

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

FINANCIAL STATEMENT EXAMINATION REPORT

OF

CITY OF WABASH

WABASH COUNTY, INDIANA

January 1, 2012 to December 31, 2012



**FILED**  
12/02/2013



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### SCHEDULE OF OFFICIALS

| <u>Office</u>                             | <u>Official</u>                  | <u>Term</u>                                  |
|---|----------------------------------|--|
| Clerk-Treasurer                           | Wendy D. Frazier                 | 01-01-12 to 12-31-15                         |
| Mayor                                     | Robert E. Vanlandingham          | 01-01-12 to 12-31-15                         |
| President of the Board of<br>Public Works | Robert E. Vanlandingham          | 01-01-12 to 12-31-15                         |
| President of the<br>Common Council        | Margaret Salb<br>Bryan W. Dillon | 01-01-12 to 12-31-12<br>01-01-13 to 12-31-13 |
| Superintendent of<br>Wastewater Utility   | John Wonderly                    | 01-01-12 to 12-31-13                         |



**STATE OF INDIANA**  
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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE CITY OF WABASH, WABASH COUNTY, INDIANA

We have examined the accompanying financial statement of the City of Wabash (City), for the year ended December 31, 2012. The financial statement is the responsibility of the City's management. Our responsibility is to express an opinion on the financial statement 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 statement on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the Indiana 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 effects on the financial statement of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the matter discussed in the preceding paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position and results of operations of the City for the year ended December 31, 2012.

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, 2012, on the basis of accounting described in Note 1.

INDEPENDENT ACCOUNTANT'S REPORT  
(Continued)

Our examination was conducted for the purpose of forming an opinion on the City's financial statement. The Combining Schedule of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, 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 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.

  
Paul D. Joyce, CPA  
State Examiner

November 12, 2013

## 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 WABASH  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For The Year Ended December 31, 2012

