

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

FINANCIAL STATEMENT EXAMINATION REPORT

OF

CITY OF WHITING

LAKE COUNTY, INDIANA

January 1, 2010 to December 31, 2010



FILED
11/15/2011

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Officials	2
Independent Accountant's Report.....	3
Financial Statement:	
Statement of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis	6
Notes to Financial Statement.....	7-12
Supplementary Information:	
Combining Schedule of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis	14-19
Schedule of Capital Assets.....	20
Schedule of Long-Term Debt	21
Examination Results and Comments:	
Redevelopment Commission Operating Fund	22
Capital Asset Records	22
Manual and Computerized Records – City Court.....	22-23
Exit Conference.....	24
Official Response	25-28

OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Mark S. Adam	01-01-08 to 12-31-11
Mayor	Joseph Stahura	01-01-08 to 12-31-11
President of the City Council	Chris Sarvanidis	01-01-10 to 12-31-11
President of the Sanitary District Board of Commissioners	Michael Hrinyo	01-01-10 to 12-31-11
City Judge	Ann P. Likens	01-01-08 to 12-31-11



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 ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE CITY OF WHITING, LAKE COUNTY, INDIANA

We have examined the financial statement of the City of Whiting (City), for the period of January 1, 2010 to December 31, 2010. The City's management is responsible for the financial statement. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the financial statement and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

As discussed in Note 1, the City prepares its financial statements 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 noted above is a different basis than that used in the prior year.

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

The Combining Schedule of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, Schedule of Capital Assets, and Schedule of Long-Term Debt, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statement. They have not been subjected to the examination procedures applied to the financial statement and, accordingly, we express no opinion on them.

The City's response to the Examination Results and Comments identified in our examination is described in the accompanying section of the report entitled Official Response. We did not examine the City's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the City's management, City Council, Board of Public Works and Safety, Redevelopment Commission, and Sanitary District Board of Commissioners, 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

September 20, 2011

(This page intentionally left blank.)

FINANCIAL STATEMENT

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

CITY OF WHITING
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For The Year Ended December 31, 2010

	Cash and Investments		Cash and Investments	
	01-01-10	Receipts	Disbursements	12-31-10
General	\$ 608,025	\$ 7,946,598	\$ 8,145,707	\$ 408,916
Motor Vehicle Highway	181,136	140,483	230,768	90,851
Local Road And Street	180,498	64,712	141,740	103,470
Park Nonreverting Operating	2,437	32,021	25,977	8,481
Economic Development Commission	9,985	9,985	6,568	13,402
Animal Control	10,905	2,672	5,321	8,256
Sanitary District	1,942,510	2,775,672	4,612,959	105,223
Local Law Enforcement Continued Edu	3,603	7,484	3,596	7,491
Clerk Record Perpetuation	4,700	864	3,312	2,252
Riverboat	81,689	74,933	45,027	111,595
Parks And Recreation	268,855	782,785	1,051,640	-
Park Donation	5,312	5,522	5,785	5,049
Solid Waste Recycling Grant	48,101	34,606	30,686	52,021
RDA Lakefront Grant	936,172	53,914	771,466	218,620
Rainy Day	-	930,533	409,321	521,212
Consolidated Whiting Alloc Area	770,614	7,212,433	6,952,084	1,030,963
Economic Development Proj Inn Tax	52,367	4,725	38,407	18,685
Excess Welfare (City)	-	134,954	134,954	-
Whiting Park Shoreline Improvement	79,842	-	79,842	-
Local Supplement Probation	4,342	7,264	7,621	3,985
Court Donation	3,663	450	2,100	2,013
Street Light	93,128	23,702	110,899	5,931
Redevelopment Commission Operating	92,619	378,828	374,015	97,432
BP Settlement (Sanitary)	567,531	524,143	525,972	565,702
Lakefront Commons Allocation	66,288	24,000	60,000	30,288
Fire Pension	187,800	294,246	420,548	61,498
Police Pension	292,002	650,759	866,320	76,441
Excess Welfare (Sanitary)	-	59,051	59,051	-
Excess Police Pension	-	349,714	194,600	155,114
Excess Fire Pension	-	55,534	36,889	18,645
Whiting Bond	41,810	125,752	117,924	49,638
Redevelopment Dist TIF Rev B & I	142,928	1,002,075	1,144,853	150
2008 Subordinate B & I	500	1,020,700	1,021,200	-
Lakefront Debt Reserve	-	1,959,573	-	1,959,573
Bank of NY Debt Service/Reserve Held in Trust	1,095,533	2,165,211	1,654,846	1,605,898
Special Taxing Bonds 09	-	229,501	229,493	8
Sanitary District Bond	419,748	1,050,129	1,436,976	32,901
Cumulative Capital Development	2,306	-	180	2,126
Cumulative Capital Improvement	59,223	16,525	54,500	21,248
Park Nonreverting Capital	69,818	-	29,658	40,160
Cleveland Ave Construction Project	1,887,552	2,534	1,890,086	-
Lakefront Dev. Project	-	18,200,952	6,917,286	11,283,666
Payroll	-	6,157,347	6,157,347	-
Child Support	-	36,261	36,261	-
Public Employee Retirement	-	98,270	98,270	-
Hospitalization	23,251	1,077,788	1,074,344	26,695
Tax	-	1,481,722	1,481,722	-
IN Police & Fire Pension	455	78,955	79,394	16
City Court	79,886	183,394	199,656	63,624
Basin Sewer Users	885,786	1,167,427	1,147,389	905,824
Water Utility Operating	447,721	640,605	796,145	292,181
Totals	<u>\$ 11,650,641</u>	<u>\$ 59,277,308</u>	<u>\$ 50,920,705</u>	<u>\$ 20,007,244</u>

