

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

FINANCIAL STATEMENT EXAMINATION REPORT

OF

TOWN OF WEST TERRE HAUTE

VIGO COUNTY, INDIANA

January 1, 2011 to December 31, 2012



FILED
04/17/2014

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Independent Accountant's Report.....	3
Financial Statement:	
Statement of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis.....	7
Notes to Financial Statement.....	8-12
Supplementary Information - Unaudited:	
Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis	14-21
Schedule of Payables and Receivables	22
Schedule of Leases and Debt	23
Schedule of Capital Assets.....	25
Examination Results and Comments:	
Internal Controls Over Financial Transactions and Reporting	26
Delinquent Wastewater Accounts.....	26
Overdrawn Cash Balances.....	27
Penalties, Interest, and Other Charges	27
Condition of Records	27
Advance Payments.....	28
Annual Report.....	28
Fees.....	28
Exit Conference.....	29

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Melody Buchanan James R. Mann	01-01-08 to 12-31-11 01-01-12 to 12-31-15
President of the Town Council	Scott McClain	01-01-11 to 12-31-13
Superintendent of Water Utility	Jeff Sell Charles Stranahan	01-01-11 to 02-22-12 02-23-12 to 12-31-13
Superintendent of Wastewater Utility	KLC Wastewater Management City of Terre Haute	01-01-11 to 09-01-12 09-02-12 to 12-31-13



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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

INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF WEST TERRE HAUTE, VIGO COUNTY, INDIANA

We have examined the accompanying financial statement of the Town of West Terre Haute (Town), for the period of January 1, 2011 to December 31, 2012. The financial statement is the responsibility of the Town'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 Town 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. The basis noted above is a different basis than that used in the prior period.

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 Town for the period of January 1, 2011 to 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 Town for the period of January 1, 2011 to December 31, 2012, 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 statement. 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 statement. They have not been subjected to the examination procedures applied to the financial statement and, accordingly, we express no opinion on them.

Paul D. Joyce
Paul D. Joyce, CPA
State Examiner

October 21, 2013

(This page intentionally left blank.)

FINANCIAL STATEMENT

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

φ

(This page intentionally left blank.)

TOWN OF WEST TERRE HAUTE
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For The Years Ended December 31, 2011 And 2012

Fund	Cash and Investments 01-01-11	Receipts	Disbursements	Cash and Investments 12-31-11	Receipts	Disbursements	Cash and Investments 12-31-12
General	\$ 31,025	\$ 725,746	\$ 797,961	\$ (41,190)	\$ 622,636	\$ 529,403	\$ 52,043
Motor Vehicle Highway	20,349	80,571	37,402	63,518	79,321	57,754	85,085
Local Road And Street	25,013	18,447	600	42,860	18,717	25,612	35,965
Law Enforcement Continuing Ed	7,516	25,300	7,346	25,470	35,289	10,178	50,581
Cumulative Capl Imprv Cigarette Tax	42,723	9,262	-	51,985	10,327	19,313	42,999
LEVEE CERTIFICATION PROJECT	-	-	-	-	252,655	252,655	-
Cedit Capital Projects	200,948	59,873	180,541	80,280	78,895	16,886	142,289
Tif	7,826	3,485	-	11,311	1,702	-	13,013
Levee Certification Grant	-	165,051	150,651	14,400	-	-	14,400
Donations	-	342	100	242	223	10	455
Payroll Clearing	499	602,531	602,042	988	511	981	518
FEDERAL WITHHOLDING	-	-	-	-	100,201	95,950	4,251
FICA/MEDICARE	-	-	-	-	16,901	16,901	-
STATE WITHHOLDING	-	-	-	-	24,588	23,283	1,305
PERF - EMPLOYEE	-	-	-	-	16,590	16,590	-
GROUP HEALTH INS	-	-	-	-	7,209	6,809	400
GARNISHMENT	-	-	-	-	8,151	6,737	1,414
REIMBURSEMENT	-	-	-	-	1,987	1,937	50
LOCAL WITHHOLDING TAX	-	-	-	-	8,094	8,094	-
PERF - TOWN SHARE DUE	-	-	-	-	39,886	39,886	-
Operation Pull-Over	1,339	1,182	-	2,521	6,929	3,198	6,252
Storm Water Utility-Operating	73,233	47,524	47,515	73,242	148,516	83,211	138,547
Storm Water Util-Bond And Interest	18,000	-	-	18,000	-	-	18,000
Storm Water Utility-Construction	61,836	29,900	82,362	9,374	-	2,040	7,334
Stormwater Debt Service	5,580	-	-	5,580	-	-	5,580
Wastewater Utility-Operating	54,972	819,745	876,740	(2,023)	648,987	564,321	82,643
Wastewater Util-Bond And Interest	215,040	-	113,550	101,490	113,550	113,550	101,490
Water Utility-Operating	120,194	1,916,146	1,731,388	304,952	1,200,614	1,214,469	291,097
Water Utility-Bond And Interest	(9,990)	-	-	(9,990)	94,240	16,650	67,600
Water Utility-Depreciation/Improve	12,113	-	-	12,113	-	-	12,113
Water Utility-Customer Deposit	76,265	-	-	76,265	6,755	2,443	80,577
Totals	\$ 964,481	\$ 4,505,105	\$ 4,628,198	\$ 841,388	\$ 3,543,474	\$ 3,128,861	\$ 1,256,001

