

B37726

**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, 2009 to December 31, 2009



**FILED**  
11/01/2010



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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	Bryan Dillon Marc Shelley	01-01-09 to 12-31-09 01-01-10 to 12-31-10
Superintendent of Wastewater Utility	John Wonderly	01-01-09 to 12-31-10



**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, 2009 to December 31, 2009. 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, 2009, 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

July 29, 2010

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, 2009

	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
<b>Governmental Funds:</b>				
General	\$ 7,369,516	\$ 6,647,905	\$ 8,244,354	\$ 5,773,067
Aviation	296,682	175,092	126,165	345,609
Aviation Revolving	52,201	7,564	-	59,765
Clerk's Perpetuation	-	4,081	-	4,081
Criminal Justice Grant	4,580	12,529	12,266	4,843
FEMA Grant	-	-	1,538	(1,538)
Civic Activities	1,484	4,200	2,608	3,076
Law Enforcement Continuing Education	18,156	8,442	9,354	17,244
Local Road and Street	36,837	46,755	50,000	33,592
Motor Vehicle Highway	1,487,703	1,306,986	1,119,442	1,675,247
Park and Recreation Nonreverting	-	503	304	199
Park and Recreation	448,999	609,469	504,878	553,590
Rainy Day	496,873	157,726	-	654,599
Wabash City WASA Grant	1,159	-	1,159	-
Redevelopment Commission	45,449	1,838	15,276	32,011
Storm Water	839,754	421,943	371,758	889,939
Ambulance	998,977	725,054	1,025,358	698,673
Street Bond	90,574	-	-	90,574
Street Debt Reserve	233,000	-	-	233,000
Cumulative Capital Improvement	144,502	36,008	13,225	167,285
Economic Development Income Tax	581,793	565,676	602,973	544,496
Park and Recreation Nonreverting Capital	10,237	49,350	27,666	31,921
Aviation Grant	18,500	48,263	49,500	17,263
Brownfield Grant	738	-	-	738
Streetscape	(70,956)	45,557	91,661	(117,060)
<b>Proprietary Funds:</b>				
Wastewater Utility - Operating	1,118,023	2,569,791	2,786,293	901,521
Wastewater Utility - Bond and Interest	380,866	697,053	687,973	389,946
Wastewater Utility - Debt Service Reserve	350,000	-	-	350,000
Self Insurance	1,734,390	-	-	1,734,390
<b>Fiduciary Funds:</b>				
Firefighters' Pension	1,174,016	1,089,635	715,669	1,547,982
Police Pension	1,247,204	777,810	532,771	1,492,243
Operation Donation	14,579	403	14,927	55
Park Donation	4,400	3,692	4,000	4,092
Payroll	50,645	4,357,909	4,354,933	53,621
Pension Payroll	-	1,209,362	1,209,362	-
City Court	9,551	203,156	200,887	11,820
User Fee	13,053	786	-	13,839
Court Costs Due County	2,131	5,540	5,540	2,131
<b>Totals</b>	<u>\$ 19,205,616</u>	<u>\$ 21,790,078</u>	<u>\$ 22,781,840</u>	<u>\$ 18,213,854</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.

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 WABASH  
NOTES TO FINANCIAL INFORMATION  
(Continued)

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.

Note 7. Subsequent Event

The City has entered into a \$1,858,000 Northeast Sanitary and Storm Water Improvement project to improve drainage. The project will be financed through a \$1,000,000 Community Development Block Grant and a portion of \$1,765,000 revenue bonds issued March 2, 2010. The remaining portion of the bond issue will be used for other drainage work. The bonds are to be repaid by October 1, 2016.

CITY OF WABASH  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF CAPITAL ASSETS  
 December 31, 2009

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	4,429,990
Machinery and equipment	<u>5,224,991</u>
 Total governmental activities, capital assets not being depreciated	 <u>\$ 21,035,277</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>\$ 16,002,876</u>

CITY OF WABASH  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF LONG-TERM DEBT  
 December 31, 2009

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:		
Aerial fire truck	\$ 172,582	\$ 91,778
Loan payable:		
Indiana Development Finance Authority	233,241	49,770
Bonds payable:		
General obligation bonds:		
Acquisition and construction of capital facilities	<u>1,400,000</u>	<u>241,650</u>
Total governmental activities debt	<u>\$ 1,805,823</u>	<u>\$ 383,198</u>
Business-type activities:		
Wastewater Utility:		
Revenue bonds:		
Sewage works refunding	<u>\$ 2,815,000</u>	<u>\$ 667,424</u>

CITY OF WABASH  
OTHER REPORT

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

City Court

CITY OF WABASH  
EXAMINATION RESULTS AND COMMENTS

AIRPORT FUEL SALES

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 2009, the City received no payments from fuel sales. All fuel purchases and sales are accounted for by the fuel distributor and maintained in a separate account on behalf of the City. The purchase of the fuel sold at the airport is deducted from the profits accumulated. At December 31, 2009, the City's credit balance with the fuel distributor was \$15,688. A similar comment appeared in prior Report B35386.

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

FUND SOURCES AND USES - MEALS ON AMBULANCE RUNS

Meals reimbursed to Fire Department employees on out of town ambulance runs totaled \$2,117. 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. A similar comment appeared in prior Report B35386.

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)

WASTEWATER UTILITY ACCOUNTS

Penalties on Wastewater Utility accounts were not always charged according to the rate ordinance. Additionally, the City was not notified of delinquent accounts in a timely manner by the company (Indiana-American Water Company, Inc.) that maintains the Wastewater Utility billing and accounts receivable records. This caused the City to not properly pursue delinquent accounts in a timely manner. A similar comment appeared in prior Report B35386.

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 WABASH  
EXIT CONFERENCE

The contents of this report were discussed on July 29, 2010, with Robert E. Vanlandingham, Mayor; and Meredith Brown, Clerk-Treasurer. The officials concurred with our findings.