| Fund                                     | Cash and<br>Investments<br>01-01-12 | Receipts             | Disbursements        | Cash and<br>Investments<br>12-31-12 |
|--|-------------------------------------|----------------------|----------------------|-------------------------------------|
| General                                  | \$ 6,188,714                        | \$ 8,070,784         | \$ 6,794,652         | \$ 7,464,846                        |
| Motor Vehicle Highway                    | 1,427,437                           | 1,238,934            | 1,294,599            | 1,371,772                           |
| Local Road and Street                    | 77,425                              | 46,731               | 45,000               | 79,156                              |
| Aviation                                 | 307,329                             | 76,679               | 126,591              | 257,417                             |
| Park and Recreation - Nonreverting       | -                                   | 1,324                | 1,324                | -                                   |
| Ambulance                                | 839,257                             | 855,430              | 829,334              | 865,353                             |
| Criminal Justice Grant                   | 8,174                               | 7,182                | 8,650                | 6,706                               |
| Law Enforcement Continuing Education     | 12,139                              | 9,252                | 10,000               | 11,391                              |
| Clerk's Perpetuation                     | 3,563                               | 205                  | 500                  | 3,268                               |
| Park and Recreation                      | 583,739                             | 409,783              | 483,311              | 510,211                             |
| User Fees                                | 14,511                              | 1,815                | -                    | 16,326                              |
| Rainy Day                                | 905,057                             | 200,240              | 137,114              | 968,183                             |
| Levy Excess                              | -                                   | 109,175              | -                    | 109,175                             |
| Park and Recreation Nonreverting Capital | 24,348                              | -                    | 6,127                | 18,221                              |
| Redevelopment Commission                 | 27,125                              | -                    | 2,291                | 24,834                              |
| Economic Development Income Tax          | 428,567                             | 860,311              | 616,745              | 672,133                             |
| Cumulative Capital Improvement           | 206,380                             | 28,489               | 66,664               | 168,205                             |
| Self Insurance                           | 1,959,390                           | -                    | -                    | 1,959,390                           |
| Police Pension                           | 1,122,403                           | 472,497              | 739,659              | 855,241                             |
| Firefighter's Pension                    | 959,058                             | 704,649              | 994,677              | 669,030                             |
| Charley Creek Inn Bond                   | (25,750)                            | 25,750               | -                    | -                                   |
| Aviation Grant                           | 22,545                              | 115,910              | 119,886              | 18,569                              |
| Brownfield Grant                         | 738                                 | -                    | -                    | 738                                 |
| Mainstreet Project NE Business Park      | 1,142,000                           | 155,614              | 1,297,614            | -                                   |
| Manchester Avenue Grant                  | 17,000                              | -                    | 17,000               | -                                   |
| 2010 Construction Works                  | 1,073,756                           | 68,831               | 359,706              | 782,881                             |
| Cinergy Metronet TIF District            | -                                   | 19,587               | -                    | 19,587                              |
| EPA Grant                                | -                                   | 28,644               | 28,644               | -                                   |
| Ford Meter Box                           | -                                   | 24,137               | -                    | 24,137                              |
| Miami and Market Street (Charlie Creek)  | -                                   | 1,893                | -                    | 1,893                               |
| Cinergy Metronet Allocation              | -                                   | 27,172               | -                    | 27,172                              |
| Aviation Revolving                       | 56,115                              | 6,977                | 35,978               | 27,114                              |
| Street Debt Reserve                      | 233,000                             | -                    | -                    | 233,000                             |
| Civic Fund                               | 4,005                               | 2,700                | 1,907                | 4,798                               |
| Wastewater Operating                     | 1,306,271                           | 3,009,025            | 3,098,972            | 1,216,324                           |
| Wastewater Bond and Coupon               | 359,176                             | 760,199              | 717,310              | 402,065                             |
| Wastewater Debt Service Reserve          | 350,000                             | -                    | -                    | 350,000                             |
| Payroll                                  | 50,769                              | 4,583,841            | 4,634,610            | -                                   |
| Pension Payroll                          | -                                   | 1,185,515            | 1,185,515            | -                                   |
| Court Cost Due County                    | 1,911                               | 2,479                | 3,169                | 1,221                               |
| Park Donation                            | 4,367                               | 3,966                | 6,393                | 1,940                               |
| Operation Good Neighbor                  | 55                                  | 2,050                | 1,800                | 305                                 |
| Stormwater                               | 1,344,024                           | 626,879              | 273,191              | 1,697,712                           |
| City Court                               | 4,167                               | 95,878               | 96,521               | 3,524                               |
| <b>Totals</b>                            | <b>\$ 21,038,765</b>                | <b>\$ 23,840,527</b> | <b>\$ 24,035,454</b> | <b>\$ 20,843,838</b>                |

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

CITY OF WABASH  
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, wastewater, storm water, trash, aviation, and urban redevelopment and housing.

The accompanying financial statement presents the financial information for the City.

*B. Basis of Accounting*

The financial statement is reported on a regulatory basis of accounting prescribed by the Indiana 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. The basis of accounting involves the reporting of only cash and investments and the changes therein resulting from cash inflows (receipts) and cash outflows (disbursements) reported in the period in which they occurred.

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 statement. 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 City.

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.

CITY OF WABASH  
NOTES TO FINANCIAL STATEMENT  
(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).

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 statement. 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 City. It includes all expenditures for the reduction of the principal and interest of the City'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.

CITY OF WABASH  
NOTES TO FINANCIAL STATEMENT  
(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 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.

**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 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.

CITY OF WABASH  
NOTES TO FINANCIAL STATEMENT  
(Continued)

State statutes authorize 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 statement. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks.

**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 Indiana Public Retirement System (INPRS) 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.

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.

CITY OF WABASH  
NOTES TO FINANCIAL STATEMENT  
(Continued)

*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 Indiana Public Retirement System as provided under Indiana Code 5-10.3-11.

*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 Indiana Public Retirement System as provided under Indiana Code 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 Retirement System (INPRS) for all police officers and firefighters hired after April 30, 1977.

CITY OF WABASH  
NOTES TO FINANCIAL STATEMENT  
(Continued)

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.

INPRS 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*

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

## SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the City's 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 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 approved by management of the City. It is presented as intended by the City.