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

TOWN OF WEST TERRE HAUTE
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

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. 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 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 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,

TOWN OF WEST TERRE HAUTE
NOTES TO FINANCIAL STATEMENT
(Continued)

local road and street distribution received from the state, financial institution tax received from the state, auto excise surtax received from the state, commercial vehicle excise tax received from the state, major moves distributions received from the state, and riverboat receipts received from the county.

Charges for services which can include, but are not limited to the following: planning commission charges, building department charges, copies of public records, copy machine charges, accident report copies, gun permit applications, 911 telephone services, recycling fees, dog pound fees, emergency medical service fees, park rental fees, swimming pool receipts, cable tv receipts, ordinance violations, fines and fees, bond forfeitures, court costs, and court receipts.

Fines and forfeits which include receipts derived from fines and penalties imposed for the commission of statutory offenses, violation of lawful administrative rules and regulations (fines), and for the neglect of official duty and monies derived from confiscating deposits held as performance guarantees (forfeitures).

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

Other receipts which include amounts received from various sources which can include, but are not limited to the following: net proceeds from borrowings; interfund loan activity; transfers authorized by statute, ordinance, resolution, or court order; internal service receipts; and fiduciary receipts.

E. Disbursements

Disbursements are presented in the aggregate on the face of the financial 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 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.

TOWN OF WEST TERRE HAUTE
NOTES TO FINANCIAL STATEMENT
(Continued)

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

Other disbursements which include, but are not limited to the following: interfund loan payments, loans made to other funds, internal service disbursements, and transfers out that are authorized by statute, ordinance, resolution, or court order.

F. Interfund Transfers

The Town may, from time to time, transfer money from one fund to another. These transfers, if any, are included as a part of the receipts and disbursements of the affected funds and as a part of total receipts and disbursements. The transfers are used for cash flow purposes as provided by various statutory provisions.

G. Fund Accounting

Separate funds are established, maintained, and reported by the Town. Each fund is used to account for money received from and used for specific sources and uses as determined by various regulations. Restrictions on some funds are set by statute while other funds are internally restricted by the Town. The money accounted for in a specific fund may only be available for use for certain, legally restricted purposes. Additionally, some funds are used to account for assets held by the Town in a trustee capacity as an agent of individuals, private organizations, other funds, or other governmental units and therefore the funds cannot be used for any expenditures of the unit itself.

Note 2. Budgets

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

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.

TOWN OF WEST TERRE HAUTE
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 4. Deposits and Investments

Deposits, made in accordance with state statute (IC 5-13), with financial institutions in the State of Indiana at year end should be entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

State statutes authorize the Town to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

Note 5. Risk Management

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

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

TOWN OF WEST TERRE HAUTE
NOTES TO FINANCIAL STATEMENT
(Continued)

Funding Policy and Annual Pension Cost

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

Note 7. Cash Balance Deficits

The financial statement contains some funds with deficits in cash at December 31, 2011. This is a result of expenditures in excess of revenue.

SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the Town's Annual Reports for years prior to 2011 can be found on the Indiana Transparency Portal website: www.in.gov/itp/annual_reports/.

For additional financial information, the Town's Annual Report information for years 2011 and later 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 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 TERRE HAUTE
 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	OPERATION PULL-OVER	Law Enforcement Continuing Ed	CEDIT - COUNTY EC DEVELOPMENT	Cumulative Capl Imprv Cigarette Tax	LEVEE CERTIFICATION PROJECT	Cedit Capital Projects
Cash and investments - beginning	\$ 31,025	\$ 20,349	\$ 25,013	\$ -	\$ 7,516	\$ -	\$ 42,723	\$ -	\$ 200,948
Receipts:									
Taxes	396,301	21,378	-	-	-	-	-	-	-
Licenses and permits	13,082	-	-	-	808	-	-	-	-
Intergovernmental	156,294	59,193	18,447	-	-	-	9,262	-	59,873
Charges for services	-	-	-	-	1,007	-	-	-	-
Fines and forfeits	-	-	-	-	17,528	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-	-
Other receipts	160,069	-	-	-	5,957	-	-	-	-
Total receipts	<u>725,746</u>	<u>80,571</u>	<u>18,447</u>	<u>-</u>	<u>25,300</u>	<u>-</u>	<u>9,262</u>	<u>-</u>	<u>59,873</u>
Disbursements:									
Personal services	552,012	12,739	-	-	-	-	-	-	109,765
Supplies	96,688	17,054	-	-	1,972	-	-	-	-
Other services and charges	137,687	6,819	600	-	5,374	-	-	-	70,776
Capital outlay	1,896	790	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-	-	-
Other disbursements	9,678	-	-	-	-	-	-	-	-
Total disbursements	<u>797,961</u>	<u>37,402</u>	<u>600</u>	<u>-</u>	<u>7,346</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>180,541</u>
Excess (deficiency) of receipts over disbursements	<u>(72,215)</u>	<u>43,169</u>	<u>17,847</u>	<u>-</u>	<u>17,954</u>	<u>-</u>	<u>9,262</u>	<u>-</u>	<u>(120,668)</u>
Cash and investments - ending	<u>\$ (41,190)</u>	<u>\$ 63,518</u>	<u>\$ 42,860</u>	<u>\$ -</u>	<u>\$ 25,470</u>	<u>\$ -</u>	<u>\$ 51,985</u>	<u>\$ -</u>	<u>\$ 80,280</u>

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

	Tif	Levee Certification Grant	Donations	Payroll Clearing	ANIMAL CONTROL CARE	PAYROLL CLEARING	FEDERAL WITHHOLDING	FICA/MEDICARE	STATE WITHHOLDING
Cash and investments - beginning	\$ 7,826	\$ -	\$ -	\$ 499	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:									
Taxes	3,485	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-
Intergovernmental	-	165,051	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-	-
Other receipts	-	-	342	602,531	-	-	-	-	-
Total receipts	3,485	165,051	342	602,531	-	-	-	-	-
Disbursements:									
Personal services	-	-	-	602,042	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	-	-
Other services and charges	-	-	100	-	-	-	-	-	-
Capital outlay	-	150,651	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-	-	-
Total disbursements	-	150,651	100	602,042	-	-	-	-	-
Excess (deficiency) of receipts over disbursements	3,485	14,400	242	489	-	-	-	-	-
Cash and investments - ending	\$ 11,311	\$ 14,400	\$ 242	\$ 988	\$ -	\$ -	\$ -	\$ -	\$ -

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

	PERF - EMPLOYEE	GROUP HEALTH INS	GARNISHMENT	REIMBURSEMENT	LOCAL WITHHOLDING TAX	PERF - TOWN SHARE DUE	Operation Pull-Over	Storm Water Utility-Operating	Storm Water Util-Bond And Interest
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,339	\$ 73,233	\$ 18,000
Receipts:									
Taxes	-	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	1,182	-	-
Charges for services	-	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	47,422	-
Other receipts	-	-	-	-	-	-	-	102	-
Total receipts	-	-	-	-	-	-	1,182	47,524	-
Disbursements:									
Personal services	-	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-	47,515	-
Other disbursements	-	-	-	-	-	-	-	-	-
Total disbursements	-	-	-	-	-	-	-	47,515	-
Excess (deficiency) of receipts over disbursements	-	-	-	-	-	-	1,182	9	-
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,521	\$ 73,242	\$ 18,000

