

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

AUDIT REPORT

OF

TOWN OF WHITESTOWN

BOONE COUNTY, INDIANA

January 1, 2009 to December 31, 2010



FILED
08/15/2011

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Independent Auditor's Report on Financial Statements and Supplementary Schedule of Expenditures of Federal Awards	3-4
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards	5-6
Financial Statement(s): Statement(s) of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis	8-9
Notes to Financial Statement(s).....	10-15
Supplementary Information: Combining Schedule(s) of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis	18-33
Schedule of Long-Term Debt	34
Other Report(s)	35
Audit Result(s) and Comment(s): Deposits	36
Condition of Records	36
Federal and State Agencies - Compliance Requirements	36-37
Errors on Claims	37
Credit Cards.....	38
Overdrawn Fund Balances	38
Penalties, Interest, and Other Charges	39
Overpayment Collections	39
Penalties, Interest and Other Charges	39-40
Official Bond - Not Recorded	40
Official Bond Coverage.....	40
Supplemental Audit of Federal Awards: Independent Auditor's Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133.....	42-43
Schedule of Expenditures of Federal Awards	44
Note(s) to Schedule of Expenditures of Federal Awards	45
Schedule of Findings and Questioned Costs	46-47
Auditee Prepared Schedule(s): Summary Schedule of Prior Audit Findings	48
Corrective Action Plan.....	49
Exit Conference.....	50
Official Response	51-55
Summary	56

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Debra Zachelmeyer	01-01-04 to 12-31-11
President of the Town Council	Jason Tribby Dawn Semmler	01-01-09 to 12-31-09 01-01-10 to 12-31-11
Town Manager	Thomas Combiths	07-01-10 to 12-31-11
Utility Office Manager	Melinna Schuppe (Vacant) Warren Farmer	01-01-09 to 03-31-10 04-01-10 to 09-30-10 10-01-10 to 02-10-11



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

TO: THE OFFICIALS OF THE TOWN OF WHITESTOWN, BOONE COUNTY, INDIANA

We have audited the accompanying financial statement(s) of the Town of Whitestown (Town), for the years ended December 31, 2009 and 2010. These financial statement(s) are the responsibility of the Town's management. Our responsibility is to express opinions on these financial statement(s) 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(s) are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement(s). An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note 1, the Town prepares its financial statement(s) on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the State Board of Accounts as allowed by 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 noted above is a different basis than that used in the prior year.

In our opinion, the financial statement(s) referred to above presents fairly, in all material respects, the financial position and results of operations of the Town for the years ended December 31, 2009 and 2010, on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued a report dated April 18, 2011, on our consideration of the Town'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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(Continued)

Our audit was conducted for the purpose of forming an opinion on the financial statement(s) that collectively comprise the Town's financial statement(s). The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the financial statement(s). Such information has been subjected to the auditing procedures applied in the audit of the financial statement(s) and, in our opinion, is fairly stated, in all material respects, in relation to the financial statement(s) taken as a whole.

Our audit was conducted for the purpose of forming an opinion on the Town's financial statement(s). The Combining Schedule(s) of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis and Schedule of Long-Term Debt are presented for additional analysis and are not required parts of the financial statement(s). The Combining Schedule(s) of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis and Schedule of Long-Term Debt have not been subjected to the auditing procedures applied by us in the audit of the financial statement(s) and, accordingly, we express no opinion on them.

The Town's response to the Audit Result(s) and Comment(s) identified in our audit is described in the accompanying section of the report entitled Official Response. We did not audit the Town's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Town's management, the Town Council, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

April 18, 2011



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

TO: THE OFFICIALS OF THE TOWN OF WHITESTOWN, BOONE COUNTY, INDIANA

We have audited the financial statement(s) of the Town of Whitestown (Town), for the years ended December 31, 2009 and 2010, and have issued our report thereon dated April 18, 2011. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statement(s), but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

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 entity's financial statement(s) will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as item 2010-001 to be material weaknesses.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statement(s) are 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.

The Town's response to the findings identified in our audit is described in the accompanying section of the report entitled Official Response and Corrective Action Plan. We did not audit the Town's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Town's management, the Town Council, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

April 18, 2011

FINANCIAL STATEMENT(S)

WHITESTOWN CIVIL TOWN
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For The Year Ended December 31, 2009

	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
General	\$ 114,979	\$ 2,164,073	\$ 2,271,739	\$ 7,313
Motor Vehicle Highway	18,098	93,977	124,501	(12,426)
Local Road And Street	5,858	45,392	4,887	46,363
Law Enforcement Continuing Ed	3,611	3,854	5,525	1,940
Clerk's Records Perpetuation	945	1,162	-	2,107
User Fee	349	-	-	349
Rainy Day	9	24,966	12,461	12,514
Law Enforcement Grant	516	4,950	-	5,466
Federal Drug Seized Money	-	52,635	38,251	14,384
Police Donation	10,023	12,031	15,557	6,497
Court Cost Due County	402	-	-	402
Police Deferral	-	28,552	10,850	17,702
Flexible Spending Account	65	-	65	-
Cumulative Capl Imprv Cigarette Tax	1,769	1,444	3,100	113
Cumulative Capital Development	642	11,137	20,175	(8,396)
Park Nonreverting Capital	1,592	275	-	1,867
Redevelopment Capital	(19,834)	269,993	235,429	14,730
Park And Recreation Improvements	1,988	68,898	31,131	39,755
Payroll	(1,005)	563,989	555,001	7,983
Town Court	7,825	100,088	93,398	14,515
Wastewater Utility-Operating	65,735	1,557,108	1,447,050	175,793
Wastewater Util-Bond And Interest	4	120,885	13,993	106,896
Wastewater Utility-Deprec/Improve	-	158,333	38,411	119,922
Wastewater Utility-Recoupment	238,959	598	-	239,557
Wastewater Utility-Capacity	2,764,592	2,172,898	2,030,501	2,906,989
Wastewater Utility-2007 Ban	260,307	130	-	260,437
Wastewater Utility-2005 Srf Reserve	180,139	200,895	-	381,034
Wastewater Utility-Sewer Trust	847,857	47	200,880	647,024
Wastewater Util-2009 Srf Bond & Int	-	169,588	-	169,588
Wastewater Util-Swaf Bond & Int	-	14,925	-	14,925
Wastewater Utility-Jr Bans	1,918	-	1,800	118
Wastewater Utility-Sewage Work Bond	1,800	-	1,800	-
Wastewater Util-Sw Debt Dsra2001	17,872	-	-	17,872
Wastewater Util-Sw Debt Dsra1973	27,800	-	-	27,800
Water Utility-Operating	68,619	1,517,659	1,470,369	115,909
Water Utility-Depreciation/Improve	-	133,333	28,977	104,356
Water Utility - Recoupment	3,298	4	-	3,302
Water Utility - Capacity Fund	69,594	333,165	159,839	242,920
Water Utility - Ban	1,810	1	-	1,811
Water Utility - Ocra Grant	216,030	633,901	849,902	29
Water Utility - 2005 Srf Reserve	131,607	195,271	-	326,878
Water Utility - Water Trust	519,166	29	195,259	323,936
Water Utility - 2005 Srf Bond & Int	2,922	78,962	9,806	72,078
Water Utility - 2009 Srf Bond & Int	-	169,549	1,200	168,349
Water Utility - Jr Ban Bond & Int	1,814	-	1,800	14
Water Utility - Swaf Bond & Int	-	6,088	-	6,088
Water Utility - Waterworks Bonds	1,800	-	1,800	-
Totals	<u>\$ 5,571,475</u>	<u>\$ 10,910,785</u>	<u>\$ 9,875,457</u>	<u>\$ 6,606,803</u>

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

WHITESTOWN CIVIL TOWN
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For The Year Ended December 31, 2010

