
Civic Activities	1,179	2,090	1,785	1,484
Crime Control	1,822	-	1,822	-
Storm Water	699,213	389,672	249,131	839,754
Street Bond	90,574	241,655	241,655	90,574
Street Debt Reserve	233,000	-	-	233,000
Cumulative Capital Improvement	177,772	38,188	71,458	144,502
Economic Development Income Tax	562,835	378,675	359,717	581,793
Park and Recreation Nonreverting Capital	21,758	25,000	36,521	10,237
Aviation Grant	30,352	34,613	46,465	18,500
Brownfield Grant	3,882	4,200	7,344	738
Streetscape	(328,673)	441,744	184,027	(70,956)
<b>Proprietary Funds:</b>				
Wastewater Utility - Operating	781,026	2,645,413	2,308,416	1,118,023
Wastewater Utility - Bond and Interest	373,538	699,382	692,054	380,866
Wastewater Utility - Debt Service Reserve	350,000	-	-	350,000
Self Insurance	1,000,000	1,024,390	290,000	1,734,390
<b>Fiduciary Funds:</b>				
Police Pension	1,197,173	552,115	502,084	1,247,204
Firefighters' Pension	1,155,384	728,586	709,954	1,174,016
Park Donation	2,900	1,800	300	4,400
Operation Donation	9,623	6,888	1,932	14,579
Payroll	45,295	4,216,936	4,211,586	50,645
Pension Payroll	-	1,191,494	1,191,494	-
City Court	9,069	231,735	231,253	9,551
User Fee	12,351	702	-	13,053
Court Costs Due County	2,241	5,378	5,488	2,131
<b>Totals</b>	<u>\$ 17,052,762</u>	<u>\$ 22,491,227</u>	<u>\$ 20,338,373</u>	<u>\$ 19,205,616</u>

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

CITY OF WABASH  
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, highways and streets, health and social services, culture and recreation, public improvements, planning and zoning, general administrative services, wastewater, and urban redevelopment and housing.

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.

CITY OF WABASH  
NOTES TO FINANCIAL INFORMATION  
(Continued)

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.

Note 6. Pension Plan

Public Employees' Retirement Fund

Plan Description

The City contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF Board, most requirements of the system, and give the City 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.

CITY OF WABASH  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF CAPITAL ASSETS  
 December 31, 2008

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 after December 31, 2003, have been reported.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 1,603,882
Infrastructure	3,333,061
Buildings	6,443,353
Improvements other than buildings	4,405,990
Machinery and equipment	<u>4,831,812</u>
 Total governmental activities, capital assets not being depreciated	 <u><u>\$ 20,618,098</u></u>
 Business-type activities:	
Wastewater Utility:	
Capital assets, not being depreciated:	
Land	134,606
Buildings	9,751,588
Improvements other than buildings	4,491,407
Machinery and equipment	<u>1,625,275</u>
 Total business-type activities capital assets	 <u><u>\$ 16,002,876</u></u>

CITY OF WABASH  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF LONG-TERM DEBT  
 December 31, 2008

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:		
Capital leases:		
Aerial fire Truck	\$ 253,679	\$ 91,778
Police Cars 2007	37,522	39,810
Police Car 2007	5,954	6,365
Loan payable:		
Indiana Development Finance Authority	276,502	49,770
Bonds payable:		
General obligation bonds:		
Acquisition & Construction of Major Capital Facilities	<u>1,570,000</u>	<u>244,343</u>
Total governmental activities debt	<u>\$ 2,143,657</u>	<u>\$ 432,066</u>
Business-type activities:		
Wastewater Utility:		
Revenue bonds:		
Sewage Works Refunding	<u>\$ 3,315,000</u>	<u>\$ 687,973</u>

CITY OF WABASH  
OTHER REPORT

The report presented herein was prepared in addition to another official report prepared for the individual City office listed below:

City Court

CITY OF WABASH  
EXAMINATION RESULTS AND COMMENTS

CONDITION OF WASTEWATER UTILITY ACCOUNTS RECEIVABLE RECORDS

Daily reports of accounts receivable adjustments did not agree with the adjustments reflected in the monthly reports. Penalties were not always applied correctly and some billings were not always charged at the proper rate per the current rate ordinance. Some delinquent accounts, including at least one customer with their own well, were not turned over to the City to be pursued in a timely manner. A similar comment appeared in prior Report B32111.

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

DELINQUENT WASTEWATER ACCOUNTS

Delinquent Wastewater fees and penalties had not been recorded with the County Recorder nor were they certified to the County Auditor which would result in a lien against the property. A similar comment appeared in prior Report B32111.

IC 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.
  - (C) The amount of the delinquent fees, together with the penalty.
- (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. . . ."

CITY OF WABASH  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

PERSONAL EXPENSES

Numerous instances of City funds being used for City employees' personal expenses were noted. Food and beverage items totaling \$3,026 were purchased for the City Hall employees' break room. Also, several instances of flower purchases (funeral and other floral arrangements) totaling \$1,403 were paid from various funds. A similar comment appeared in prior Report B32111.

Public funds may not be used to pay for personal items or for expenses which do not relate to the functions and purposes of the governmental unit. Any personal expenses paid by the governmental entity may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

FUND SOURCES AND USES - MEALS ON AMBULANCE RUNS

Meals reimbursed to Fire Department employees on out of town ambulance runs totaled \$2,038. The City's personnel policies handbook addresses that meal expenses are not allowed for meals during normal duty hours for routine employee duties requiring travel.

Sources and uses of funds should be limited to those authorized by the enabling statute, ordinance, resolution, or grant agreement. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

ORDINANCES AND RESOLUTIONS - AVIATION AGREEMENT

Northern Indiana Aviation (NIA) is the contractual fixed base operator for the City of Wabash airport. Per their agreement, NIA is to pay the City a portion of aviation fuel sold at the airport. During 2008, the City received no payments from fuel sales because the fuel sales proceeds (credit card purchases) were applied to the next purchase of fuel.

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)

Governmental units have a responsibility to collect amounts owed to the governmental unit pursuant to procedures authorized by statute. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

FUND SOURCES AND USES - FIRE REPORT DONATION FUND

Fees are collected for various fire reports and were used to pay for the expenses of the Fire Department's Christmas party. An ordinance has not been established to allow for the collection of such a fee nor to identify allowable expenditures.

Sources and uses of funds should be limited to those authorized by the enabling statute, ordinance, resolution, or grant agreement. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Public funds may not be used to pay for personal items or for expenses which do not relate to the functions and purposes of the governmental unit. Any personal expenses paid by the governmental entity may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

CITY OF WABASH  
EXIT CONFERENCE

The contents of this report were discussed on November 5, 2009, with Robert Vanlandingham, Mayor. The official concurred with our findings.