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

	Storm Water Utility-Construction	Stormwater Debt Service	Wastewater Utility-Operating	Wastewater Util-Bond And Interest	Water Utility-Operating	Water Utility-Bond And Interest	Water Utility-Depreciation/Improve	Water Utility-Customer Deposit	Totals
Cash and investments - beginning	\$ 61,836	\$ 5,580	\$ 54,972	\$ 215,040	\$ 120,194	\$ (9,990)	\$ 12,113	\$ 76,265	\$ 964,481
Receipts:									
Taxes	-	-	-	-	-	-	-	-	421,164
Licenses and permits	-	-	-	-	-	-	-	-	13,890
Intergovernmental	-	-	-	-	-	-	-	-	469,302
Charges for services	-	-	-	-	-	-	-	-	1,007
Fines and forfeits	-	-	-	-	-	-	-	-	17,528
Utility fees	-	-	819,741	-	1,280,946	-	-	-	2,148,109
Other receipts	29,900	-	4	-	635,200	-	-	-	1,434,105
Total receipts	29,900	-	819,745	-	1,916,146	-	-	-	4,505,105
Disbursements:									
Personal services	-	-	-	-	-	-	-	-	1,276,558
Supplies	-	-	-	-	-	-	-	-	115,714
Other services and charges	-	-	-	-	-	-	-	-	221,356
Capital outlay	82,362	-	-	-	-	-	-	-	235,699
Utility operating expenses	-	-	744,337	-	1,731,388	-	-	-	2,523,240
Other disbursements	-	-	132,403	113,550	-	-	-	-	255,631
Total disbursements	82,362	-	876,740	113,550	1,731,388	-	-	-	4,628,198
Excess (deficiency) of receipts over disbursements	(52,462)	-	(56,995)	(113,550)	184,758	-	-	-	(123,093)
Cash and investments - ending	\$ 9,374	\$ 5,580	\$ (2,023)	\$ 101,490	\$ 304,952	\$ (9,990)	\$ 12,113	\$ 76,265	\$ 841,388

TOWN OF WEST TERRE HAUTE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2012

	General	Motor Vehicle Highway	Local Road And Street	OPERATION PULL-OVER	Law Enforcement Continuing Ed	CEDIT - COUNTY EC DEVELOPMENT	Cumulative Capl Imprv Cigarette Tax	LEVEE CERTIFICATION PROJECT
Cash and investments - beginning	\$ (41,190)	\$ 63,518	\$ 42,860	\$ 2,521	\$ 25,470	\$ 80,280	\$ 51,985	\$ -
Receipts:								
Taxes	514,937	79,321	-	-	-	-	-	-
Licenses and permits	12,774	-	-	-	110	-	-	-
Intergovernmental	73,825	-	18,717	6,929	-	78,895	10,327	252,655
Utility fees	-	-	-	-	-	-	-	-
Other receipts	21,100	-	-	-	35,179	-	-	-
Total receipts	<u>622,636</u>	<u>79,321</u>	<u>18,717</u>	<u>6,929</u>	<u>35,289</u>	<u>78,895</u>	<u>10,327</u>	<u>252,655</u>
Disbursements:								
Personal services	364,579	51,657	-	-	-	-	-	-
Supplies	40,841	6,056	5,623	-	190	-	-	-
Other services and charges	122,571	-	19,989	-	-	12,943	-	-
Debt service - principal and interest	-	-	-	-	-	3,943	-	-
Capital outlay	1,168	-	-	-	-	-	19,313	252,655
Utility operating expenses	-	-	-	-	-	-	-	-
Other disbursements	244	41	-	3,198	9,988	-	-	-
Total disbursements	<u>529,403</u>	<u>57,754</u>	<u>25,612</u>	<u>3,198</u>	<u>10,178</u>	<u>16,886</u>	<u>19,313</u>	<u>252,655</u>
Excess (deficiency) of receipts over disbursements	<u>93,233</u>	<u>21,567</u>	<u>(6,895)</u>	<u>3,731</u>	<u>25,111</u>	<u>62,009</u>	<u>(8,986)</u>	<u>-</u>
Cash and investments - ending	<u>\$ 52,043</u>	<u>\$ 85,085</u>	<u>\$ 35,965</u>	<u>\$ 6,252</u>	<u>\$ 50,581</u>	<u>\$ 142,289</u>	<u>\$ 42,999</u>	<u>\$ -</u>

