

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

FINANCIAL STATEMENTS EXAMINATION REPORT

OF

TOWN OF WEST BADEN SPRINGS

ORANGE COUNTY, INDIANA

January 1, 2010 to December 31, 2011



**FILED**  
01/03/2013



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Cathy L. Carnes	01-01-08 to 12-31-15
President of the Town Council	Steve White	01-01-10 to 12-31-12



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF WEST BADEN SPRINGS, ORANGE COUNTY, INDIANA

We have examined the accompanying financial statements of the Town of West Baden Springs (Town), for the years ended December 31, 2010 and 2011. The financial statements are the responsibility of the Town's management. Our responsibility is to express an opinion on the financial statements 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 statements 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 Town 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 statements referred to above present fairly, in all material respects, the financial position and results of operations of the Town for the years ended December 31, 2010 and 2011, on the basis of accounting described in Note 1.

Our examination was conducted for the purpose of forming an opinion on the Town's financial statements. The Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, Schedule of Payables and Receivables, Schedule of Leases and Debt, and Schedule of Capital Assets, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statements. They have not been subjected to the examination procedures applied to the financial statements and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the Town's management, Town Council, and others within the entity 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 17, 2012

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## FINANCIAL STATEMENTS

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

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

Fund	Cash and Investments 01-01-10	Receipts	Disbursements	Cash and Investments 12-31-10
General	\$ 165,418	\$ 310,192	\$ 261,853	\$ 213,757
Motor Vehicle Highway	117,157	87,030	116,559	87,628
Local Road and Street	21,802	3,117	-	24,919
Law Enforcement Continuing Education	2,973	714	435	3,252
Parks and Recreation	43,638	6,480	19,188	30,930
Rainy Day	20,858	-	-	20,858
Local Development Agreement	1,645,076	1,002,565	377,324	2,270,317
French Lick Resort and Casino	1,077,600	6,071,519	5,629,631	1,519,488
Cumulative Capital Improvement	28,642	1,810	-	30,452
CEDIT Capital Projects	142,276	42,892	-	185,168
TIF Capital Projects	79,130	160,116	1,500	237,746
Payroll	1,646	303,032	301,990	2,688
Sewer Bond and Interest	48,128	1,959	-	50,087
Trash Removal	7,039	18,150	21,738	3,451
Sewer	79,843	204,931	174,477	110,297
Totals	<u>\$ 3,481,226</u>	<u>\$ 8,214,507</u>	<u>\$ 6,904,695</u>	<u>\$ 4,791,038</u>

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

TOWN OF WEST BADEN SPRINGS  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For The Year Ended December 31, 2011

Fund	Cash and Investments 01-01-11	Receipts	Disbursements	Cash and Investments 12-31-11
General	\$ 213,757	\$ 357,825	\$ 272,636	\$ 298,946
Motor Vehicle Highway	87,628	82,457	123,777	46,308
Local Road and Street	24,919	3,028	-	27,947
Law Enforcement Continuing Education	3,252	1,177	40	4,389
Parks and Recreation	30,930	5,661	23,265	13,326
Rainy Day	20,858	-	-	20,858
Local Development Agreement	2,270,317	612,050	2,574,465	307,902
Cumulative Capital Improvement	30,452	1,774	-	32,226
CEDIT Capital Projects	185,168	28,788	-	213,956
TIF Capital Project	237,746	213,745	98,596	352,895
French Lick Resort and Casino	1,519,488	2,382,918	3,137,563	764,843
Payroll	2,688	336,423	337,582	1,529
Sewer Bond and Interest	50,087	1,866	-	51,953
Trash Removal	3,451	20,936	18,662	5,725
Sewer	110,297	213,423	205,121	118,599
Totals	<u>\$ 4,791,038</u>	<u>\$ 4,262,071</u>	<u>\$ 6,791,707</u>	<u>\$ 2,261,402</u>

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

TOWN OF WEST BADEN SPRINGS  
NOTES TO FINANCIAL STATEMENTS

**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, wastewater, trash, and urban redevelopment and housing.

The accompanying financial statements present the financial information for the Town.