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

CITY OF WHITING
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The City was established under the laws of the State of Indiana. The City operates under a Council-Mayor form of government and provides some or all of the following services: public safety (police and fire), highways and streets, health and social services, culture and recreation, public improvements, planning and zoning, general administrative services, water, wastewater, storm water, trash, and urban redevelopment.

The accompanying financial statement presents the financial information for the City (primary government), and does not include financial information for any of the City'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 City (primary government.)

B. Basis of Accounting

The financial statement is 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 City.

Special assessments which includes amounts levied against certain properties to defray all or part of the cost of a specific capital improvement or service deemed to benefit primarily those properties.

CITY OF WHITING
NOTES TO FINANCIAL STATEMENT
(Continued)

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

Intergovernmental receipts which includes receipts from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of this type of receipts includes, but is 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 includes 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).

Net proceeds from borrowings which includes receipts from general obligation bonds, notes and loans.

Intergovernmental loan activity which includes amounts received from other funds as loans on a temporary basis.

Transfers in which includes funds authorized by statute, ordinance, resolution or court order to be transferred in from another fund.

Utility receipts which are comprised mostly of charges for current services.

Internal service receipts which are comprised mostly of fees received for services performed for other funds.

Fiduciary receipts which are comprised mostly of contributions to the pensions funds from state and local sources.

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:

CITY OF WHITING
NOTES TO FINANCIAL STATEMENT
(Continued)

Personal services which includes 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 includes 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 includes, but is not limited to: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance; and rental charges.

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

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

Interfund loan payments and loans made which includes amounts that are owed to a particular fund by another fund.

Transfers out which includes funds authorized by statute, ordinance, resolution or court order to be transferred to another fund.

F. Interfund Transfers

The City 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 City. 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 City. 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 City in a trustee capacity as an agent of individuals, private organizations, other funds, or other governmental units and therefore the funds cannot be used for any expenditures of the unit itself.

CITY OF WHITING
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 2. Budgets

The operating budget is initially prepared and approved at the local level. The fiscal officer of the City submits a proposed operating budget to the governing board for the following calendar year. The budget is advertised as required by law. Prior to adopting the budget, the governing board conducts public hearings and obtains taxpayer comments. Prior to November 1, the governing board approves the budget for the next year. The budget for funds for which property taxes are levied or highway use taxes are received is subject to final approval by the Indiana Department of Local Government Finance.

Note 3. Property Taxes

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the City in June and December; however, situations can arise which would delay the distributions. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by 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 were entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

State statute (IC 5-13-9) authorizes the City to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

Note 5. Risk Management

The City may be exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents; and natural disasters.