CITY OF WABASH  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2012

|  | General             | Motor<br>Vehicle<br>Highway | Local<br>Road<br>and<br>Street | Aviation          | Park<br>and<br>Recreation -<br>Nonreverting | Ambulance         | Criminal<br>Justice<br>Grant |
|--|---------------------|-----------------------------|--------------------------------|-------------------|---|-------------------|------------------------------|
| Cash and investments - beginning                   | \$ 6,188,714        | \$ 1,427,437                | \$ 77,425                      | \$ 307,329        | \$ -  | \$ 839,257        | \$ 8,174                     |
| Receipts:  |                     |                             |                                |                   |   |                   |                              |
| Taxes  | 4,257,414           | 873,386                     | -                              | 72,012            | -   | -                 | -                            |
| Licenses and permits                               | 124,977             | -                           | -                              | -                 | -   | -                 | -                            |
| Intergovernmental                                  | 3,635,149           | 345,729                     | 46,731                         | 4,667             | -   | -                 | 2,360                        |
| Charges for services                               | 20,864              | -                           | -                              | -                 | -   | 685,939           | -                            |
| Fines and forfeits                                 | 8,458               | -                           | -                              | -                 | -   | -                 | -                            |
| Other receipts                                     | 23,922              | 19,819                      | -                              | -                 | 1,324                                       | 169,491           | 4,822                        |
| Total receipts                                     | <u>8,070,784</u>    | <u>1,238,934</u>            | <u>46,731</u>                  | <u>76,679</u>     | <u>1,324</u>                                | <u>855,430</u>    | <u>7,182</u>                 |
| Disbursements:                                     |                     |                             |                                |                   |   |                   |                              |
| Personal services                                  | 4,573,292           | 637,228                     | -                              | 100,000           | -   | 465,586           | -                            |
| Supplies   | 228,776             | 224,800                     | -                              | 6,000             | -   | 87,034            | -                            |
| Other services and charges                         | 1,333,207           | 299,617                     | -                              | 18,164            | 1,324                                       | 57,513            | -                            |
| Debt service - principal and interest              | 26,266              | -                           | -                              | -                 | -   | 129,259           | -                            |
| Capital outlay                                     | 282,470             | 132,954                     | 45,000                         | 2,000             | -   | 89,942            | 8,650                        |
| Other disbursements                                | 350,641             | -                           | -                              | 427               | -   | -                 | -                            |
| Total disbursements                                | <u>6,794,652</u>    | <u>1,294,599</u>            | <u>45,000</u>                  | <u>126,591</u>    | <u>1,324</u>                                | <u>829,334</u>    | <u>8,650</u>                 |
| Excess (deficiency) of receipts over disbursements | <u>1,276,132</u>    | <u>(55,665)</u>             | <u>1,731</u>                   | <u>(49,912)</u>   | <u>-</u>                                    | <u>26,096</u>     | <u>(1,468)</u>               |
| Cash and investments - ending                      | <u>\$ 7,464,846</u> | <u>\$ 1,371,772</u>         | <u>\$ 79,156</u>               | <u>\$ 257,417</u> | <u>\$ -</u>                                 | <u>\$ 865,353</u> | <u>\$ 6,706</u>              |

CITY OF WABASH  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2012  
 (Continued)

|  | Law<br>Enforcement<br>Continuing<br>Education | Clerk's<br>Perpetuation | Park<br>and<br>Recreation | User<br>Fees | Rainy<br>Day | Levy<br>Excess | Park<br>and<br>Recreation<br>Nonreverting<br>Capital |
|--|---|-------------------------|---------------------------|--------------|--------------|----------------|--|
| Cash and investments - beginning                   | \$ 12,139                                     | \$ 3,563                | \$ 583,739                | \$ 14,511    | \$ 905,057   | \$ -           | \$ 24,348  |
| Receipts:  |   |                         |                           |              |              |                |  |
| Taxes  | -   | -                       | 354,325                   | -            | -            | -              | -  |
| Licenses and permits                               | 4,500   | -                       | -                         | -            | -            | -              | -  |
| Intergovernmental                                  | -   | -                       | 22,963                    | -            | -            | -              | -  |
| Charges for services                               | -   | 205                     | 31,885                    | -            | -            | -              | -  |
| Fines and forfeits                                 | -   | -                       | -                         | -            | -            | -              | -  |
| Other receipts                                     | 4,752   | -                       | 610                       | 1,815        | 200,240      | 109,175        | -  |
| Total receipts                                     | 9,252   | 205                     | 409,783                   | 1,815        | 200,240      | 109,175        | -  |
| Disbursements:                                     |   |                         |                           |              |              |                |  |
| Personal services                                  | -   | -                       | 275,155                   | -            | -            | -              | -  |
| Supplies   | -   | -                       | 85,921                    | -            | -            | -              | -  |
| Other services and charges                         | -   | 500                     | 61,249                    | -            | 137,114      | -              | 6,127  |
| Debt service - principal and interest              | -   | -                       | -                         | -            | -            | -              | -  |
| Capital outlay                                     | 10,000  | -                       | 60,986                    | -            | -            | -              | -  |
| Other disbursements                                | -   | -                       | -                         | -            | -            | -              | -  |
| Total disbursements                                | 10,000  | 500                     | 483,311                   | -            | 137,114      | -              | 6,127  |
| Excess (deficiency) of receipts over disbursements | (748)   | (295)                   | (73,528)                  | 1,815        | 63,126       | 109,175        | (6,127)  |
| Cash and investments - ending                      | \$ 11,391                                     | \$ 3,268                | \$ 510,211                | \$ 16,326    | \$ 968,183   | \$ 109,175     | \$ 18,221  |