*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 include 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.

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

TOWN OF WEST BADEN SPRINGS  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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 include 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.

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.

TOWN OF WEST BADEN SPRINGS  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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.

**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.

TOWN OF WEST BADEN SPRINGS  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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.

**Note 6. Pension Plan**

*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 Indiana Public Retirement System (INPRS) 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.

INPRS 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:

Indiana Public Retirement System  
1 North Capital Street, Suite 001  
Indianapolis, IN 46204  
Ph. (888) 526-1687

*Funding Policy and Annual Pension Cost*

The contribution requirements of the plan members for PERF are established by the Board of Trustees of INPRS.

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## SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the Town's 2010 Annual Report can be found on the Indiana Transparency Portal website: [www.in.gov/itp/annual\\_reports/](http://www.in.gov/itp/annual_reports/).

For additional financial information, the Town's 2011 Annual Report information can be found on the Gateway website: <https://gateway.ifionline.org/>.

Differences may be noted between the financial information presented in the financial statements contained in this report and the financial information presented in the Annual Reports of the Town which are 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 approved by management of the Town. It is presented as intended by the Town.

TOWN OF WEST BADEN SPRINGS  
 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	Law Enforcement Continuing Education	Parks and Recreation	Rainy Day	Local Development Agreement	French Lick Resort and Casino
Cash and investments - beginning	\$ 165,418	\$ 117,157	\$ 21,802	\$ 2,973	\$ 43,638	\$ 20,858	\$ 1,645,076	\$ 1,077,600
Receipts:								
Taxes	163,610	65,892	-	-	-	-	-	-
Licenses and permits	1,642	-	3,117	-	-	-	-	-
Intergovernmental	124,507	20,440	-	-	4,000	-	-	1,353,682
Charges for services	100	137	-	39	1,570	-	-	-
Fines and forfeits	2,033	-	-	-	-	-	-	-
Other receipts	18,300	561	-	675	910	-	1,002,565	4,717,837
Total receipts	310,192	87,030	3,117	714	6,480	-	1,002,565	6,071,519
Disbursements:								
Personal services	164,927	68,139	-	-	7,000	-	53,176	-
Supplies	44,876	48,420	-	435	12,188	-	-	647,046
Other services and charges	51,892	-	-	-	-	-	-	3,857,860
Debt service - principal and interest	-	-	-	-	-	-	-	924,001
Capital outlay	-	-	-	-	-	-	206,000	97,165
Utility operating expenses	-	-	-	-	-	-	-	-
Other disbursements	158	-	-	-	-	-	118,148	103,559
Total disbursements	261,853	116,559	-	435	19,188	-	377,324	5,629,631
Excess (deficiency) of receipts over disbursements	48,339	(29,529)	3,117	279	(12,708)	-	625,241	441,888
Cash and investments - ending	\$ 213,757	\$ 87,628	\$ 24,919	\$ 3,252	\$ 30,930	\$ 20,858	\$ 2,270,317	\$ 1,519,488

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

	Cumulative Capital Improvement	CEDIT Capital Projects	TIF Capital Projects	Payroll	Sewer Bond and Interest	Trash Removal	Sewer	Totals
Cash and investments - beginning	\$ 28,642	\$ 142,276	\$ 79,130	\$ 1,646	\$ 48,128	\$ 7,039	\$ 79,843	\$ 3,481,226
Receipts:								
Taxes	1,810	42,892	160,116	-	-	-	-	434,320
Licenses and permits	-	-	-	-	-	-	-	4,759
Intergovernmental	-	-	-	-	-	-	-	1,502,629
Charges for services	-	-	-	-	1,959	18,150	-	21,955
Fines and forfeits	-	-	-	-	-	-	-	2,033
Other receipts	-	-	-	303,032	-	-	204,931	6,248,811
Total receipts	1,810	42,892	160,116	303,032	1,959	18,150	204,931	8,214,507
Disbursements:								
Personal services	-	-	-	-	-	-	-	293,242
Supplies	-	-	-	-	-	-	-	752,965
Other services and charges	-	-	1,500	-	-	-	-	3,911,252
Debt service - principal and interest	-	-	-	-	-	-	-	924,001
Capital outlay	-	-	-	-	-	-	-	303,165
Utility operating expenses	-	-	-	-	-	-	174,477	174,477
Other disbursements	-	-	-	301,990	-	21,738	-	545,593
Total disbursements	-	-	1,500	301,990	-	21,738	174,477	6,904,695
Excess (deficiency) of receipts over disbursements	1,810	42,892	158,616	1,042	1,959	(3,588)	30,454	1,309,812
Cash and investments - ending	\$ 30,452	\$ 185,168	\$ 237,746	\$ 2,688	\$ 50,087	\$ 3,451	\$ 110,297	\$ 4,791,038