	Cash and Investments 01-01-10	Receipts	Disbursements	Cash and Investments 12-31-10
General Fund	\$ 7,313	\$ 3,885,599	\$ 3,425,700	\$ 467,212
Motor Vehicle Highway	(12,426)	386,998	245,274	129,298
Local Road And Street	46,363	26,369	18,574	54,158
Local Law Enf Cont Ed	1,940	9,803	5,995	5,748
Clerk's Record Perpetuation	2,107	3,442	-	5,549
(Police) Deferral	17,702	43,903	47,309	14,296
User Fee Fund	349	-	-	349
Fire Department	-	1,165,913	1,057,837	108,076
Rainy Day Fund	12,514	40,602	-	53,116
Law Enf. Grant Fund	5,466	3,409	4,607	4,268
Levy Excess Fund	-	1,392	-	1,392
Court Cost Due County	402	32	-	434
Police Donations	6,497	3,347	7,010	2,834
Federal Drug Seized Monie	14,384	30,397	41,059	3,722
Fire Acquisition Payment	-	26,905	-	26,905
Cumulative Capital Development	(8,396)	77,849	38,103	31,350
Park Nonreverting Capital	1,867	16,077	12,850	5,094
Rdc Comm Fund	14,730	986,931	586,449	415,212
Cumulative Capital Improvement	113	1,379	1,400	92
Park And Recreation	39,755	41,132	60,326	20,561
Net Payroll Fund	7,983	1,875,965	1,880,918	3,030
Town Court	14,515	419,692	397,306	36,901
Wastewater Operating	221,465	2,024,154	2,086,786	158,833
Wastewater Bond And Interest	106,896	125,206	191,856	40,246
Wastewater Depreciation	119,922	190,000	95,333	214,589
Wastewaterrecoupment	239,557	230,624	470,181	-
Wastewater Capacity	2,906,989	2,204,797	2,421,726	2,690,060
Wastewater 2007 Ban	260,437	130	-	260,567
Wastewater 2005 Srf Reserve	381,034	40	-	381,074
Wastewater Sewer Trust	647,024	67	-	647,091
Wastewater 2009 Srf Bond And Interest	169,588	231,801	383,208	18,181
Wastewater Swaf Bond And Interest	14,925	17,872	17,688	15,109
Wastewater Jr Bans	118	1,948	1,948	118
Wateroperating	115,896	2,092,499	1,996,371	212,024
Water Depreciation	104,356	160,000	69,296	195,060
Water Recoupment	3,302	-	3,302	-
Water Capacity Fund	242,920	535,787	724,736	53,971
Water 2007 Ban	1,811	-	1,811	-
Water Ocro Grant	29	-	29	-
Water 2005 Srf Reserve	326,878	85,502	-	412,380
Water Trust	323,936	26	85,460	238,502
Water 2005 Srf Bond And Interest	72,078	82,867	147,168	7,777
Water 2009 Srf Bond And Interest	168,349	229,916	383,755	14,510
Water 2010 Srf Bond And Interest	-	84,748	53,958	30,790
Water Jr Ban Bond And Interest	14	-	-	14
Water Swaf Bond And Interest	6,088	10,433	10,555	5,966
Totals	<u>\$ 6,606,790</u>	<u>\$ 17,355,553</u>	<u>\$ 16,975,884</u>	<u>\$ 6,986,459</u>

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

TOWN OF WHITESTOWN
NOTES TO FINANCIAL STATEMENT(S)

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The Town was established under the laws of the State of Indiana. The Town operates under a Town Council 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, electric, gas, storm water, trash, aviation, and urban redevelopment and housing.

The accompanying financial statement(s) present(s) the financial information for the Town (primary government), and does not include financial information for any of the Town's legally separate component units, which accounting principles generally accepted in the United States of America require to be reported with the financial information of the Town (primary government).

B. Basis of Accounting

The financial statements are reported on a regulatory basis of accounting prescribed by the 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. Receipts are recorded when received and disbursements are recorded when paid.

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 statements. The aggregate receipts may include, but are not limited to, the following sources:

Taxes which can include one or more of the following: property taxes, certified shares (local option tax), property tax replacement credit (local option tax), county option income tax, wheel tax, innkeepers 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 Town.

Licenses and permits which include 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: peddler licenses, dog tax licenses, auctioneer license, building and planning permits, demolition permits, electrical permits, sign permits, and gun permits.

TOWN OF WHITESTOWN
NOTES TO FINANCIAL STATEMENT(S)
(Continued)

Intergovernmental receipts which include receipts from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of this type of receipts include, but are not limited to: federal grants, state grants, cigarette tax distributions received from the state, motor vehicle highway distribution received from the state, local road and street distribution 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 which can include, but are not limited to the following: planning commission charges, building department charges, copies of public records, copy machine 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 which include receipts derived 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 which are comprised mostly of charges for current services.

Other receipts which include amounts received from various sources which can include, but are 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 statements. The aggregate disbursements may include, but are not limited to, the following uses:

Personal services include outflows 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 which include 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 office supplies, operating supplies, and repair and maintenance supplies.

Other services and charges which include, but are not limited to: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

TOWN OF WHITESTOWN
NOTES TO FINANCIAL STATEMENT(S)
(Continued)

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

Capital outlay which include all outflows for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

Utility operating expenses which include all outflows for operating the utilities.

Other disbursements which include, but are 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 Town may, from time to time, transfer money 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 Town. Each fund is used to account for money 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 Town. The money 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 Town 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 Town 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.

TOWN OF WHITESTOWN
NOTES TO FINANCIAL STATEMENT(S)
(Continued)

Note 3. *Property Taxes*

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the Town 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 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 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.

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 Town 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 5. *Risk Management*

The Town 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 Town to set aside money for claim settlements. The self-insurance fund would be included in the financial statements. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks. These risks may also be mitigated by the Town by recording as a disbursement and replacement items purchased.

Note 6. *Pension Plan(s)*

A. Public Employees' Retirement Fund

Plan Description

The Indiana Public Employees' Retirement Fund (PERF) is 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

TOWN OF WHITESTOWN
NOTES TO FINANCIAL STATEMENT(S)
(Continued)

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 Town 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 percent 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.

B. 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 Employees' Retirement Plan (PERF) for all police officers and firefighters hired after April 30, 1977.

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. The plan also provides for death and disability benefits.

PERF 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

TOWN OF WHITESTOWN
NOTES TO FINANCIAL STATEMENT(S)
(Continued)

Funding Policy

The contribution requirements of plan members and the Town are established by the Board of Trustees of PERF.

(This page intentionally left blank.)

SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the Town of Whitestown's Annual Report(s) can be found on the Indiana Transparency Portal website: www.in.gov/itp/annual_reports/.

WHITESTOWN CIVIL TOWN
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2009

	General	Motor Vehicle Highway	Local Road And Street	Law Enforcement Continuing Ed	Clerk's Records Perpetuation	User Fee	Rainy Day
Cash and investments - beginning	\$ 114,979	\$ 18,098	\$ 5,858	\$ 3,611	\$ 945	\$ 349	\$ 9
Receipts:							
Taxes	466,880	73,276	-	-	-	-	-
Licenses and permits	14,816	-	-	525	-	-	-
Intergovernmental	234,434	20,275	45,392	-	-	-	24,966
Charges for services	63,665	-	-	10	-	-	-
Fines and forfeits	40,124	-	-	3,319	1,162	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	<u>1,344,154</u>	<u>426</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total receipts	<u>2,164,073</u>	<u>93,977</u>	<u>45,392</u>	<u>3,854</u>	<u>1,162</u>	<u>-</u>	<u>24,966</u>
Disbursements:							
Personal services	569,772	3,872	-	-	-	-	-
Supplies	98,601	-	4,887	-	-	-	-
Other services and charges	510,383	94,270	-	5,525	-	-	12,461
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	39,737	26,359	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	<u>1,053,246</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total disbursements	<u>2,271,739</u>	<u>124,501</u>	<u>4,887</u>	<u>5,525</u>	<u>-</u>	<u>-</u>	<u>12,461</u>
Excess (deficiency) of receipts over disbursements	<u>(107,666)</u>	<u>(30,524)</u>	<u>40,505</u>	<u>(1,671)</u>	<u>1,162</u>	<u>-</u>	<u>12,505</u>
Cash and investments - ending	<u>\$ 7,313</u>	<u>\$ (12,426)</u>	<u>\$ 46,363</u>	<u>\$ 1,940</u>	<u>\$ 2,107</u>	<u>\$ 349</u>	<u>\$ 12,514</u>

WHITESTOWN CIVIL TOWN
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2009
 (Continued)