TOWN OF WEST TERRE HAUTE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2012
 (Continued)

	Tif	Levee Certification Grant	ANIMAL CONTROL CARE	PAYROLL CLEARING	FEDERAL WITHHOLDING	FICA/MEDICARE	STATE WITHHOLDING	PERF - EMPLOYEE
Cash and investments - beginning	\$ 11,311	\$ 14,400	\$ 242	\$ 988	\$ -	\$ -	\$ -	\$ -
Receipts:								
Taxes	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	1,702	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-
Other receipts	-	-	223	511	100,201	16,901	24,588	16,590
Total receipts	<u>1,702</u>	<u>-</u>	<u>223</u>	<u>511</u>	<u>100,201</u>	<u>16,901</u>	<u>24,588</u>	<u>16,590</u>
Disbursements:								
Personal services	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-	-
Other disbursements	-	-	10	981	95,950	16,901	23,283	16,590
Total disbursements	<u>-</u>	<u>-</u>	<u>10</u>	<u>981</u>	<u>95,950</u>	<u>16,901</u>	<u>23,283</u>	<u>16,590</u>
Excess (deficiency) of receipts over disbursements	<u>1,702</u>	<u>-</u>	<u>213</u>	<u>(470)</u>	<u>4,251</u>	<u>-</u>	<u>1,305</u>	<u>-</u>
Cash and investments - ending	<u>\$ 13,013</u>	<u>\$ 14,400</u>	<u>\$ 455</u>	<u>\$ 518</u>	<u>\$ 4,251</u>	<u>\$ -</u>	<u>\$ 1,305</u>	<u>\$ -</u>

TOWN OF WEST TERRE HAUTE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2012
 (Continued)

	GROUP HEALTH INS	GARNISHMENT	REIMBURSEMENT	LOCAL WITHHOLDING TAX	PERF - TOWN SHARE DUE	Storm Water Utility-Operating	Storm Water Utility-Construction	Storm Water Util-Bond And Interest
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 73,242	\$ 9,374	\$ 18,000
Receipts:								
Taxes	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	111,245	-	-
Other receipts	7,209	8,151	1,987	8,094	39,886	37,271	-	-
Total receipts	<u>7,209</u>	<u>8,151</u>	<u>1,987</u>	<u>8,094</u>	<u>39,886</u>	<u>148,516</u>	<u>-</u>	<u>-</u>
Disbursements:								
Personal services	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	2,040	-
Utility operating expenses	-	-	-	-	-	-	-	-
Other disbursements	6,809	6,737	1,937	8,094	39,886	83,211	-	-
Total disbursements	<u>6,809</u>	<u>6,737</u>	<u>1,937</u>	<u>8,094</u>	<u>39,886</u>	<u>83,211</u>	<u>2,040</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>400</u>	<u>1,414</u>	<u>50</u>	<u>-</u>	<u>-</u>	<u>65,305</u>	<u>(2,040)</u>	<u>-</u>
Cash and investments - ending	<u>\$ 400</u>	<u>\$ 1,414</u>	<u>\$ 50</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 138,547</u>	<u>\$ 7,334</u>	<u>\$ 18,000</u>

TOWN OF WEST TERRE HAUTE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2012
 (Continued)