These risks can be mitigated through the purchase of insurance, establishment of a self-insurance fund, and/or participation in a risk pool. The purchase of insurance transfers the risk to an independent third party. The establishment of a self-insurance fund allows the City to set aside money for claim settlements. The self-insurance fund would be included in the financial 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 City by recording as a disbursement and replacement items purchased.

CITY OF WHITING
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 6. Pension Plans

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 to participate in this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF Board, most requirements of the system, and give the City authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3 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. 1925 Police Officers' Pension Plan

Plan Description

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

Funding Policy

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

On Behalf Payments

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

CITY OF WHITING
NOTES TO FINANCIAL STATEMENT
(Continued)

C. 1937 Firefighters' Pension Plan

Plan Description

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

Funding Policy

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

On Behalf Payments

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

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

Plan Description

The 1977 Police Officers' and Firefighters' Pension and Disability Fund is a cost-sharing multiple-employer defined benefit pension plan administered by the Indiana Public 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

Funding Policy

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

SUPPLEMENTARY INFORMATION – UNAUDITED

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

Differences may be noted between the financial information presented in the financial statement contained in this report and the financial information presented in the Annual Report of the City which is referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the examination. This is a common occurrence in any financial statement examination. The financial information presented in this report is examined information, and the accuracy of such information can be determined by reading the opinion given in the Independent Accountant's Report.

The supplementary information presented was prepared and/or approved by management of the City. It is presented as intended by the City.

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

	General	Motor Vehicle Highway	Local Road And Street	Park Nonreverting Operating	Economic Development Commission	Animal Control	Sanitary District	Local Law Enforcement Continued Edu	Clerk Record Perpetuation
Cash and investments - beginning	\$ 608,025	\$ 181,136	\$ 180,498	\$ 2,437	\$ 9,985	\$ 10,905	\$ 1,942,510	\$ 3,603	\$ 4,700
Receipts:									
Taxes	2,688,290	-	-	-	-	-	903,643	-	-
Licenses and permits	81,696	-	-	-	-	2,477	-	1,590	-
Intergovernmental	193,803	138,376	46,328	-	-	-	55,151	3,656	-
Charges for services	141,762	-	-	31,865	9,985	-	-	510	-
Fines and forfeits	41,911	-	-	-	-	-	50	1,728	864
Utility fees	-	-	-	-	-	-	-	-	-
Other receipts	4,799,136	2,107	18,384	156	-	195	1,816,828	-	-
Total receipts	7,946,598	140,483	64,712	32,021	9,985	2,672	2,775,672	7,484	864
Disbursements:									
Personal services	4,001,632	126,677	-	5,912	-	-	1,343,282	-	-
Supplies	109,883	11,949	-	2,714	-	-	149,349	-	-
Other services and charges	914,853	21,552	39,081	17,351	6,568	5,321	543,313	-	3,312
Debt service - principal and interest	-	-	-	-	-	-	-	-	-
Capital outlay	387,383	70,590	84,659	-	-	-	837,177	3,596	-
Other disbursements	2,731,956	-	18,000	-	-	-	1,739,838	-	-
Total disbursements	8,145,707	230,768	141,740	25,977	6,568	5,321	4,612,959	3,596	3,312
Excess (deficiency) of receipts over disbursements	(199,109)	(90,285)	(77,028)	6,044	3,417	(2,649)	(1,837,287)	3,888	(2,448)
Cash and investments - ending	\$ 408,916	\$ 90,851	\$ 103,470	\$ 8,481	\$ 13,402	\$ 8,256	\$ 105,223	\$ 7,491	\$ 2,252