	Law Enforcement Grant	Federal Drug Seized Money	Police Donation	Court Cost Due County	Police Deferral	Flexable Spending Account
Cash and investments - beginning	\$ 516	\$ -	\$ 10,023	\$ 402	\$ -	\$ 65
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	4,950	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	28,552	-
Utility fees	-	-	-	-	-	-
Other receipts	-	52,635	12,031	-	-	-
Total receipts	4,950	52,635	12,031	-	28,552	-
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	38,251	15,557	-	10,850	65
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	-	38,251	15,557	-	10,850	65
Excess (deficiency) of receipts over disbursements	4,950	14,384	(3,526)	-	17,702	(65)
Cash and investments - ending	\$ 5,466	\$ 14,384	\$ 6,497	\$ 402	\$ 17,702	\$ -

WHITESTOWN CIVIL TOWN
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2009
 (Continued)

	Cumulative Capl Imprv Cigarette Tax	Cumulative Capital Development	Park Nonreverting Capital	Redevelopment Capital	Park And Recreation Improvements	Payroll
Cash and investments - beginning	\$ 1,769	\$ 642	\$ 1,592	\$ (19,834)	\$ 1,988	\$ (1,005)
Receipts:						
Taxes	-	10,692	-	-	11,492	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	1,444	445	-	-	18,904	-
Charges for services	-	-	275	-	-	-
Fines and forfeits	-	-	-	46,034	-	-
Utility fees	-	-	-	-	-	-
Other receipts	-	-	-	223,959	38,502	563,989
Total receipts	1,444	11,137	275	269,993	68,898	563,989
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	3,159	-
Other services and charges	-	20,175	-	11,470	18,189	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	9,783	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	3,100	-	-	223,959	-	555,001
Total disbursements	3,100	20,175	-	235,429	31,131	555,001
Excess (deficiency) of receipts over disbursements	(1,656)	(9,038)	275	34,564	37,767	8,988
Cash and investments - ending	\$ 113	\$ (8,396)	\$ 1,867	\$ 14,730	\$ 39,755	\$ 7,983

WHITESTOWN CIVIL TOWN
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2009
 (Continued)

	Wage Garnishment	Town Court	Wastewater Utility-Operating	Wastewater Util-Bond And Interest	Wastewater Utility-Deprec/Improve	Wastewater Utility-Recoupment
Cash and investments - beginning	\$ -	\$ 7,825	\$ 65,735	\$ 4	\$ -	\$ 238,959
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	1,476,963	-	-	-
Other receipts	-	100,088	80,145	120,885	158,333	598
Total receipts	-	100,088	1,557,108	120,885	158,333	598
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	90,467	13,993	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	717,633	-	-	-
Other disbursements	-	93,398	638,950	-	38,411	-
Total disbursements	-	93,398	1,447,050	13,993	38,411	-
Excess (deficiency) of receipts over disbursements	-	6,690	110,058	106,892	119,922	598
Cash and investments - ending	\$ -	\$ 14,515	\$ 175,793	\$ 106,896	\$ 119,922	\$ 239,557

WHITESTOWN CIVIL TOWN
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2009
 (Continued)

	Wastewater Utility-Capacity	Wastewater Utility-2007 Ban	Wastewater Utility-2005 Srf Reserve	Wastewater Utility-Sewer Trust	Wastewater Util-2009 Srf Bond & Int	Wastewater Util-Swaf Bond & Int
Cash and investments - beginning	\$ 2,764,592	\$ 260,307	\$ 180,139	\$ 847,857	\$ -	\$ -
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	<u>2,172,898</u>	<u>130</u>	<u>200,895</u>	<u>47</u>	<u>169,588</u>	<u>14,925</u>
Total receipts	<u>2,172,898</u>	<u>130</u>	<u>200,895</u>	<u>47</u>	<u>169,588</u>	<u>14,925</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	1,317,416	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	171,939	-	-	-	-	-
Other disbursements	<u>541,146</u>	<u>-</u>	<u>-</u>	<u>200,880</u>	<u>-</u>	<u>-</u>
Total disbursements	<u>2,030,501</u>	<u>-</u>	<u>-</u>	<u>200,880</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>142,397</u>	<u>130</u>	<u>200,895</u>	<u>(200,833)</u>	<u>169,588</u>	<u>14,925</u>
Cash and investments - ending	<u>\$ 2,906,989</u>	<u>\$ 260,437</u>	<u>\$ 381,034</u>	<u>\$ 647,024</u>	<u>\$ 169,588</u>	<u>\$ 14,925</u>

WHITESTOWN CIVIL TOWN
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2009
 (Continued)

	Wastewater Utility-Jr Bans	Wastewater Utility-Sewage Work Bond	Wastewater Util-Sw Debt Dsra2001	Wastewater Util-Sw Debt Dsra1973	Water Utility-Operating	Water Utility-Depreciation/Improve
Cash and investments - beginning	\$ 1,918	\$ 1,800	\$ 17,872	\$ 27,800	\$ 68,619	\$ -
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	1,298,284	-
Other receipts	-	-	-	-	219,375	133,333
Total receipts	-	-	-	-	1,517,659	133,333
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	11,719	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	589,937	-
Other disbursements	1,800	1,800	-	-	868,713	28,977
Total disbursements	1,800	1,800	-	-	1,470,369	28,977
Excess (deficiency) of receipts over disbursements	(1,800)	(1,800)	-	-	47,290	104,356
Cash and investments - ending	\$ 118	\$ -	\$ 17,872	\$ 27,800	\$ 115,909	\$ 104,356

WHITESTOWN CIVIL TOWN
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2009
 (Continued)

	Water Utility - Recoupment	Water Utility - Capacity Fund	Water Utility - Ban	Water Utility - Ocra Grant	Water Utility - 2005 Srf Reserve	Water Utility - Water Trust
Cash and investments - beginning	\$ 3,298	\$ 69,594	\$ 1,810	\$ 216,030	\$ 131,607	\$ 519,166
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	4	333,165	1	633,901	195,271	29
Total receipts	4	333,165	1	633,901	195,271	29
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	39,339	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	849,902	-	-
Other disbursements	-	120,500	-	-	-	195,259
Total disbursements	-	159,839	-	849,902	-	195,259
Excess (deficiency) of receipts over disbursements	4	173,326	1	(216,001)	195,271	(195,230)
Cash and investments - ending	\$ 3,302	\$ 242,920	\$ 1,811	\$ 29	\$ 326,878	\$ 323,936

WHITESTOWN CIVIL TOWN
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2009
 (Continued)

	Water Utility 2005 Srf Bond & Int	Water Utility 2009 Srf Bond & Int	Water Utility Jr Ban Bond & Int	Water Utility Swaf Bond & Int	Water Utility Waterworks Bonds	Totals
Cash and investments - beginning	\$ 2,922	\$ -	\$ 1,814	\$ -	\$ 1,800	\$ 5,571,475
Receipts:						
Taxes	-	-	-	-	-	562,340
Licenses and permits	-	-	-	-	-	15,341
Intergovernmental	-	-	-	-	-	350,810
Charges for services	-	-	-	-	-	63,950
Fines and forfeits	-	-	-	-	-	119,191
Utility fees	-	-	-	-	-	2,775,247
Other receipts	<u>78,962</u>	<u>169,549</u>	<u>-</u>	<u>6,088</u>	<u>-</u>	<u>7,023,906</u>
Total receipts	<u>78,962</u>	<u>169,549</u>	<u>-</u>	<u>6,088</u>	<u>-</u>	<u>10,910,785</u>
Disbursements:						
Personal services	-	-	-	-	-	573,644
Supplies	-	-	-	-	-	106,647
Other services and charges	-	-	-	-	-	737,196
Debt service - principal and interest	9,806	-	-	-	-	1,482,740
Capital outlay	-	-	-	-	-	75,879
Utility operating expenses	-	-	1,800	-	-	2,331,211
Other disbursements	<u>-</u>	<u>1,200</u>	<u>-</u>	<u>-</u>	<u>1,800</u>	<u>4,568,140</u>
Total disbursements	<u>9,806</u>	<u>1,200</u>	<u>1,800</u>	<u>-</u>	<u>1,800</u>	<u>9,875,457</u>
Excess (deficiency) of receipts over disbursements	<u>69,156</u>	<u>168,349</u>	<u>(1,800)</u>	<u>6,088</u>	<u>(1,800)</u>	<u>1,035,328</u>
Cash and investments - ending	<u>\$ 72,078</u>	<u>\$ 168,349</u>	<u>\$ 14</u>	<u>\$ 6,088</u>	<u>\$ -</u>	<u>\$ 6,606,803</u>