	Stormwater Debt Service	Wastewater Utility-Operating	Wastewater Util-Bond And Interest	Water Utility-Operating	Water Utility-Customer Deposit	Water Utility-Bond And Interest	Water Utility-Depreciation/Improve	Totals
Cash and investments - beginning	\$ 5,580	\$ (2,023)	\$ 101,490	\$ 304,952	\$ 76,265	\$ (9,990)	\$ 12,113	\$ 841,388
Receipts:								
Taxes	-	-	-	-	-	-	-	594,258
Licenses and permits	-	-	-	-	-	-	-	12,884
Intergovernmental	-	-	-	-	-	-	-	443,050
Utility fees	-	-	-	1,194,774	-	-	-	1,306,019
Other receipts	-	648,987	113,550	5,840	6,755	94,240	-	1,187,263
Total receipts	-	648,987	113,550	1,200,614	6,755	94,240	-	3,543,474
Disbursements:								
Personal services	-	-	-	-	-	-	-	416,236
Supplies	-	-	-	-	-	-	-	52,710
Other services and charges	-	-	-	-	-	-	-	155,503
Debt service - principal and interest	-	-	-	-	-	-	-	3,943
Capital outlay	-	-	-	-	-	-	-	275,176
Utility operating expenses	-	497,771	-	418,587	-	-	-	916,358
Other disbursements	-	66,550	113,550	795,882	2,443	16,650	-	1,308,935
Total disbursements	-	564,321	113,550	1,214,469	2,443	16,650	-	3,128,861
Excess (deficiency) of receipts over disbursements	-	84,666	-	(13,855)	4,312	77,590	-	414,613
Cash and investments - ending	\$ 5,580	\$ 82,643	\$ 101,490	\$ 291,097	\$ 80,577	\$ 67,600	\$ 12,113	\$ 1,256,001

TOWN OF WEST TERRE HAUTE
 SCHEDULE OF PAYABLES AND RECEIVABLES
 December 31, 2012

Government or Enterprise	Accounts Payable	Accounts Receivable
Governmental activities	\$ 854,195	\$ 673,318
Storm Water	148,516	83,211
Wastewater	648,987	569,239
Water	<u>1,200,614</u>	<u>1,219,543</u>
Totals	<u>\$ 2,852,312</u>	<u>\$ 2,545,311</u>

TOWN OF WEST TERRE HAUTE
 SCHEDULE OF LEASES AND DEBT
 December 31, 2012

Description of Debt		Ending Principal Balance	Principal and Interest Due Within One Year
Type	Purpose		
Governmental activities:			
Revenue bonds	CEDIT Water Meter	\$ 144,420	\$ 15,000
Storm Water:			
Revenue bonds	Storm Water Sewer	671,000	28,856
Wastewater:			
Revenue bonds	Sewer Improvement Project	948,000	114,400
Water:			
Revenue bonds	liggett Water Extension	67,600	17,000
Totals		<u>\$ 1,831,020</u>	<u>\$ 175,256</u>

(This page intentionally left blank.)

TOWN OF WEST TERRE HAUTE
 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 Balance
Governmental activities:	
Land	\$ 23,800
Infrastructure	500,000
Buildings	30,000
Machinery, equipment, and vehicles	175,000
Total governmental activities	728,800
Storm Water:	
Land	500
Infrastructure	700,000
Buildings	500
Total Storm Water	701,000
Wastewater:	
Land	103,300
Infrastructure	1,843,390
Buildings	515,000
Machinery, equipment, and vehicles	75,400
Total Wastewater	2,537,090
Water:	
Land	85,000
Infrastructure	850,890
Buildings	405,000
Machinery, equipment, and vehicles	115,000
Total Water	1,455,890
Total capital assets	\$ 5,422,780

TOWN OF WEST TERRE HAUTE
EXAMINATION RESULTS AND COMMENTS

***INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING
(Applies to Town, Water, and Wastewater Utilities)***

Internal controls and the monitoring of internal controls for some financial activities were insufficient. The Town has not developed effective internal controls over the preparation of their Annual Report to detect material misstatements. In addition, the Town has not properly monitored the controls they have in place over payroll and utility fees. The failure to properly monitor these controls puts the Town at risk for employees and officials to not be compensated properly and for customers to not be charged the proper fees for new water or wastewater service.