TOWN OF WEST BADEN SPRINGS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2011

	General	Motor Vehicle Highway	Local Road and Street	Law Enforcement Continuing Education	Parks and Recreation	Rainy Day	Local Development Agreement	Cumulative Capital Improvement
Cash and investments - beginning	\$ 213,757	\$ 87,628	\$ 24,919	\$ 3,252	\$ 30,930	\$ 20,858	\$ 2,270,317	\$ 30,452
Receipts:								
Taxes	235,315	61,101	-	-	-	-	-	-
Licenses and permits	960	-	-	187	-	-	-	-
Intergovernmental	100,219	21,356	3,028	-	-	-	601,100	1,774
Charges for services	5,348	-	-	-	5,661	-	-	-
Utility fees	-	-	-	-	-	-	-	-
Other receipts	15,983	-	-	990	-	-	10,950	-
Total receipts	<u>357,825</u>	<u>82,457</u>	<u>3,028</u>	<u>1,177</u>	<u>5,661</u>	<u>-</u>	<u>612,050</u>	<u>1,774</u>
Disbursements:								
Personal services	158,804	74,320	-	-	9,200	-	-	-
Supplies	64,658	49,457	-	-	7,677	-	430	-
Other services and charges	43,757	-	-	-	6,388	-	1,553,870	-
Debt service - principal and interest	-	-	-	-	-	-	923,000	-
Capital outlay	-	-	-	-	-	-	97,165	-
Utility operating expenses	-	-	-	-	-	-	-	-
Other disbursements	5,417	-	-	40	-	-	-	-
Total disbursements	<u>272,636</u>	<u>123,777</u>	<u>-</u>	<u>40</u>	<u>23,265</u>	<u>-</u>	<u>2,574,465</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>85,189</u>	<u>(41,320)</u>	<u>3,028</u>	<u>1,137</u>	<u>(17,604)</u>	<u>-</u>	<u>(1,962,415)</u>	<u>1,774</u>
Cash and investments - ending	<u>\$ 298,946</u>	<u>\$ 46,308</u>	<u>\$ 27,947</u>	<u>\$ 4,389</u>	<u>\$ 13,326</u>	<u>\$ 20,858</u>	<u>\$ 307,902</u>	<u>\$ 32,226</u>

TOWN OF WEST BADEN SPRINGS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2011  
 (Continued)