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

	Riverboat	Parks And Recreation	Park Donation	Solid Waste Recycling Grant	RDA Lakefront Grant	Rainy Day	Consolidated Whiting Alloc Area	Economic Development Proj Inn Tax	Excess Welfare (City)
Cash and investments - beginning	\$ 81,689	\$ 268,855	\$ 5,312	\$ 48,101	\$ 936,172	\$ -	\$ 770,614	\$ 52,367	\$ -
Receipts:									
Taxes	-	419,288	-	-	-	-	5,027,138	4,725	-
Licenses and permits	-	-	-	-	-	-	-	-	-
Intergovernmental	74,933	21,550	-	34,606	52,469	-	-	-	-
Charges for services	-	319,690	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-	-
Other receipts	-	22,257	5,522	-	1,445	930,533	2,185,295	-	134,954
Total receipts	74,933	782,785	5,522	34,606	53,914	930,533	7,212,433	4,725	134,954
Disbursements:									
Personal services	-	750,109	-	-	-	-	-	-	134,954
Supplies	-	39,819	-	-	-	-	-	-	-
Other services and charges	15,027	208,541	5,785	8,006	20,748	-	778,189	31,607	-
Debt service - principal and interest	-	-	-	-	-	-	79,179	-	-
Capital outlay	30,000	53,171	-	22,680	750,718	409,321	1,432,066	6,800	-
Other disbursements	-	-	-	-	-	-	4,662,650	-	-
Total disbursements	45,027	1,051,640	5,785	30,686	771,466	409,321	6,952,084	38,407	134,954
Excess (deficiency) of receipts over disbursements	29,906	(268,855)	(263)	3,920	(717,552)	521,212	260,349	(33,682)	-
Cash and investments - ending	\$ 111,595	\$ -	\$ 5,049	\$ 52,021	\$ 218,620	\$ 521,212	\$ 1,030,963	\$ 18,685	\$ -

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

	Whiting Park Shoreline Improvement	Local Supplement Probation	Court Donation	Street Light	Redevelopment Commission Operating	BP Settlement (Sanitary)	Lakefront Commons Allocation	Fire Pension	Police Pension
Cash and investments - beginning	\$ 79,842	\$ 4,342	\$ 3,663	\$ 93,128	\$ 92,619	\$ 567,531	\$ 66,288	\$ 187,800	\$ 292,002
Receipts:									
Taxes	-	-	-	891	57,581	-	-	357	357
Licenses and permits	-	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	2,547	5,486	185,524	-	283,662	490,138
Charges for services	-	-	-	-	-	-	-	-	-
Fines and forfeits	-	7,264	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-	-
Other receipts	-	-	450	20,264	315,761	338,619	24,000	10,227	160,264
Total receipts	-	7,264	450	23,702	378,828	524,143	24,000	294,246	650,759
Disbursements:									
Personal services	-	2,430	-	-	30,621	-	-	400	400
Supplies	-	2,048	-	-	-	-	-	-	-
Other services and charges	75,000	3,143	2,100	110,899	37,380	-	-	364,614	516,206
Debt service - principal and interest	-	-	-	-	-	-	-	-	-
Capital outlay	4,842	-	-	-	131,014	188,972	60,000	-	-
Other disbursements	-	-	-	-	175,000	337,000	-	55,534	349,714
Total disbursements	79,842	7,621	2,100	110,899	374,015	525,972	60,000	420,548	866,320
Excess (deficiency) of receipts over disbursements	(79,842)	(357)	(1,650)	(87,197)	4,813	(1,829)	(36,000)	(126,302)	(215,561)
Cash and investments - ending	\$ -	\$ 3,985	\$ 2,013	\$ 5,931	\$ 97,432	\$ 565,702	\$ 30,288	\$ 61,498	\$ 76,441

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

	Excess Welfare (Sanitary)	Excess Police Pension	Excess Fire Pension	Whiting Bond	Redevelopment Dist TIF Rev B & I	2008 Subordinate B & I	Lakefront Debt Reserve	Bank of NY Debt Service/ Reserve Held In Trust
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ 41,810	\$ 142,928	\$ 500	\$ -	\$ 1,095,533
Receipts:								
Taxes	-	-	-	50,984	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	2,768	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-
Other receipts	59,051	349,714	55,534	72,000	1,002,075	1,020,700	1,959,573	2,165,211
Total receipts	59,051	349,714	55,534	125,752	1,002,075	1,020,700	1,959,573	2,165,211
Disbursements:								
Personal services	59,051	12,600	24,889	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	-
Other services and charges	-	12,000	12,000	1,000	850	-	-	-
Debt service - principal and interest	-	-	-	98,924	-	-	-	1,654,846
Capital outlay	-	-	-	-	-	-	-	-
Other disbursements	-	170,000	-	18,000	1,144,003	1,021,200	-	-
Total disbursements	59,051	194,600	36,889	117,924	1,144,853	1,021,200	-	1,654,846
Excess (deficiency) of receipts over disbursements	-	155,114	18,645	7,828	(142,778)	(500)	1,959,573	510,365
Cash and investments - ending	\$ -	\$ 155,114	\$ 18,645	\$ 49,638	\$ 150	\$ -	\$ 1,959,573	\$ 1,605,898