CITY OF WABASH  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2012  
 (Continued)

|  | Redevelopment<br>Commission | Economic<br>Development<br>Income<br>Tax | Cumulative<br>Capital<br>Improvement | Self<br>Insurance   | Police<br>Pension | Firefighter's<br>Pension | Charley<br>Creek<br>Inn<br>Bond |
|--|-----------------------------|--|--------------------------------------|---------------------|-------------------|--------------------------|---------------------------------|
| Cash and investments - beginning                   | \$ 27,125                   | \$ 428,567                               | \$ 206,380                           | \$ 1,959,390        | \$ 1,122,403      | \$ 959,058               | \$ (25,750)                     |
| Receipts:  |                             |  |                                      |                     |                   |                          |                                 |
| Taxes  | -                           | -  | -                                    | -                   | -                 | -                        | -                               |
| Licenses and permits                               | -                           | -  | -                                    | -                   | -                 | -                        | -                               |
| Intergovernmental                                  | -                           | 582,651                                  | 28,289                               | -                   | -                 | -                        | -                               |
| Charges for services                               | -                           | -  | 200                                  | -                   | -                 | -                        | -                               |
| Fines and forfeits                                 | -                           | -  | -                                    | -                   | -                 | -                        | -                               |
| Other receipts                                     | -                           | 277,660                                  | -                                    | -                   | 472,497           | 704,649                  | 25,750                          |
| Total receipts                                     | -                           | 860,311                                  | 28,489                               | -                   | 472,497           | 704,649                  | 25,750                          |
| Disbursements:                                     |                             |  |                                      |                     |                   |                          |                                 |
| Personal services                                  | -                           | -  | -                                    | -                   | 739,292           | 994,677                  | -                               |
| Supplies   | -                           | -  | -                                    | -                   | -                 | -                        | -                               |
| Other services and charges                         | 2,291                       | 60,000                                   | -                                    | -                   | 367               | -                        | -                               |
| Debt service - principal and interest              | -                           | 276,907                                  | -                                    | -                   | -                 | -                        | -                               |
| Capital outlay                                     | -                           | 279,838                                  | 66,664                               | -                   | -                 | -                        | -                               |
| Other disbursements                                | -                           | -  | -                                    | -                   | -                 | -                        | -                               |
| Total disbursements                                | 2,291                       | 616,745                                  | 66,664                               | -                   | 739,659           | 994,677                  | -                               |
| Excess (deficiency) of receipts over disbursements | (2,291)                     | 243,566                                  | (38,175)                             | -                   | (267,162)         | (290,028)                | 25,750                          |
| Cash and investments - ending                      | <u>\$ 24,834</u>            | <u>\$ 672,133</u>                        | <u>\$ 168,205</u>                    | <u>\$ 1,959,390</u> | <u>\$ 855,241</u> | <u>\$ 669,030</u>        | <u>\$ -</u>                     |