	CEDIT Capital Projects	TIF Capital Project	French Lick Resort and Casino	Payroll	Sewer Bond and Interest	Trash Removal	Sewer	Totals
Cash and investments - beginning	\$ 185,168	\$ 237,746	\$ 1,519,488	\$ 2,688	\$ 50,087	\$ 3,451	\$ 110,297	\$ 4,791,038
Receipts:								
Taxes	-	-	-	-	-	-	-	296,416
Licenses and permits	-	-	-	-	-	-	-	1,147
Intergovernmental	28,788	213,745	2,382,918	-	-	-	-	3,352,928
Charges for services	-	-	-	-	-	18,396	-	29,405
Utility fees	-	-	-	-	-	-	207,488	207,488
Other receipts	-	-	-	336,423	1,866	2,540	5,935	374,687
Total receipts	<u>28,788</u>	<u>213,745</u>	<u>2,382,918</u>	<u>336,423</u>	<u>1,866</u>	<u>20,936</u>	<u>213,423</u>	<u>4,262,071</u>
Disbursements:								
Personal services	-	-	83,746	-	-	-	-	326,070
Supplies	-	-	56,683	-	-	-	-	178,905
Other services and charges	-	1,250	105,276	-	-	18,662	-	1,729,203
Debt service - principal and interest	-	-	-	-	-	-	-	923,000
Capital outlay	-	97,346	2,221,850	-	-	-	-	2,416,361
Utility operating expenses	-	-	-	-	-	-	205,121	205,121
Other disbursements	-	-	670,008	337,582	-	-	-	1,013,047
Total disbursements	<u>-</u>	<u>98,596</u>	<u>3,137,563</u>	<u>337,582</u>	<u>-</u>	<u>18,662</u>	<u>205,121</u>	<u>6,791,707</u>
Excess (deficiency) of receipts over disbursements	<u>28,788</u>	<u>115,149</u>	<u>(754,645)</u>	<u>(1,159)</u>	<u>1,866</u>	<u>2,274</u>	<u>8,302</u>	<u>(2,529,636)</u>
Cash and investments - ending	<u>\$ 213,956</u>	<u>\$ 352,895</u>	<u>\$ 764,843</u>	<u>\$ 1,529</u>	<u>\$ 51,953</u>	<u>\$ 5,725</u>	<u>\$ 118,599</u>	<u>\$ 2,261,402</u>

TOWN OF WEST BADEN SPRINGS  
 SCHEDULE OF PAYABLES AND RECEIVABLES  
 December 31, 2011

Government or Enterprise	Accounts Payable	Accounts Receivable
Trash	\$ -	\$ 32
Wastewater	-	<u>2,682</u>
Totals	<u>\$ -</u>	<u>\$ 2,714</u>

TOWN OF WEST BADEN SPRINGS  
 SCHEDULE OF LEASES AND DEBT  
 December 31, 2011

Description of Debt		Ending Principal Balance	Principal and Interest Due Within One Year
Type	Purpose		
Governmental activities:			
General obligation bonds	Infrastructure	\$ 8,985,435	\$ 920,310
Notes and loans payable	Firetruck	<u>314,970</u>	<u>97,165</u>
Total governmental activities		<u>\$ 9,300,405</u>	<u>\$ 1,017,475</u>

TOWN OF WEST BADEN SPRINGS  
SCHEDULE OF CAPITAL ASSETS  
December 31, 2011

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

	Ending Balance
Governmental activities:	
Land	\$ 400,000
Infrastructure	7,000,000
Buildings	5,500,000
Improvements other than buildings	250,000
Machinery, equipment and vehicles	500,000
Construction in progress	500,000
Other	42,000
Total governmental activities	14,192,000
Trash:	
Machinery, equipment and vehicles	125,000
Other	500
Total Trash	125,500
Wastewater:	
Infrastructure	2,000,000
Buildings	500,000
Improvements other than buildings	250,000
Machinery, equipment and vehicles	175,000
Construction in progress	5,000
Other	7,500
Total Wastewater	2,937,500
Total capital assets	\$ 17,255,000

TOWN OF WEST BADEN SPRINGS  
EXAMINATION RESULTS AND COMMENTS

***PENALTIES, INTEREST, AND OTHER CHARGES***

Penalties and interest totaling \$110.61 were paid to the Indiana Department of Revenue on June 14, 2010, for the period ending February 28, 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)

***PUBLIC WORKS PROJECT***

A public works contract for the Hillside Development Project was awarded to Infrastructure Systems Incorporated (ISI) for \$2,715,727.27. Change Orders were signed for an additional \$290,604. The total for the contract and change orders was \$3,006,331.27. The total payments to ISI for this project were \$3,166,888.75. This resulted in excess payments of \$160,557.48. Pay applications were submitted and approved by the Town Council, which supported each payment and documented the charges for the additional work performed. However, no change orders were submitted for the additional work performed.