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

	Special Taxing Bonds 09	Sanitary District Bond	Cumulative Capital Development	Cumulative Capital Improvement	Park Nonreverting Capital	Cleveland Ave Construction Project	Lakefront Dev. Project	Payroll
Cash and investments - beginning	\$ -	\$ 419,748	\$ 2,306	\$ 59,223	\$ 69,818	\$ 1,887,552	\$ -	\$ -
Receipts:								
Taxes	-	504,321	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	229,501	28,808	-	15,041	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-
Other receipts	-	517,000	-	1,484	-	2,534	18,200,952	6,157,347
Total receipts	229,501	1,050,129	-	16,525	-	2,534	18,200,952	6,157,347
Disbursements:								
Personal services	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	5,250	140,086	842,211	-
Debt service - principal and interest	229,493	1,109,976	-	-	-	-	-	-
Capital outlay	-	-	180	54,500	24,408	1,750,000	4,115,502	-
Other disbursements	-	327,000	-	-	-	-	1,959,573	6,157,347
Total disbursements	229,493	1,436,976	180	54,500	29,658	1,890,086	6,917,286	6,157,347
Excess (deficiency) of receipts over disbursements	8	(386,847)	(180)	(37,975)	(29,658)	(1,887,552)	11,283,666	-
Cash and investments - ending	\$ 8	\$ 32,901	\$ 2,126	\$ 21,248	\$ 40,160	\$ -	\$ 11,283,666	\$ -

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

	Child Support	Public Employee Retirement	Hospitalization	Tax	IN Police & Fire Pension	City Court	Basin Sewer Users	Water Utility Operating	Totals
Cash and investments - beginning	\$ -	\$ -	\$ 23,251	\$ -	\$ 455	\$ 79,886	\$ 885,786	\$ 447,721	\$ 11,650,641
Receipts:									
Taxes	-	-	-	-	-	-	-	-	9,657,575
Licenses and permits	-	-	-	-	-	-	-	-	85,763
Intergovernmental	-	-	-	-	-	-	-	-	1,864,347
Charges for services	-	-	-	-	-	-	-	-	503,812
Fines and forfeits	-	-	-	-	-	-	-	-	51,817
Utility fees	-	-	-	-	-	-	1,162,236	614,386	1,776,622
Other receipts	36,261	98,270	1,077,788	1,481,722	78,955	183,394	5,191	26,219	45,337,372
Total receipts	36,261	98,270	1,077,788	1,481,722	78,955	183,394	1,167,427	640,605	59,277,308
Disbursements:									
Personal services	-	-	-	-	-	-	-	-	6,492,957
Supplies	-	-	-	-	-	-	-	-	315,762
Other services and charges	-	-	-	-	-	-	-	-	4,741,993
Debt service - principal and interest	-	-	-	-	-	-	-	-	3,172,418
Capital outlay	-	-	-	-	-	-	-	-	10,417,579
Other disbursements	36,261	98,270	1,074,344	1,481,722	79,394	199,656	1,147,389	796,145	25,779,996
Total disbursements	36,261	98,270	1,074,344	1,481,722	79,394	199,656	1,147,389	796,145	50,920,705
Excess (deficiency) of receipts over disbursements	-	-	3,444	-	(439)	(16,262)	20,038	(155,540)	8,356,603
Cash and investments - ending	\$ -	\$ -	\$ 26,695	\$ -	\$ 16	\$ 63,624	\$ 905,824	\$ 292,181	\$ 20,007,244

CITY OF WHITING
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 December 31, 2010