CITY OF WABASH  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2012  
 (Continued)

|   | Aviation<br>Grant | Brownfield<br>Grant | Mainstreet<br>Project<br>NE<br>Business<br>Park | Manchester<br>Avenue<br>Grant | 2010<br>Construction<br>Works | Cinergy<br>Metronet<br>TIF District |
|---|-------------------|---------------------|---|-------------------------------|-------------------------------|-------------------------------------|
| Cash and investments - beginning                      | \$ 22,545         | \$ 738              | \$ 1,142,000                                    | \$ 17,000                     | \$ 1,073,756                  | \$ -                                |
| Receipts:   |                   |                     |   |                               |                               |                                     |
| Taxes   | -                 | -                   | -   | -                             | -                             | -                                   |
| Licenses and permits                                  | -                 | -                   | -   | -                             | -                             | -                                   |
| Intergovernmental                                     | 74,630            | -                   | -   | -                             | -                             | -                                   |
| Charges for services                                  | -                 | -                   | -   | -                             | -                             | -                                   |
| Fines and forfeits                                    | -                 | -                   | -   | -                             | -                             | -                                   |
| Other receipts  | 41,280            | -                   | 155,614   | -                             | 68,831                        | 19,587                              |
| Total receipts  | 115,910           | -                   | 155,614   | -                             | 68,831                        | 19,587                              |
| Disbursements:  |                   |                     |   |                               |                               |                                     |
| Personal services                                     | -                 | -                   | -   | -                             | -                             | -                                   |
| Supplies  | -                 | -                   | -   | -                             | -                             | -                                   |
| Other services and charges                            | -                 | -                   | -   | -                             | -                             | -                                   |
| Debt service - principal and interest                 | -                 | -                   | -   | -                             | -                             | -                                   |
| Capital outlay  | 119,886           | -                   | 1,019,954                                       | -                             | 359,706                       | -                                   |
| Other disbursements                                   | -                 | -                   | 277,660   | 17,000                        | -                             | -                                   |
| Total disbursements                                   | 119,886           | -                   | 1,297,614                                       | 17,000                        | 359,706                       | -                                   |
| Excess (deficiency) of receipts over<br>disbursements | (3,976)           | -                   | (1,142,000)                                     | (17,000)                      | (290,875)                     | 19,587                              |
| Cash and investments - ending                         | \$ 18,569         | \$ 738              | \$ -  | \$ -                          | \$ 782,881                    | \$ 19,587                           |

CITY OF WABASH  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2012  
 (Continued)

|  | EPA<br>Grant | Ford<br>Meter<br>Box | Miami and<br>Market Street<br>(Charlie Creek) | Cinergy<br>Metronet<br>Allocation | Aviation<br>Revolving | Street<br>Debt<br>Reserve |
|--|--------------|----------------------|---|-----------------------------------|-----------------------|---------------------------|
| Cash and investments - beginning                   | \$ -         | \$ -                 | \$ -  | \$ -                              | \$ 56,115             | \$ 233,000                |
| Receipts:  |              |                      |   |                                   |                       |                           |
| Taxes  | -            | -                    | -   | -                                 | -                     | -                         |
| Licenses and permits                               | -            | -                    | -   | -                                 | -                     | -                         |
| Intergovernmental                                  | -            | -                    | -   | -                                 | -                     | -                         |
| Charges for services                               | -            | -                    | -   | -                                 | -                     | -                         |
| Fines and forfeits                                 | -            | -                    | -   | -                                 | -                     | -                         |
| Other receipts                                     | 28,644       | 24,137               | 1,893   | 27,172                            | 6,977                 | -                         |
| Total receipts                                     | 28,644       | 24,137               | 1,893   | 27,172                            | 6,977                 | -                         |
| Disbursements:                                     |              |                      |   |                                   |                       |                           |
| Personal services                                  | -            | -                    | -   | -                                 | -                     | -                         |
| Supplies   | -            | -                    | -   | -                                 | -                     | -                         |
| Other services and charges                         | -            | -                    | -   | -                                 | 1,286                 | -                         |
| Debt service - principal and interest              | -            | -                    | -   | -                                 | -                     | -                         |
| Capital outlay                                     | 28,644       | -                    | -   | -                                 | 6,500                 | -                         |
| Other disbursements                                | -            | -                    | -   | -                                 | 28,192                | -                         |
| Total disbursements                                | 28,644       | -                    | -   | -                                 | 35,978                | -                         |
| Excess (deficiency) of receipts over disbursements | -            | 24,137               | 1,893   | 27,172                            | (29,001)              | -                         |
| Cash and investments - ending                      | \$ -         | \$ 24,137            | \$ 1,893                                      | \$ 27,172                         | \$ 27,114             | \$ 233,000                |