Indiana Code 36-1-12-18 states:

"(a) If, in the course of the construction, reconstruction, or repair of a public work project, it becomes necessary to change or alter the original specifications, a change order may be issued to add, delete, or change an item or items in the original contract. The change order becomes an addendum to the contract and must be approved and signed by the board and the contractor.

(b) If a licensed architect or engineer is assigned to the public work project, the change order must be prepared by that person.

(c) A change order may not be issued before commencement of the actual construction, reconstruction, or repairs except in the case of an emergency. In that case, the board must make a declaration, and the board's minutes must show the nature of the emergency.

(d) The total of all change orders issued that increase the scope of the project may not exceed twenty percent (20%) of the amount of the original contract. A change order issued as a result of circumstances that could not have been reasonably foreseen does not increase the scope of the project.

(e) All change orders must be directly related to the original public work project.

(f) If additional units of materials included in the original contract are needed, the cost of these units in the change order must be the same as those shown in the original contract."

TOWN OF WEST BADEN SPRINGS  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

**CONDITION OF RECORDS**

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

***Posting Errors***

On December 29, 2011, TIF General Property taxes for \$88,745.11 were receipted into the Town General Fund instead of the TIF Capital Projects Fund.

Check number 4288 was written to the Springs Valley Bank and Trust for \$1,103. This amount was posted to the ledger properly. However, check number 4288 was also posted to the ledger for \$1,012.91 and this amount was on the outstanding check list on December 31, 2011.

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)

***Errors on Claims***

The Town Council members have not signed the claim and allowance docket since November 10, 2010.

Indiana Code 5-11-10-1.6(c) states in part: "The fiscal officer of a governmental entity may not draw a warrant or check for payment of a claim unless: . . . (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."

**FUND SOURCES AND USES**

The Town of West Baden Springs Redevelopment Commission (the "Commission") was created pursuant to Indiana Code 36-7-14. The Town of West Baden Springs Redevelopment Authority (the "Authority") was created pursuant to Indiana Code 36-7-14.5, however, there is no indication that the Redevelopment Authority organized as a separate body. No ordinance could be found where the Authority or Commission were created, but board members have been appointed for each body and each body meets as a board.

Resolution 2007-2, Resolution of the Town of West Baden Springs Redevelopment Authority Authorizing Issuance of the Town of West Baden Springs Redevelopment Authority Lease Rental Revenue Bonds of 2008, was adopted by the Authority on July 16, 2007. The resolution authorized issuance of bonds not to exceed \$8,000,000. The proceeds from the bonds were to be used to finance construction of all or a portion of street and sidewalk improvements in seven areas. On November 5, 2007, the Authority adopted Resolution 2007-3 which increased the maximum aggregate principal amount of the Infrastructure Bonds to an amount not to exceed four million dollars (\$4,000,000) and expanded the uses of the proceeds to include the acquisition of property, construction and equipping a new town hall. On October 27, 2008, the Authority passed resolution 2008-1 which expanded the uses of the proceeds of the bonds even further. The expansion included acquisition of real property, renovation, construction and extension of: pedestrian and bicycle trails, streetscape and gateway, park facilities and the "Trialway/ Park Projects." There is a lease agreement between the Authority and the Commission. The lease is for \$14,774,000 to be repaid over 16 years.

TOWN OF WEST BADEN SPRINGS  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

The bond proceeds were deposited into the Authority bank accounts and were disbursed for expenses of the town hall construction. The rest of the bond proceeds were left in the Authority bank accounts. The balance in these accounts on December 31, 2011, was \$932,973.54.

The Town Council minutes of the Town of West Baden Springs (the "Town") indicate that the Town Council has entered into various contracts for the improvements mentioned above. The Town Council awarded bids, signed the construction contracts and approved the change orders. Funds from the French Lick Resort and Casino Fund were used to pay for the contracts instead of disbursing the funds from the Authority bank accounts. As of December 31, 2011, \$4,858,172.13 has been repaid to the Town.

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

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

TOWN OF WEST BADEN SPRINGS  
EXIT CONFERENCE

The contents of this report were discussed on September 17, 2012, with Cathy L. Carnes, Clerk-Treasurer, and Steve White, President of the Town Council.