WHITESTOWN CIVIL TOWN
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010

	General Fund	Motor Vehicle Highway	Local Road And Street	Local Law Enf Cont Ed	Clerk's Record Perpetuation	(Police) Deferral
Cash and investments - beginning	\$ 7,313	\$ (12,426)	\$ 46,363	\$ 1,940	\$ 2,107	\$ 17,702
Receipts:						
Taxes	1,443,854	369,502	26,369	-	-	-
Licenses and permits	16,089	-	-	100	-	-
Intergovernmental	634,251	17,480	-	-	-	-
Charges for services	18	-	-	-	-	-
Fines and forfeits	127,441	-	-	-	3,442	-
Other receipts	<u>1,663,946</u>	<u>16</u>	<u>-</u>	<u>9,703</u>	<u>-</u>	<u>43,903</u>
Total receipts	<u>3,885,599</u>	<u>386,998</u>	<u>26,369</u>	<u>9,803</u>	<u>3,442</u>	<u>43,903</u>
Disbursements:						
Personal services	941,118	-	-	-	-	-
Supplies	134,211	33,216	-	5,995	-	-
Other services and charges	450,503	143,835	8,493	-	-	-
Capital outlay	52,010	68,223	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	<u>1,847,858</u>	<u>-</u>	<u>10,081</u>	<u>-</u>	<u>-</u>	<u>47,309</u>
Total disbursements	<u>3,425,700</u>	<u>245,274</u>	<u>18,574</u>	<u>5,995</u>	<u>-</u>	<u>47,309</u>
Excess (deficiency) of receipts over disbursements	<u>459,899</u>	<u>141,724</u>	<u>7,795</u>	<u>3,808</u>	<u>3,442</u>	<u>(3,406)</u>
Cash and investments - ending	<u>\$ 467,212</u>	<u>\$ 129,298</u>	<u>\$ 54,158</u>	<u>\$ 5,748</u>	<u>\$ 5,549</u>	<u>\$ 14,296</u>

WHITESTOWN CIVIL TOWN
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	User Fee Fund	Fire Department	Rainy Day Fund	Law Enf. Grant Fund	Levy Excess Fund	Court Cost Due County
Cash and investments - beginning	\$ 349	\$ -	\$ 12,514	\$ 5,466	\$ -	\$ 402
Receipts:						
Taxes	-	789,742	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	37,068	-	3,409	-	-
Charges for services	-	279,756	-	-	-	-
Fines and forfeits	-	-	-	-	-	32
Other receipts	-	59,347	40,602	-	1,392	-
Total receipts	-	1,165,913	40,602	3,409	1,392	32
Disbursements:						
Personal services	-	769,780	-	-	-	-
Supplies	-	23,752	-	-	-	-
Other services and charges	-	171,539	-	-	-	-
Capital outlay	-	92,766	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	4,607	-	-
Total disbursements	-	1,057,837	-	4,607	-	-
Excess (deficiency) of receipts over disbursements	-	108,076	40,602	(1,198)	1,392	32
Cash and investments - ending	\$ 349	\$ 108,076	\$ 53,116	\$ 4,268	\$ 1,392	\$ 434

WHITESTOWN CIVIL TOWN
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Police Donations	Federal Drug Seized Monie	Fire Acquisition Payment	Cumulative Capital Development	Park Nonreverting Capital	Rdc Comm Fund
Cash and investments - beginning	\$ 6,497	\$ 14,384	\$ -	\$ (8,396)	\$ 1,867	\$ 14,730
Receipts:						
Taxes	-	-	-	74,226	-	919,065
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	3,623	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other receipts	3,347	30,397	26,905	-	16,077	67,866
Total receipts	3,347	30,397	26,905	77,849	16,077	986,931
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Capital outlay	-	-	-	38,103	-	14,572
Utility operating expenses	-	-	-	-	-	-
Other disbursements	7,010	41,059	-	-	12,850	571,877
Total disbursements	7,010	41,059	-	38,103	12,850	586,449
Excess (deficiency) of receipts over disbursements	(3,663)	(10,662)	26,905	39,746	3,227	400,482
Cash and investments - ending	\$ 2,834	\$ 3,722	\$ 26,905	\$ 31,350	\$ 5,094	\$ 415,212

WHITESTOWN CIVIL TOWN
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Cumulative Capital Improvement	Park And Recreation	Net Payroll Fund	Town Court	Wastewater Operating	Wastewater Bond And Interest
Cash and investments - beginning	\$ 113	\$ 39,755	\$ 7,983	\$ 14,515	\$ 221,465	\$ 106,896
Receipts:						
Taxes	-	35,413	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	1,379	1,769	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other receipts	-	3,950	1,875,965	419,692	2,024,154	125,206
Total receipts	<u>1,379</u>	<u>41,132</u>	<u>1,875,965</u>	<u>419,692</u>	<u>2,024,154</u>	<u>125,206</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	8,170	-	-	-	-
Other services and charges	-	29,916	-	-	-	-
Capital outlay	-	5,992	-	-	-	-
Utility operating expenses	-	-	-	-	1,519,978	191,856
Other disbursements	1,400	16,248	1,880,918	397,306	566,808	-
Total disbursements	<u>1,400</u>	<u>60,326</u>	<u>1,880,918</u>	<u>397,306</u>	<u>2,086,786</u>	<u>191,856</u>
Excess (deficiency) of receipts over disbursements	<u>(21)</u>	<u>(19,194)</u>	<u>(4,953)</u>	<u>22,386</u>	<u>(62,632)</u>	<u>(66,650)</u>
Cash and investments - ending	<u>\$ 92</u>	<u>\$ 20,561</u>	<u>\$ 3,030</u>	<u>\$ 36,901</u>	<u>\$ 158,833</u>	<u>\$ 40,246</u>

WHITESTOWN CIVIL TOWN
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Wastewater Depreciation	Wastewater recoupment	Wastewater Capacity	Wastewater 2007 Ban	Wastewater 2005 Srf Reserve	Wastewater Sewer Trust
Cash and investments - beginning	\$ 119,922	\$ 239,557	\$ 2,906,989	\$ 260,437	\$ 381,034	\$ 647,024
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other receipts	190,000	230,624	2,204,797	130	40	67
Total receipts	190,000	230,624	2,204,797	130	40	67
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	95,333	470,181	-	-	-	-
Other disbursements	-	-	2,421,726	-	-	-
Total disbursements	95,333	470,181	2,421,726	-	-	-
Excess (deficiency) of receipts over disbursements	94,667	(239,557)	(216,929)	130	40	67
Cash and investments - ending	\$ 214,589	\$ -	\$ 2,690,060	\$ 260,567	\$ 381,074	\$ 647,091

WHITESTOWN CIVIL TOWN
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Wastewater 2009 Srf Bond And Interest	Wastewater Swaf Bond And Interest	Wastewater Jr Bans	Wateroperating	Water Depreciation	Water Recoupment
Cash and investments - beginning	\$ 169,588	\$ 14,925	\$ 118	\$ 115,896	\$ 104,356	\$ 3,302
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other receipts	231,801	17,872	1,948	2,092,499	160,000	-
Total receipts	231,801	17,872	1,948	2,092,499	160,000	-
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	383,208	-	1,948	-	-	-
Other disbursements	-	17,688	-	1,996,371	69,296	3,302
Total disbursements	383,208	17,688	1,948	1,996,371	69,296	3,302
Excess (deficiency) of receipts over disbursements	(151,407)	184	-	96,128	90,704	(3,302)
Cash and investments - ending	\$ 18,181	\$ 15,109	\$ 118	\$ 212,024	\$ 195,060	\$ -

WHITESTOWN CIVIL TOWN
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Water Capacity Fund	Water 2007 Ban	Water Ocro Grant	Water 2005 Srf Reserve	Water Trust	Water 2005 Srf Bond And Interest
Cash and investments - beginning	\$ 242,920	\$ 1,811	\$ 29	\$ 326,878	\$ 323,936	\$ 72,078
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other receipts	535,787	-	-	85,502	26	82,867
Total receipts	535,787	-	-	85,502	26	82,867
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	64,487	1,811	-	-	85,460	147,168
Other disbursements	660,249	-	29	-	-	-
Total disbursements	724,736	1,811	29	-	85,460	147,168
Excess (deficiency) of receipts over disbursements	(188,949)	(1,811)	(29)	85,502	(85,434)	(64,301)
Cash and investments - ending	\$ 53,971	\$ -	\$ -	\$ 412,380	\$ 238,502	\$ 7,777