CITY OF WABASH  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2012  
 (Continued)

|  | Civic<br>Fund   | Wastewater<br>Operating | Wastewater<br>Bond<br>and<br>Coupon | Wastewater<br>Debt<br>Service<br>Reserve | Payroll          | Pension<br>Payroll |
|--|-----------------|-------------------------|-------------------------------------|--|------------------|--------------------|
| Cash and investments - beginning                   | \$ 4,005        | \$ 1,306,271            | \$ 359,176                          | \$ 350,000                               | \$ 50,769        | \$ -               |
| Receipts:  |                 |                         |                                     |  |                  |                    |
| Taxes  | -               | -                       | -                                   | -  | -                | -                  |
| Licenses and permits                               | -               | -                       | -                                   | -  | -                | -                  |
| Intergovernmental                                  | -               | -                       | -                                   | -  | -                | -                  |
| Charges for services                               | -               | 2,840,617               | -                                   | -  | -                | -                  |
| Fines and forfeits                                 | -               | -                       | -                                   | -  | -                | -                  |
| Other receipts                                     | 2,700           | 168,408                 | 760,199                             | -  | 4,583,841        | 1,185,515          |
| Total receipts                                     | <u>2,700</u>    | <u>3,009,025</u>        | <u>760,199</u>                      | <u>-</u>                                 | <u>4,583,841</u> | <u>1,185,515</u>   |
| Disbursements:                                     |                 |                         |                                     |  |                  |                    |
| Personal services                                  | -               | 502,594                 | -                                   | -  | -                | -                  |
| Supplies   | -               | 523,623                 | -                                   | -  | -                | -                  |
| Other services and charges                         | 1,907           | 433,050                 | -                                   | -  | -                | -                  |
| Debt service - principal and interest              | -               | -                       | 717,310                             | -  | -                | -                  |
| Capital outlay                                     | -               | 250,000                 | -                                   | -  | -                | -                  |
| Other disbursements                                | -               | 1,389,705               | -                                   | -  | 4,634,610        | 1,185,515          |
| Total disbursements                                | <u>1,907</u>    | <u>3,098,972</u>        | <u>717,310</u>                      | <u>-</u>                                 | <u>4,634,610</u> | <u>1,185,515</u>   |
| Excess (deficiency) of receipts over disbursements | <u>793</u>      | <u>(89,947)</u>         | <u>42,889</u>                       | <u>-</u>                                 | <u>(50,769)</u>  | <u>-</u>           |
| Cash and investments - ending                      | <u>\$ 4,798</u> | <u>\$ 1,216,324</u>     | <u>\$ 402,065</u>                   | <u>\$ 350,000</u>                        | <u>\$ -</u>      | <u>\$ -</u>        |

CITY OF WABASH  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2012  
 (Continued)