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)

DELINQUENT WASTEWATER ACCOUNTS (Applies to Wastewater Utility)

As stated in prior Reports B30886, B34855, and B39279, delinquent Wastewater fees and penalties had not been recorded with the County Recorder, nor were they certified to the County Auditor, which would result in a lien against the property. In addition, an employee was delinquent on his Wastewater and Storm Water accounts at December 31, 2012, in the amount of \$1,815.93.

Indiana Code 36-9-23-33 states in part:

"(b) Except as provided in subsection (l), the officer charged with the collection of fees and penalties assessed under this chapter shall enforce their payment. As often as the officer determines is necessary in a calendar year, the officer shall prepare either of the following:

(1) A list of the delinquent fees and penalties that are enforceable under this section, which must include the following:

(A) The name or names of the owner or owners of each lot or parcel of real property on which fees are delinquent.

(B) A description of the premises, as shown by the records of the county auditor.

(C) The amount of the delinquent fees, together with the penalty.

(2) An individual instrument for each lot or parcel of real property on which the fees are delinquent.

(c) The officer shall record a copy of each list or each individual instrument with the county recorder . . .

(e) Using the lists and instruments prepared under subsection (b) and recorded under subsection (c), the officer shall, not later than ten (10) days after the list or each individual instrument is recorded under subsection (c), certify to the county auditor a list of the liens that remain unpaid for collection in the next May."

TOWN OF WEST TERRE HAUTE
EXAMINATION RESULTS AND COMMENTS
(Continued)

OVERDRAWN CASH BALANCES (Applies to Town, Water, and Wastewater Utilities)

The financial statement presented in this report included the following funds with overdrawn cash balances at December 31, 2011:

Fund	Amount Overdrawn
General	\$ 41,190
Wastewater Utility-Operating	2,023
Water Utility-Bond And Interest	9,990

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

PENALTIES, INTEREST, AND OTHER CHARGES (Applies to Water Utility)

The Water Utility paid penalties, interest, and other charges to the Indiana Department of Revenue in the amount of \$871.89 because the Water Utility did not remit sales tax payments on a timely basis. In addition, records indicate that the Water Utility has been assessed penalties and interest in 2013 for late payments made on sales tax and payroll withholding taxes.

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)

CONDITION OF RECORDS (Applies to Water Utility)

Financial records presented for examination were incomplete and not reflective of the activity of the Water Utility Funds. Some of the deficiencies include:

1. Posting errors.
2. System reports not maintained.
3. Transactions not recorded timely.

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)

TOWN OF WEST TERRE HAUTE
EXAMINATION RESULTS AND COMMENTS
(Continued)

ADVANCE PAYMENTS (Applies to Town, Water, and Wastewater Utilities)

The Town and Utilities paid Town Council members and the Clerk-Treasurer in advance of the actual date the services were provided for each pay of 2011 and 2012.

Compensation and any other payments for goods and services should not be paid in advance of receipt of the goods or services unless specifically authorized by statute. Payments made for goods or services which are not received may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

ANNUAL REPORT (Applies to Town)

The Annual Report for 2011 and 2012 contained a number of errors and did not properly reflect the financial activity of the Town of West Terre Haute.

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every municipality and every state or local governmental unit, entity, or instrumentality financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each fiscal year. The reports must be in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under IC 5-14-3.8-7."

FEES (Applies to Water and Wastewater Utilities)

During the examination, we reviewed the utility rates and fees charged to customers. Records indicate that the Town is not properly following Ordinance No. 1-2001 for new water service. As a result, we were unable to determine if customers overpaid or underpaid for new water and wastewater services. In addition, Ordinance 1993-1 states that the owner of any lot, parcel or real estate or building connective to the sewage works shall, prior to being permitted to make a connection, pay a connection charge in the amount of \$500 for each connection. Records presented for examination indicate that the sewage deposit charge was not always collected from the customer.

Fees should only be collected as specifically authorized by statute or properly authorized resolutions or ordinances, as applicable, which are not contrary to statutory or Constitutional provisions. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TOWN OF WEST TERRE HAUTE
EXIT CONFERENCE

The contents of this report were discussed on October 21, 2013, with James R. Mann, Clerk-Treasurer, and Scott McClain, President of the Town Council.