WHITESTOWN CIVIL TOWN
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Water 2009 Srf Bond And Interest	Water 2010 Srf Bond And Interest	Water Jr Ban Bond And Interest	Water Swaf Bond And Interest	Totals
Cash and investments - beginning	\$ 168,349	\$ -	\$ 14	\$ 6,088	\$ 6,606,790
Receipts:					
Taxes	-	-	-	-	3,658,171
Licenses and permits	-	-	-	-	16,189
Intergovernmental	-	-	-	-	698,979
Charges for services	-	-	-	-	279,774
Fines and forfeits	-	-	-	-	130,915
Other receipts	229,916	84,748	-	10,433	12,571,525
Total receipts	<u>229,916</u>	<u>84,748</u>	<u>-</u>	<u>10,433</u>	<u>17,355,553</u>
Disbursements:					
Personal services	-	-	-	-	1,710,898
Supplies	-	-	-	-	205,344
Other services and charges	-	-	-	-	804,286
Capital outlay	-	-	-	-	271,666
Utility operating expenses	383,755	53,958	-	10,555	3,409,698
Other disbursements	-	-	-	-	10,573,992
Total disbursements	<u>383,755</u>	<u>53,958</u>	<u>-</u>	<u>10,555</u>	<u>16,975,884</u>
Excess (deficiency) of receipts over disbursements	<u>(153,839)</u>	<u>30,790</u>	<u>-</u>	<u>(122)</u>	<u>379,669</u>
Cash and investments - ending	<u>\$ 14,510</u>	<u>\$ 30,790</u>	<u>\$ 14</u>	<u>\$ 5,966</u>	<u>\$ 6,986,459</u>

TOWN OF WHITESTOWN
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 December 31, 2010

The Town has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:		
Capital leases:		
2008 Police Car	\$ 16,153	\$ 16,153
2010 Police Tahoes	150,439	52,481
Town Hall Lease	249,910	32,286
Fire Equipment	53,508	15,173
Bonds payable:		
Lease Rental Bonds		
Fire Station	1,510,004	72,000
Refunded Economic Development Bonds:		
Perry Industrial Park & Whitestown Crossing	<u>20,820,000</u>	<u>755,625</u>
Total governmental activities debt	<u>\$ 22,800,014</u>	<u>\$ 943,718</u>
Note: The Economic Development Bonds are a special limited obligation of the Town payable from Tax Increment Financing revenues.		
Business-type activities:		
Water Utility:		
Capital leases:		
Case Backhoe	\$ 6,367	\$ 6,551
2010 Ford Truck	8,996	5,028
Revenue bonds:		
Water Utility Improvements-2001	95,003	10,428
Water Utility Improvements-2005	1,026,000	83,091
Water Utility Improvements-2009	3,000,172	226,406
Water Utility Improvements-2010	<u>816,783</u>	<u>75,910</u>
Total Water Utility	<u>4,953,321</u>	<u>407,414</u>
Wastewater Utility:		
Capital leases:		
Case Backhoe	8,444	8,684
2010 Ford Truck	11,926	6,665
Revenue bonds:		
Wastewater Utility Improvements-2001	159,424	17,679
Wastewater Utility Improvements-2005	834,664	104,061
Wastewater Utility Improvements-2009	<u>2,989,388</u>	<u>226,041</u>
Total Wastewater Utility	<u>4,003,846</u>	<u>363,130</u>
Total business-type activities debt	<u>\$ 8,957,167</u>	<u>\$ 770,544</u>

TOWN OF WHITESTOWN
OTHER REPORT(S)

The audit report presented herein was prepared in addition to other official report(s) prepared for the individual Town office(s) listed below:

Town Court

TOWN OF WHITESTOWN
AUDIT RESULT(S) AND COMMENT(S)

DEPOSITS

Of the 51 receipts reviewed 20 were deposited later than the next business day. We noted gun permit fees received in December 2010 that were not posted to the ledger or deposited until February 2011. One \$50 collection, that was shown as received in December 2010, could not be traced to any deposit or posting in the ledger.

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

The Clerk-Treasurer, Debra Zachelmeyer, reimbursed the Town \$50 on April 28, 2011. (See Summary, page 56)

CONDITION OF RECORDS

The following deficiencies relating to the recordkeeping were present during our period of audit:

1. There were a considerable number of posting errors. These errors included deposits not receipted, checks and receipts not recorded in the proper amounts or to the proper funds, and interest not posted. In one month we noted 124 correcting or adjusting entries posted to the Town funds.

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)

2. Some transactions were recorded as "negative" receipts and disbursements.

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)

FEDERAL AND STATE AGENCIES - COMPLIANCE REQUIREMENTS

The Town did not comply with directives of the state by failing to distribute to the County Auditor the county's share of court costs. The Town Court remitted to the Town, \$7,999.85 in 2009, \$30,607 in 2010, and \$2,324 for the first 2 months of 2011 that represented court fees due to the county. These court fees have been distributed to the county on April 18, 2011.

Indiana Code 33-37-7-8(b) states: "The city or town fiscal officer shall distribute monthly to the county auditor as the county share twenty percent (20%) of the amount collected under the following: . . . (2) IC 33-37-4-2(a) (infractions or ordinance violation cost fees) . . . (5) IC 33-57-5-17 (deferral prosecution fees)."

TOWN OF WHITESTOWN
AUDIT RESULT(S) AND COMMENT(S)
(Continued)

Political subdivisions are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings and filing requirements concerning reports and other procedural matters of federal and state agencies, including opinions of the Attorney General of the State of Indiana, and court decisions. Governmental units should file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Once each month the city or town fiscal officer shall distribute to the county auditor the county's share of court costs. City and Town Form No. 220 CT, Report to County Auditor of Court Costs Collected in City/Town Court, shall be used when remitting such fees to the County Auditor. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 3a)

ERRORS ON CLAIMS

The following deficiencies were noted on claims during the audit period:

1. Claims were not prepared for all disbursements. Some debt payments were made by electronic transfer from the bank account without approval of the Council and were not supported by an accounts payable voucher.
2. Claims were not adequately itemized. Some Accounts Payable Vouchers had no details on the voucher and no supporting invoice attached.
3. All claims did not have board approval. The signed claims dockets presented for audit did not consistently document which accounts payable vouchers were included on the docket.
4. Some claims or invoices did not have evidence to support receipt of goods or services.

Indiana Code 5-11-10-1.6 states in part:

"(b) As used in this section, 'claim' means a bill or an invoice submitted to a governmental entity for goods or services.

(c) The fiscal officer of a governmental entity may not draw a warrant or check for payment of a claim unless:

- (1) there is a fully itemized invoice or bill for the claim;
- (2) the invoice or bill is approved by the officer or person receiving the goods and services;
- (3) the invoice or bill is filed with the governmental entity's fiscal officer;
- (4) the fiscal officer audits and certifies before payment that the invoice or bill is true and correct; and
- (5) payment of the claim is allowed by the governmental entity's legislative body or the board or official having jurisdiction over allowance of payment of the claim."

TOWN OF WHITESTOWN
AUDIT RESULT(S) AND COMMENT(S)
(Continued)

CREDIT CARDS

The Town of Whitestown is using credit cards to purchase items under an approved credit card policy; however, we noted instances of payments made on the credit card statement only. At times, the detail invoices were used to make payments to the credit card company but were not reconciled to the credit card statement.