|   | Court<br>Cost<br>Due<br>County | Park<br>Donation | Operation<br>Good<br>Neighbor | Stormwater   | City Court | Totals        |
|---|--------------------------------|------------------|-------------------------------|--------------|------------|---------------|
| Cash and investments - beginning                      | \$ 1,911                       | \$ 4,367         | \$ 55                         | \$ 1,344,024 | \$ 4,167   | \$ 21,038,765 |
| Receipts:   |                                |                  |                               |              |            |               |
| Taxes   | -                              | -                | -                             | -            | -          | 5,557,137     |
| Licenses and permits                                  | -                              | -                | -                             | -            | -          | 129,477       |
| Intergovernmental                                     | -                              | -                | -                             | 163,672      | -          | 4,906,841     |
| Charges for services                                  | -                              | -                | -                             | 463,207      | -          | 4,042,917     |
| Fines and forfeits                                    | -                              | -                | -                             | -            | -          | 8,458         |
| Other receipts  | 2,479                          | 3,966            | 2,050                         | -            | 95,878     | 9,195,697     |
| Total receipts  | 2,479                          | 3,966            | 2,050                         | 626,879      | 95,878     | 23,840,527    |
| Disbursements:  |                                |                  |                               |              |            |               |
| Personal services                                     | -                              | -                | -                             | -            | -          | 8,287,824     |
| Supplies  | -                              | 6,393            | -                             | -            | -          | 1,162,547     |
| Other services and charges                            | -                              | -                | -                             | 2,400        | -          | 2,416,116     |
| Debt service - principal and interest                 | -                              | -                | -                             | -            | -          | 1,149,742     |
| Capital outlay  | -                              | -                | -                             | 270,791      | -          | 3,033,985     |
| Other disbursements                                   | 3,169                          | -                | 1,800                         | -            | 96,521     | 7,985,240     |
| Total disbursements                                   | 3,169                          | 6,393            | 1,800                         | 273,191      | 96,521     | 24,035,454    |
| Excess (deficiency) of receipts over<br>disbursements | (690)                          | (2,427)          | 250                           | 353,688      | (643)      | (194,927)     |
| Cash and investments - ending                         | \$ 1,221                       | \$ 1,940         | \$ 305                        | \$ 1,697,712 | \$ 3,524   | \$ 20,843,838 |

CITY OF WABASH  
SCHEDULE OF LEASES AND DEBT  
December 31, 2012

| Lessor                         | Purpose               | Annual<br>Lease<br>Payment | Lease<br>Beginning<br>Date | Lease<br>Ending<br>Date |
|--------------------------------|-----------------------|----------------------------|----------------------------|-------------------------|
| Governmental activities:       |                       |                            |                            |                         |
| Crossroads Bank                | Lease of rescue truck | \$ 129,259                 | 01-03-12                   | 08-01-14                |
| Ford Motor Company             | Lease of police cars  | <u>26,266</u>              | 04-01-11                   | 01-15-13                |
| Total of annual lease payments |                       | <u>\$ 155,525</u>          |                            |                         |

| Type                                     | Description of Debt                                  | Purpose | Ending<br>Principal<br>Balance | Principal and<br>Interest Due<br>Within One<br>Year |
|--|--|---------|--------------------------------|---|
| Governmental activities:                 |  |         |                                |   |
| Revenue bonds - Redevelopment Commission | Economic Development (Ford Meter Box) - 2009A        |         | \$ 998,165                     | \$ 55,086   |
| Taxable bonds - Redevelopment Commission | Economic Development (Cinergy MetroNet) - 2010A      |         | 1,718,545                      | 199,723   |
| Taxable bonds - Redevelopment Commission | Economic Development (Innovation Ventures) - 2011    |         | 3,872,211                      | 370,975   |
| Taxable bonds - Redevelopment Commission | Economic Development (Charley Creek Inn) - 2011      |         | 282,662                        | 28,082  |
| Taxable bonds - Redevelopment Commission | Economic Development (Mainstreet Wabash LLC) - 2011A |         | 13,700,000                     | -   |
| Taxable bonds - Redevelopment Commission | Economic Development (Mainstreet Wabash LLC) - 2011B |         | 1,500,000                      | -   |
| Bond Anticipation Notes                  | 2012   |         | 1,010,882                      | 24,720  |
| General obligation bonds                 | Street Bond - CEDIT                                  |         | 850,000                        | 240,290   |
| Revenue bonds                            | Sewage Works - 2009                                  |         | 965,000                        | 661,980   |
| Revenue bonds                            | Sewage Works - 2010                                  |         | 1,765,000                      | 51,250  |
| Notes and loans payable                  | Brownfield Properties                                |         | <u>108,562</u>                 | <u>62,212</u>                                       |
| Totals                                   |  |         | <u>\$ 26,771,027</u>           | <u>\$ 1,694,318</u>                                 |

CITY OF WABASH  
 SCHEDULE OF CAPITAL ASSETS  
 December 31, 2012

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<br>Balance |
|------------------------------------|-------------------|
| Governmental activities:           |                   |
| Land                               | \$ 3,558,606      |
| Infrastructure                     | 4,047,231         |
| Buildings                          | 5,967,196         |
| Improvements other than buildings  | 6,992,681         |
| Machinery, equipment, and vehicles | 6,095,990         |
| Total governmental activities      | 26,661,704        |
| Wastewater Utility:                |                   |
| Land                               | 134,606           |
| Infrastructure                     | 1,532,736         |
| Buildings                          | 9,769,988         |
| Improvements other than buildings  | 4,620,280         |
| Machinery, equipment, and vehicles | 1,994,058         |
| Total Wastewater Utility           | 18,051,668        |
| Total capital assets               | \$ 44,713,372     |