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 3,645,945
Buildings	3,919,710
Improvements other than buildings	835,766
Machinery and equipment	<u>5,062,318</u>
 Total governmental activities, capital assets not being depreciated	 \$ <u><u>13,463,739</u></u>
 Business-type activities:	
Water Utility:	
Capital assets, not being depreciated:	
Land	\$ <u>214,918</u>
 Wastewater Utility:	
Capital assets, not being depreciated:	
Land	571,365
Building	2,989,094
Improvements other than buildings	105,759
Machinery and equipment	<u>496,340</u>
 Total Wastewater Utility capital assets	 <u>4,162,558</u>
 Total business-type activities capital assets, not being depreciated	 \$ <u><u>4,377,476</u></u>

CITY OF WHITING
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 Decemeber 31, 2010

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year	Fund/ Department
Notes and loans payable:			
2418 Indianapolis Blvd. mortgage loan	\$ 144,365	\$ 11,179	Consolidated Whiting Alloc Area
1661 Center St. mortgage loan	140,278	9,382	Consolidated Whiting Alloc Area
1851 Front St. (Service Lumber) mortgage loan	446,258	29,887	Consolidated Whiting Alloc Area
1330 119th St. mortgage loan	213,600	13,884	Consolidated Whiting Alloc Area
1413 119th St. mortgage loan	157,085	10,211	Consolidated Whiting Alloc Area
1510 119th St. mortgage loan	159,755	10,384	Consolidated Whiting Alloc Area
Hammond Sanitary District loan	111,330	36,899	Sanitary District Bond
Bonds payable:			
General obligation bonds:			
2004 Refunding (street improvements)	235,000	96,269	Whiting Bond
2003 Sanitary District Refunding	3,105,000	831,421	Sanitary District Bond
2009 Sanitary District (Cleveland Ave Project)	1,830,000	226,093	Special Taxing Bonds 09
Revenue bonds:			
2006 Redevelopment Tax Increment (Standard Avenue Project)	6,885,000	634,736	Redevelopment Dist TIF Rev B & I
2010 Redevelopment Tax Increment (Lakefront Development Project)	<u>18,455,000</u>	<u>1,988,105</u>	Special Taxing Bonds 09
Total debt	<u>\$ 31,882,671</u>	<u>\$ 3,898,450</u>	

CITY OF WHITING
EXAMINATION RESULTS AND COMMENTS

REDEVELOPMENT COMMISSION OPERATING FUND

The Redevelopment Commission was established in accordance with Indiana Code 36-7-14 and is the governing body of the Department of Redevelopment. The Redevelopment Commission approves the claims for the Consolidated Whiting Allocation Area (Fund 802), the Lakefront Development Project (Fund 415) and the Redevelopment District TIF Revenue Bond & Interest (Fund 408) funds. However, the Redevelopment Commission does not approve the claims or payroll for the Redevelopment Commission Operating Fund (Fund 406) as required by Indiana Code 36-7-14-29. The claims and payroll for the Redevelopment Commission Operating Fund were approved by the City Council.

Indian Code 36-7-14-28(c) states:

"Revenues obtained from the tax levy for the payment in whole or in part of the costs of acquisition of land, rights-of-way, or other properties shall be deposited in the redevelopment district capital fund established under section 26 of this chapter. Other revenues obtained from the tax levy shall be deposited in a fund to be known as the redevelopment district general fund."

Indiana Code 36-7-14-29(a) states:

"All payments from any of the funds established by this chapter shall be made by warrants drawn by the proper officers of the unit upon vouchers of the redevelopment commission signed by the president or vice president and the secretary or executive secretary."

CAPITAL ASSET RECORDS

The City's capital asset records do not include a value for infrastructure items such as roads, water lines, sewer lines and storm water lines. In addition, construction in progress was not included even though the City disbursed approximately \$7,688,752 for the Lakefront Development Project in 2010 from the RDA Lakefront Grant and Lakefront Development Project funds.