The State Board of Accounts will not take exception to the use of credit cards by a governmental unit provided the following criteria are observed:

1. The governing board must authorize credit card use through an ordinance or resolution, which has been approved in the minutes.
2. Issuance and use should be handled by an official or employee designated by the board.
3. The purposes for which the credit card may be used must be specifically stated in the ordinance or resolution.
4. When the purpose for which the credit card has been issued has been accomplished, the card should be returned to the custody of the responsible person.
5. The designated responsible official or employee should maintain an accounting system or log which would include the names of individuals requesting usage of the cards, their position, estimated amounts to be charged, fund and account numbers to be charged, date the card is issued and returned, etc.
6. Credit cards should not be used to bypass the accounting system. One reason that purchase orders are issued is to provide the fiscal officer with the means to encumber and track appropriations to provide the governing board and other officials with timely and accurate accounting information and monitoring of the accounting system.
7. Payment should not be made on the basis of a statement or a credit card slip only. Procedures for payments should be no different than for any other claim. Supporting documents such as paid bills and receipts must be available. Additionally, any interest or penalty incurred due to late filing or furnishing of documentation by an officer or employee should be the responsibility of that officer or employee.
8. If properly authorized, an annual fee may be paid.

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

OVERDRAWN FUND BALANCES

The Motor Vehicle Highway Fund was overdrawn \$12,426 and the Cumulative Capital Development Fund was overdrawn \$8,396 in 2009.

The fund balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TOWN OF WHITESTOWN
AUDIT RESULT(S) AND COMMENT(S)
(Continued)

PENALTIES, INTEREST, AND OTHER CHARGES (Applies to Utilities)

Penalties and interest totaling \$864.41 were paid to the Indiana Department of Revenue on September 7, 2010, for the sales tax due for July 2010 and \$446.82 was paid to the Indiana Department of Revenue on August 23, 2010, for the sales tax due for June 2010.

In addition, penalties and interest were paid to the Indiana Department of Revenue on November 10, 2009, for the Utility Receipts Tax for 2006 (\$594.30 total penalty and interest) and 2007 (\$1,614.06 total penalty and interest). For the Utility Receipts Tax for the period of 2008 a total of \$1,045.11 was paid in penalties and interest on March 9, 2010.

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

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

Any penalties, interest or other charges paid by the governmental unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

OVERPAYMENT COLLECTIONS

The Indiana Department of Revenue assessed penalties and interest of \$1,045.11 for the Utility Receipts Tax for 2008 that had been filed in 2009. It appears that the Utilities paid the 2008 fine on three separate dates resulting in potential overpayments of \$4,792.70. The potential overpayment shown is an estimate as the first payment made on the penalties and interest was made after the due date and additional interest could have been assessed. In addition, it does not appear that the Indiana Department of Revenue correctly credited the utilities for the payments that were made on the 2007 and 2008 Utilities Receipt Tax resulting in additional payments requested and paid. Refunds have not been received as of March 31, 2011.

Governmental units should collect any overpayments made. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

PENALTIES, INTEREST, AND OTHER CHARGES (Applies to Town)

We noted that on February 25, 2010, a finance charge of \$193.96 was paid to Wright Expense. In addition, in December 2009, a finance charge of \$40.62 was paid to the M & I Bank for credit card use and in February 2010 a second finance charge of \$18.31 was paid to M & I Bank.

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

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

TOWN OF WHITESTOWN
AUDIT RESULT(S) AND COMMENT(S)
(Continued)

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

The Clerk-Treasurer, Debra Zachelmeyer, was requested to reimburse the Town \$252.82 for the finance charges (interest) shown above. (See Summary, page 56)

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

OFFICIAL BOND - NOT RECORDED

The following official bond was not filed in the office of the County Recorder for the period January 1, 2009 to November 19, 2009:

Clerk Treasurer Official Bond

The bond was issued by the West Bend Mutual Insurance Company in the amount of \$15,000 and was payable to the State of Indiana.

Indiana Code 5-4-1-5.1(b) states in part: "Every elected or appointed officer, official, deputy, or employee of a political subdivision . . . shall file the bond in the office of the county recorder. . . ."

OFFICIAL BOND COVERAGE

The following official bond was filed in the office of the County Recorder for the period November 20, 2009 to December 31, 2010:

Debra Zachelmeyer, Clerk-Treasurer

The bond was issued by the Ohio Casualty Insurance Company in the amount of \$300,000 and was payable to the State of Indiana.

The following official bond was not filed in the office of the County Recorder for the period September 16, 2008 to September 16, 2010:

Debra Zachelmeyer, Clerk-Treasurer

The bond was issued by the West Bend Company in the amount of \$15,000 and was payable to the State of Indiana.

SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

TO: THE OFFICIALS OF THE TOWN OF WHITESTOWN, BOONE COUNTY, INDIANA

Compliance

We have audited the compliance of the Town of Whitestown (Town) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the years ended December 31, 2009 and 2010. The Town's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal program(s) is the responsibility of the Town's management. Our responsibility is to express an opinion on the Town's compliance based on our audit.

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 OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 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 Town'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. Our audit does not provide a legal determination of the Town's compliance with those requirements.

In our opinion, the Town complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the years ended December 31, 2009 and 2010.

Internal Control Over Compliance

Management of the Town is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Town's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 Town's internal control over compliance.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133
(Continued)

A deficiency in internal control over compliance 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, 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 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.

Our consideration of the 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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

The Town's response to the findings identified in our audit is described in the accompanying Official Response. We did not audit the Town's response and, accordingly, we express no opinion on the response.

This report is intended solely for the information and use of the Town's management, the Town Council, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

April 18, 2011

TOWN OF WHITESTOWN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Years Ended December 31, 2009 and 2010

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 12-31-09	Total Federal Awards Expended 12-31-10
<u>Department of Housing and Urban Development</u>				
Pass-Through Indiana Office of Community and Rural Development CDBG-State-Administered Small Cities Program Cluster Community Development Block Grants/State's Program and Non-Entitlement Grants In Hawaii	14.228	CF-08-101-5 CF-09-221	\$ 500,000 -	\$ 25,000 492,968
Total for program			<u>500,000</u>	<u>517,968</u>
Total for cluster			<u>500,000</u>	<u>517,968</u>
Total for federal grantor agency			<u>500,000</u>	<u>517,968</u>
<u>Department of Transportation</u>				
Pass-Through Boone County Highway Safety Cluster Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601			
Dangerous Driving Enforcement		K4-2010-08-01-02	-	1,984
DUI Task Enforcement		K8-2010-03-00-03	425	850
Big City/Big County Enforcement		RT-10-04-04-01	313	1,813
Total for program			<u>738</u>	<u>4,647</u>
Total for cluster			<u>738</u>	<u>4,647</u>
Total for federal grantor agency			<u>738</u>	<u>4,647</u>
<u>Department of Justice</u>				
Pass-Through Indiana Criminal Justice Institute Bulletproof Vest Partnership Program	16.607	2009-BUBXRAY	-	2,975
Total for program			<u>-</u>	<u>2,975</u>
Total for federal grantor agency			<u>-</u>	<u>2,975</u>
<u>Environmental Protection Agency</u>				
Pass-Through Indiana Finance Authority Capitalization Grants for Clean Water State Revolving Funds	66.458	WW 0560661	1,155,823 -	72,325 -
Total for program			<u>1,155,823</u>	<u>72,325</u>
Capitalization Grants for Drinking Water State Revolving Funds	66.468	DW 516606	1,456,049	-
Total for program			<u>1,456,049</u>	<u>-</u>
ARRA-Capitalization Grants for Drinking Water State Revolving Funds	66.468		-	2,177,311
Total for program		2F-00E72901-0	<u>-</u>	<u>2,177,311</u>
Total for federal grantor agency			<u>2,611,872</u>	<u>2,249,636</u>
Total federal awards expended			<u>\$ 3,112,610</u>	<u>\$ 2,775,226</u>

The accompanying note(s) are an integral part of the Schedule of Expenditures of Federal Awards.

TOWN OF WHITESTOWN
NOTE(S) TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Town of Whitestown (Town) and is presented in accordance with the cash and investment basis of accounting used in the preparation of the financial statements. Accordingly, the amount of federal awards expended is based on when the disbursement related to the award occurs except when the federal award is received on a reimbursement basis. In these instances the federal awards are considered expended when the reimbursement is received.

Circular A-133 requires an annual audit of nonfederal entities expending a total amount of federal awards equal to or in excess of \$500,000 in any fiscal year unless by constitution or statute a less frequent audit is required. In accordance with Indiana Code (IC 5-11-1 et seq.), audits of Unittypes with populations under 5,000 shall be conducted biennially. Such audits shall include both years within the biennial period.