CITY OF WABASH  
OTHER REPORT

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

City Court

CITY OF WABASH  
EXAMINATION RESULTS AND COMMENTS

***INTERNAL CONTROLS OVER AVIATION FUEL INVENTORY***

Controls over aviation fuel inventory were insufficient. Beginning balances, purchases, and sales of fuel were not monitored to determine if the inventory balance on hand was accurate. A similar comment appeared in prior Report B40964.

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

***CONDITION OF RECORDS***

Adjusting entries were posted to receipts and disbursements to balance the Payroll Fund during 2012. A transfer of \$43,260 from the Rainy Day Fund to the Payroll Fund was posted on December 26, 2012, to eliminate the Payroll Fund deficit balance at year end. Some of the payroll related deficiencies include:

1. Posting errors for Police Pension, Fire Pension, and PERF withholdings and related employer share amounts.
2. Checks and receipts not recorded in the proper accounts.
3. Transactions recorded as "negative" receipts and disbursements.

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)

CITY OF WABASH  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

**APPROPRIATIONS**

The records presented for examination indicated the following expenditures in excess of budgeted appropriations:

| Fund                  | Year | Excess<br>Amount<br>Expended |
|-----------------------|------|------------------------------|
| Police Pension        | 2012 | \$ 156,059                   |
| Firefighter's Pension | 2012 | 225,077                      |
| Rainy Day             | 2012 | 137,114                      |

A similar comment appeared in prior Report B40964.

Indiana Code 6-1.1-18-4 states in part: ". . . the proper officers of a political subdivision shall appropriate funds in such a manner that the expenditures for a year do not exceed its budget for that year as finally determined under this article."

**BANK ACCOUNT RECONCILIATIONS**

Depository reconciliations of the fund balances to the bank account balances were conducted; however, the reconciliation did not reconcile to the fund report at December 31, 2012. Reconciliation variances appeared to be due to posting errors for Police Pension, Fire Pension, and PERF withholdings and related employer share amounts.

Indiana Code 5-13-6-1(e) states: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

CITY OF WABASH  
EXIT CONFERENCE

The contents of this report were discussed on November 12, 2013, with Wendy D. Frazier, Clerk-Treasurer; Robert E. Vanlandingham, Mayor; and Bryan W. Dillon, President of the Common Council. The Official Response has been made a part of this report and may be found on page 27.



# City of Wabash

WENDY FRAZIER  
CLERK-TREASURER

CITY HALL  
202 S. WABASH ST  
WABASH, IN 46992

(260) 563-4171  
FAX: (260) 563-0876  
wfrazier@cityofwabash.com

November 12, 2013

Gary DeWitt  
11768 N. Roanoke Rd.  
Roanoke, IN 46783

Dear Mr. DeWitt:

I am giving written explanation to the comments brought to the attention of the City of Wabash in a recent Exit conference.

In regard to the comment about Condition of Records and the Bank Account Reconciliations, the reason this happened is because PERF (now INPRS) changed their procedure from filing and paying quarterly by check to electronic filing. The INPRS website to pay was not up and running in order to file until March of 2013 causing there to be no INPRS taken out of the bank for October, November or December of 2012. An error by a new payroll clerk taking the Employee share and the Employer share of INPRS out of the wrong appropriated accounts also contributed to the negative balance in Payroll. A transfer from Rainy Day fund was necessary in order to be able to run the annual report as it would not generate with a negative balance. Once the INPRS site was up and running and the payments were finally coming out of the bank and the bank and software system caught up with each other the mistake was discovered and corrected. All entries have been made to correct this and the rainy day has been reimbursed.

In regard to the comment about the Police and Fire Pension funds as of January 2013 both funds will be paid out of the General Fund as appropriated.

Sincerely,

Wendy Frazier  
Clerk Treasurer  
City of Wabash