Every governmental unit should have a complete inventory of all capital assets owned which reflects their acquisition value. Such inventory should be recorded in the Capital Assets Ledger form. A complete inventory should be taken every year for good internal control and for verifying account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

MANUAL AND COMPUTERIZED RECORDS – CITY COURT

The Court Clerk maintains a manually posted cash book which, according to court officials, is the official record of the Court. The Court Clerk also enters transactions using the County's Court View software program which is utilized by the various City and Town Courts throughout Lake County.

The balance of the cash book and Court View system do not agree. The cash balance for the cash book at December 31, 2010, was \$63,624; however, the Court View year-end balance was \$84,569. The difference between the Court View balance and the cash book is attributed to the following: Court View has not been updated to include outstanding bond balances prior to 2007 and disbursements for remittances of collections and cash bond activity are made using hand-written checks, instead of Court View electronically generated checks. Some of these disbursements have not been subsequently entered into Court View.

CITY OF WHITING
EXAMINATION RESULTS AND COMMENTS
(Continued)

Furthermore, court clerks collect several different types of fees as authorized by Indiana statute. The fees are either remitted monthly to the City and County or semi-annually to the State. The Court Clerk manually computes the remittances to the State, County and City, based on the entries made to the cash book. The proper fees were determined to be remitted to the proper entity. However, we compared the October 2010 manual receipt totals to the October receipt totals in Court View. We discovered that the Court View system did not compute the correct totals to be remitted to the State, County and City. Court View included the Public Defense Administrative Fees with the remittance to the City even though the fees are to be remitted to the State. In addition, Court View included the Bond Administrative Fee with the County remittance even though the fees are to be remitted to the City.

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for City and Town Courts, Chapter 4)

PUBLIC DEFENSE ADMINISTRATION FEE - In each action in which a person is: (1) convicted of an offense; (2) required to pay a pretrial diversion fee; (3) found to have violated an infraction; or (4) found to have violated an ordinance; the clerk shall collect a public defense administration fee of three dollars (\$3). The fee shall be distributed to the State semiannually. [IC 33-37-5-21.2] (Accounting and Uniform Compliance Guidelines Manual for City and Town Courts, Chapter 3)

BAIL BONDS (10% CASH BONDS) – ADMINISTRATIVE FEE - The court may admit a defendant to bail and require the defendant to execute a bail bond by depositing cash or securities with the clerk in an amount not less than ten percent (10%) of the bail. A portion of this deposit, not to exceed ten percent (10%) of the monetary value or fifty dollars (\$50), whichever is the lesser amount, may be retained as an administrative fee and deposited in the city or town general fund. [IC 35-33-8-3.2] (Accounting and Uniform Compliance Guidelines Manual for City and Town Courts, Chapter 3)

CITY OF WHITING
EXIT CONFERENCE

The contents of this report concerning the City Court were discussed on September 20, 2011, with Ann P. Likens, City Judge, and Wanda Unate, Court Clerk. The official response has been made a part of this report and may be found on pages 25 and 26.

The contents of this report were discussed on September 22, 2011, with Joseph Stahura, Mayor; Mark S. Adam, Clerk-Treasurer; Chris Sarvanidis, President of the City Council; and Denise Sejna, City Attorney. The official response has been made a part of this report and may be found on pages 27 and 28.

MEMORANDUM

To: Ms. Christy Griffin, State Board of Accounts

 From: Ann P. Likens, Judge, Whiting City Court

Re: State Board of Accounts Examination Results and Comments

Date: September 26, 2011

WHITING CITY COURT EXAMINATION RESULTS AND COMMENTS

OFFICIAL RESPONSE

On the afternoon of September 20, 2011, Wanda Unate, the City Court Clerk, and I met with Ms. Christy Griffin of State Board of Accounts for an exit conference after her examination of the Court's financial records. Ms. Griffin discussed her findings with us, along with a few suggestions for improvement, which we intend to implement. While I do not disagree with her official report, I think that an explanation of our situation is in order.

As Ms. Griffin's notes in her "Examination Results and Comments", the Whiting City Court "maintains a manually posted cash book" and also uses Courtview, which is the software program utilized by nearly all the Courts in Lake County, including the city and town courts.