2. Loans Outstanding

The Town had the following loan balances, with continuing federal compliance requirements, outstanding at December 31, 2009 and 2010. These loan balances outstanding are also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	2009	2010
Capitalization Grants for Clean Water	66.458	\$ 1,155,823	\$ 73,325
Capitalization Grants for Drinking Water	66.468	1,456,049	2,177,311

TOWN OF WHITESTOWN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statement(s):

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
Material weaknesses identified?	yes
Significant deficiency identified?	yes
Noncompliance material to financial statements noted?	no

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	no
Significant deficiency identified?	none reported
Type of auditor's report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	no

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
66.458	CDBG - State-Administered Small Cities Program Cluster
66.468	Capitalization Grants for Clean Water State Revolving Fund
66.468	Capitalization Grants for Drinking Water State Revolving Fund

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? No

Section II – Financial Statement Findings

FINDING 2010-001 - INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

We noted several deficiencies in the internal control system of the Town of Whitestown and the Whitestown Water and Wastewater Utilities related to financial transactions and reporting. We believe the following deficiencies constitute material weaknesses:

1. **Monitoring of Controls:** Effective internal control over financial reporting requires the Council to monitor and assess the quality of the town's system of internal control. The Council has not performed either an ongoing or separate evaluation of their system of internal controls. The failure to exercise their oversight responsibility place the Town and

TOWN OF WHITESTOWN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Utilities at risk that controls may not be designed or operating effectively to provide reasonable assurance that controls will prevent or detect material misstatements caused by error or fraud in a timely manner. In addition, the Council elected to have the financial accounting and reporting for the utilities separated from the Clerk-Treasurer's duties. In doing this, no clear organizational structure was established for the management of the utilities. As a result, the limited oversight of the utility transactions allowed some claims to be paid more than once while other claims were not paid timely and posting to the records was not completed timely or consistently. Additionally, the council has no process to identify or communicate corrective actions to improve controls.

2. Identification of federal grants: Monies received and disbursed associated with Federal grants were not always accurately and separately identified in the Town's or the Utilities' financial records. In addition, a system was not in place to identify and summarize all Federal funds received by the Town. Separate recording and identification of Federal grants in the financial ledgers is required to allow the Town to prepare the Schedule of Federal Awards and to ensure that grant money is disbursed in compliance with the grant requirements.

Circular A-133 Subpart C- Auditees section __.300(a) states that the auditee shall: "(a) identify, in its accounts, all Federal awards received and expended and the Federal programs under which they were received. Federal program and award identification shall include, as applicable, the CFDA title and number, award number and year, name of the Federal Agency, and name of the pass-through agency."

Circular A133 Subpart C - Auditees section __.300(b) states that the auditee shall: "Maintain internal control over Federal programs that provides reasonable assurance that auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts of grant agreements that could have a material effect on each of its Federal programs."

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objections, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control.

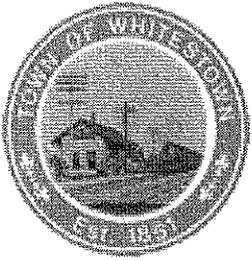
Controls over the receipting, disbursing, recording and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

TOWN OF WHITESTOWN
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.



WHITESTOWN TOWN HALL

PO BOX 325 WHITESTOWN, IN 46075

317-769-6557 317-769-6871 Fax

Finding 2010-001 Internal Control over Financial Transactions and Reports

Auditee Contact Person: Deb Zachelmeyer
Contact Person's Title: Clerk Treasurer
Contact Phone Number: (317) 769-6557

The management of the Town of Whitestown has reviewed the above state finding 2010-001 related to their audit for the period January 1, 2009 to December 31, 2010 and offer the following corrective actions:

1. Monitoring of Controls: The Town Council is currently undertaking the task of assessing the quality of the town's system of internal controls. The Town Council is also currently establishing a Financial Organization Structure for both the Town and the Water and Wastewater Utilities. The structure will clearly delineate the responsibilities of each position and clarify who has oversight responsibilities for the financial transactions and reporting. The council will also establish a process for monitoring and communicating controls and any corrective actions needed to improve controls.
2. The Clerk Treasurer has established separate funds to track all federal grants received. Procedures will be established to identify and summarize all Federal funds and grant information needed to complete the Schedule of Federal Awards.

Clerk-Treasurer

TOWN OF WHITESTOWN
EXIT CONFERENCE

The contents of this report were discussed on April 28, 2011, with Debra Zachelmeyer, Clerk-Treasurer; Thomas Combiths, Town Manager; Dawn Semmler, President of the Town Council; Susan Austin, Council member; Steve C. Unger, Town Attorney; and Linda Bell, Financial Advisor. The Official Response has been made a part of this report and may be found on pages 51 through 55.



Whitestown Town Hall
6320 S. Cozy Lane
PO Box 325
Whitestown, IN 46075
Office: 317-769-6557

May 6, 2011

“OFFICIAL RESPONSE”

State Board of Accounts
302 West Washington Street
Room E418
Indianapolis, IN 46204-2765

Re: Town of Whitestown Response to 2009 and 2010 Examination Results and Audit Comments as Presented by the State Board of Accounts (“SBOA”) in Exit Interview

To Whom It May Concern:

The Town of Whitestown (“Town”) wishes to formally respond to the audit comments presented to the Town at an April 28, 2011 meeting with SBOA auditors.

The Town notes at the outset that it is pleased to learn that, for the second consecutive audit, the SBOA has found no problems or exceptions with the Town’s financial statements, and the Town has received an unqualified opinion report. This type of report is issued by an auditor when the financial statements presented are free of material misstatements and are represented fairly in accordance with General Accounting Principles (GAAP), and it is the best type of report the Town may receive from an auditor. The Town has taken significant steps over the past several years to rectify irregularities that had previously been identified by the SBOA in prior financial audits of the Town – including at times retracing many years of receipts and expenditures to recreate the proper historical record of finances. This sizeable undertaking has not only been confirmed in the results of the two most recent financial audits, but has also resulted in a more transparent Town government.

As was explained to the Town by the SBOA auditors during the exit interview, because the condition of the Town’s financial statements has improved significantly in the past two audits, there was more opportunity for the auditors to review general internal controls of the

Town's financial structure and provide feedback on ways in which the Town may improve its system. The auditors noted that the issues they have identified had not resulted in financial problems for the Town, but are the types of concerns that could allow discrepancies to occur in the future. The Town considers each such comment seriously, and is committed to putting appropriate resources and controls in place to help avoid unnecessary financial issues in the future.

There were three comments provided by the SBOA that the Town believes may be incorrect, and the Town will withhold acting on those two comments unless additional clarification/verification is provided from the SBOA. First, the SBOA indicated that some of the judgments from the Town Court relating to traffic regulations were above and/or below the fine amounts set forth in the then applicable Town ordinances. The SBOA therefore requested that the town court refund any "overcharges." However, the Town believes any such payments from the Town resulting from final judgments of a court may violate Indiana law. Under IC 33-35-5-9, any appeal from a judgment of a town court must be made "within thirty (30) days after the rendition of the judgment." The Town Court's records indicate that none of the referenced judgments were appealed, and they cannot be collaterally questioned now. Any of the identified fees therefore were not overpayments, but were in accordance with a final, non-appealable court order (just as there would be no underpayments, but only payments made in accordance with a final court order). The Town does not believe that money from a judgment that was not appealed could be properly due and owing, and the Town may not issue payments for items not legally due. The Town therefore does not believe that it is proper to require that any such payments be made. The Town Court's staff has already taken steps to identify most of the individuals, but does not wish to make illegal payments that are not required. The Town also notes that all current fines and schedules are in accordance with now applicable state amounts.

Second, the SBOA identified as an Errors on Claims automatic debt payments that "were made by electronic transfer from the bank account without approval of the Council." The Town believes that this statement is in error. The Town Council has approved all payments on its debt obligations pursuant to the authorizing ordinances and resolutions of the Town with respect to each respective debt obligation of the Town from the sources described in such approving ordinances and resolutions. Attached hereto is a complete Schedule of the Town's outstanding debt obligations with corresponding approvals of the Town Council for each such debt obligation. Pursuant to such approvals the Clerk-Treasurer, as the fiscal officer of the Town, is authorized to make payments on the debt obligations without further approval of the Town Council. Copies of the complete transcript of proceedings for each of the debt obligations referred to in the attached Schedule are available upon request.