Please be advised of the reason that Ms. Unate employs this somewhat cumbersome method of accounting. Simply put, the Courtview program has not always served us well. On many occasions, for example the system has shut down for hours at a time, and often when court is in session. Several times we have received information intended for other courts, and they have received ours, which even raises possible privacy considerations. There have been billing errors, difficulties in entering information, and numerous other discrepancies. I am not denying the possibility of human error on either side. However, I would like to emphasize paragraph 3 of Ms. Griffin's report by quoting it here in full:

Furthermore, court clerks collect several different types of fees as authorized by Indiana statute. The fees are either remitted monthly to the City and County or semi-annually to the State. The Court Clerk manually computes the remittances to the State, County and City based on the entries made to the cash book. The proper fees were determined to be remitted to the proper entity. However, we compared the October 2010 manual receipt totals to the October receipt

totals in Court View. We discovered that the Court View system did not compute the correct totals to be remitted to the State, County and City. Court View included the Public Defense Administrative Fees with the remittance to the City even though the fees are to be remitted to the State. In addition, Court View included the Bond Administrative Fee with the County remittance even though the fees are to be remitted to the city.

It is understandable to me that Ms. Unate is reluctant to place her trust on a system which has so often proved unreliable.

Through the several years in which we have utilized Courtview, we have brought its numerous shortcomings to the attention of the people in charge. We have placed countless phone calls, emails, etc. to the county's Data Processing department, and asked many questions and made many complaints. I have done so personally, over the phone, through letters, and in face to face discussions with various representatives. While attempts at corrections have been made and some of our problems ironed out, we continue to have difficulties with the system.

The Whiting Court cannot simply drop Courtview and switch to another system. The Court obviously needs to be connected to other courts, law enforcement agencies, attorneys, etc., in our area, and Courtview is necessary for this purpose. In addition, I know that Wanda Unate can be trusted to handle her part of the Court's finances, even if she must still use a manual posting backstop. Also, I certainly want the court's finances to comply with the State Board of Accounts policies and regulations. Obviously, I want to avoid any difficulties with the State Board of Accounts.

I hope this letter provides you with an adequate explanation of our situation. Please contact me if you require additional information or can offer us any further comments or suggestions.

Thank you for your consideration.

Ann P. Likens



October 3, 2011

Mr. Bruce Hartman
State Board of Accounts
302 West Washington Street, Room E 418
Indianapolis, Indiana 46204-2765

IN RE: OFFICIAL RESPONSE
CITY OF WHITING AUDIT FOR 2010

Dear Mr. Hartman:

The City of Whiting wishes to make an Official Response to the Examination Results and Comments from the audit of the City's records for the year 2010.

First, the City appreciates the opportunity to provide comment on these matters. We always intend to comply with appropriate procedures and regulations and we take seriously those audit comments which allow us to revise and review our operations to ensure full compliance with State Board of Accounts policies.

It is my understanding that Judge Ann P. Likens will address the comments regarding court records and operations.

I will address the following issues in my response:

1. REDEVELOPMENT COMMISSION OPERATING FUND

The Clerk-Treasurer's Office is finishing up a data conversion, so by the end of the 2011 the Redevelopment Commission will begin to approve the Redevelopment Commission Operating Fund's accounts payable claims. Also in 2012, the Redevelopment Commission will begin to adopt its own budget and salary ordinance for the 2013 fiscal year.

City of Whiting
1443 119th Street • P.O. Box 591 • Whiting, Indiana 46394 • tel. 219.659.7700 • fax. 219.473.4452
www.whitingindiana.com

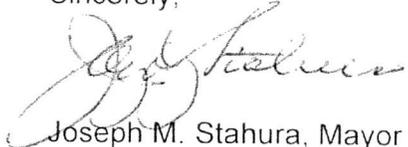
510

2. CAPITAL ASSET RECORDS

The City has been working with Industrial Appraisal Company to properly record the capital assets of the City. The City is currently working on gathering project data from 2005 to the present. From this information, Industrial Appraisal will be able to record the values for the infrastructure. The City has also purchased a fixed asset application which is compatible with our accounting software. This application will help track, record, and categorize the various capital assets.

As always, if you have any questions, please feel free to contact my office.

Sincerely,



Joseph M. Stahura, Mayor
City of Whiting



Mark S. Adam
Clerk-Treasurer