Third, the audit comments state "the Town did not comply with directives of the State by failing to distribute to the county auditor the county's share of court costs. The Town Court remitted, to the Town, \$7,999.85 in 2009, \$30,607 in 2010 and \$2,324 for the first two months of 2011 that represented court fees due to the county. These court fees have been distributed to the County on April 18, 2011." Further review by the Town found court fees remitted to the Town as detailed in the attached schedule. As shown, the amount of court fees due to the County in

2010 was \$24,486. The amount stated by the auditor of \$30,607 was the Town portion of court fees in 2010. Also found to be in question are the court fees due to the County for the first two months of 2011. The amount stated by the auditor was \$2,324 and records indicate the amount of fees due the County to be \$3,738. Since the Town had already forwarded the court fees to the County per the amount cited by the Auditor, the Town will now request a refund of \$4,707 for the years 2010 and 2011. Due to the restricted time period within which to respond to the audit, the Town has yet been unable to confirm the amount of fees due the County for 2009.

In regard to Overdrawn Fund Balances, the Town notes the final 2009 property tax distribution was not receipted to the books until January 4, 2010. The Motor Vehicle Highway Fund received \$63,316.99 and the Cumulative Capital Development Fund received \$9,238.16.

The Town believes that many, if not all, of the remaining comments identified by the SBOA are the result of staffing needs and employee turnover in its financial department. Since its last audit, the Town has hired and lost a full-time certified public accountant for Town and Utility finances and has lost its utility bookkeeper. Even prior to the SBOA audit, the Town had developed and is moving forward with a plan to hire two financial clerks to work in conjunction with the Clerk-Treasurer and Town Council to develop and implement the proper controls and chains-of-custody for receipts and expenditures. The Town believes that the decision to hire two clerks as opposed to a single accountant will not only help alleviate staffing needs that can result in delays in recordkeeping – which often materialize in the form of late deposits, incomplete claim vouchers and untimely invoices, and corrective/adjusted postings to records as is reflected in the SBOA comments – but will also provide still more transparency of Town finances by keeping the functions of incoming and outgoing public funds separate. Finally, the Town has also already taken steps to ensure that the proper reconciliations and disbursements outlined in the SBOA comments are identified and made.

Sincerely,


Debra Zachelmeyer
Clerk-Treasurer

Dawn Semmler
Town Council President

cc: Whitestown Town Council
Tom Combiths, Town Manager
Steve Unger, Town Attorney
Reedy Financial Consultants

TOWN OF WHITESTOWN, INDIANA

*Schedule of Outstanding Bond Obligations w/corresponding Town Council Approvals**

1. \$1,510,000** Whitestown Municipal Facilities Building Corporation (the "Building Corporation") First Mortgage Bonds, Series 2010, dated June 22, 2010, secured under a Trust Indenture and Mortgage dated June 1, 2010, between the Building Corporation and Wells Fargo Bank, N.A., as Trustee, payable from lease rental payments under a Lease between the Town and the Building Corporation dated April 14, 2010, as amended by an Addendum to Lease dated June 1, 2010; **Approvals:** Lease approved April 13, 2010 pursuant to Resolution No. 2010-04; the Bonds, the Addendum to Lease, Indenture and other financing documents approved May 11, 2010 pursuant to Resolution No. 2010-05.
2. \$10,475,000 Economic Development Tax Increment Revenue Bonds, Series 2010A (Perry Industrial Park and Whitestown Crossing Projects); \$5,000,000 Taxable Economic Development Tax Increment Revenue Bonds, Series 2010B (Perry Industrial Park and Whitestown Crossing Projects); \$5,525,000 Taxable Economic Development Tax Increment Revenue Bonds, Series 2010A (Perry Industrial Park and Whitestown Crossing Projects), dated May 27, 2010, secured under a Trust Indenture dated May 1, 2010, between the Town and UMB Bank, N.A., payable from tax increment revenues from the Town's Perry Industrial Park Economic Development Area; **Approvals:** the Bonds, the Indenture and other financing documents were approved February 9, 2010 pursuant to Ordinance No. 2010-04.
3. \$1,400,000 Waterworks Revenue Bonds, Series 2010; \$1,400,000 Taxable Waterworks Bond Anticipation Notes, Series 2010 (ARRA), dated January 12, 2010, payable from the net revenues of the Town's waterworks; **Approvals:** Bonds approved May 12, 2009 pursuant to Ordinance No. 2009-01, as amended by Ordinance No. 2009-27, adopted December 8, 2009.
4. \$3,310,000 Sewage Works Refunding Revenue Bonds, Series 2009, dated June 1, 2009, payable from the net revenues of the Town's sewage works; **Approvals:** Bonds approved May 12, 2009 pursuant to Ordinance No. 2009-02.
5. \$3,255,000 Waterworks Revenue Bonds, Series 2009, dated June 1, 2009, payable from the net revenues of the Town's waterworks; **Approvals:** Bonds approved May 12, 2009 pursuant to Ordinance No. 2009-01.
6. \$1,881,000 Sewage Works Revenue Bonds, Series 2005, dated December 29, 2005, payable from the net revenues of the Town's sewage works; **Approvals:** Bonds approved December 20, 2005 pursuant to Amended and Restated Ordinance No. 2005-17.
7. \$1,212,000 Waterworks Revenue Bonds, Series 2005, dated December 29, 2005, payable from the net revenues of the Town's waterworks; **Approvals:** Bonds approved December 20, 2005 pursuant to Amended and Restated Ordinance No. 2005-16.

* Reflects bond obligations issued since December 1, 2005. The Town also has certain 2001 waterworks and sewage works bonds outstanding which are held by the State of Indiana, through the Indiana Finance Authority.

** Par amounts of bonds listed in this Schedule reflect the par amounts as of the date of issuance of the respective bonds.

Town of Whitestown, Indiana

Schedule of Court Fees remitted by Town Court

Month Received to Town	Town Court Costs	County Court Costs	Fines	Late Payments	Judicial Salary Fee
Jan-10					
Feb-10	\$ 612.00	\$ 490.00	\$ 1,414.00		\$ 80.75
1-Mar	\$ 1,522.50	\$ 1,218.00	\$ 4,012.75		\$ 199.75
Apr-10	\$ 2,012.50	\$ 1,610.00	\$ 7,690.25	\$ 100.00	\$ 327.25
May-10	\$ 3,167.50	\$ 2,534.00	\$ 7,229.25	\$ 175.00	\$ 500.50
Jun-10	\$ 4,707.50	\$ 3,766.00	\$ 10,305.25	\$ 75.00	\$ 753.25
Jul-10	\$ 4,287.50	\$ 3,430.00	\$ 9,294.75	\$ 50.00	\$ 688.50
Aug-10	\$ 4,182.50	\$ 3,346.00	\$ 7,829.10	\$ 150.00	\$ 633.25
Sep-10	\$ 2,852.50	\$ 2,282.00	\$ 5,763.50	\$ 175.00	\$ 493.00
Oct-10	\$ 2,677.50	\$ 2,142.00	\$ 2,329.50	\$ 75.00	\$ 459.00
Nov-10	\$ 2,450.00	\$ 1,960.00	\$ 1,934.50	\$ 25.00	\$ 471.75
Dec-10	\$ 2,135.00	\$ 1,708.00	\$ 1,339.50	\$ 25.00	\$ 433.50
Total 2010	\$30,607.00	\$ 24,486.00	\$59,142.35	\$ 850.00	\$ 5,040.50
Jan-11	\$ 2,922.50	\$ 2,338.00	\$ 1,643.75	\$ 25.00	\$ 488.75
Feb-11	\$ 1,750.00	\$ 1,400.00	\$ 1,046.50	\$ 25.00	\$ 306.00

TOWN OF WHITESTOWN
SUMMARY

	<u>Charges</u>	<u>Credits</u>	<u>Balance Due</u>
Debra Zachelmeyer, Clerk-Treasurer:			
Deposits, page 36	\$ 50.00	\$	\$
Penalties, Interest, and Other Charges (Applies to Town) pages 39 and 40	252.82		
Reimbursed by Debra Zachelmeyer on April 29, 2011, receipt number 1866	<u> </u>	302.82	<u> </u> -
Totals	<u>\$ 302.82</u>	<u>\$ 302.82</u>	<u>\$ -</u>