

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

CITY OF WABASH
WABASH COUNTY, INDIANA

January 1, 2013 to December 31, 2013



FILED
09/26/2014

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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 Public Works and Safety	Robert E. Vanlandingham	01-01-12 to 12-31-15
President Pro Tempore of the Common Council	Bryan W. Dillon James W. Wenrich	01-01-13 to 12-31-13 01-01-14 to 12-31-14



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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statement

We have audited the accompanying financial statement of the City of Wabash (City), which comprises the financial position and results of operations for the year ended December 31, 2013, and the related notes to the financial statement.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the financial reporting provisions of the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6). Management is responsible for and has determined that the regulatory basis of accounting, as established by the Indiana State Board of Accounts, is an acceptable basis of presentation. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of a financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As discussed in Note 1 of the financial statement, 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 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 the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statement referred to above does not present fairly, in accordance 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, 2013.

Opinion on Regulatory Basis of Accounting

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, 2013, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated August 5, 2014, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.


Accompanying Information

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the City's financial statement. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the *U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statement taken as a whole.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Our audit 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 auditing procedures applied by us in the audit of the financial statement and, accordingly, we express no opinion on them.


Paul D. Joyce, CPA
State Examiner

August 5, 2014



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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL
STATEMENT PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statement of the City of Wabash (City), which comprises the financial position and results of operations for the year ended December 31, 2013, and the related notes to the financial statement, and have issued our report thereon dated August 5, 2014, wherein we noted the City followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of the internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items 2013-001 and 2013-002 to be material weaknesses.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL
STATEMENT PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*
(Continued)

Compliance and Other Matters

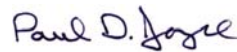
As part of obtaining reasonable assurance about whether the City's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2013-001 and 2013-002.

City of Wabash's Response to Findings

The City's response to the findings identified in our audit is described in the accompanying Corrective Action Plan. The City's response was not subjected to the auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on it.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


Paul D. Joyce, CPA
State Examiner

August 5, 2014

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FINANCIAL STATEMENT AND ACCOMPANYING NOTES

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, 2013

Fund	Cash and Investments 01-01-13	Receipts	Disbursements	Cash and Investments 12-31-13
General	\$ 7,464,444	\$ 7,649,857	\$ 6,685,707	\$ 8,428,594
Motor Vehicle Highway	1,371,773	872,119	1,444,796	799,096
Local Road and Street	79,157	46,183	50,000	75,340
Aviation	257,416	79,248	134,025	202,639
Ambulance	865,355	938,100	1,176,903	626,552
Criminal Justice Grant	6,705	23,683	23,041	7,347
Law Enforcement Continuing Education	11,392	9,749	10,000	11,141
Clerk's Perpetuation	3,267	219	-	3,486
Park and Pool	510,211	866,133	579,923	796,421
User Fees	16,326	50	-	16,376
Rainy Day	968,183	43,260	115,425	896,018
Levy Excess	109,175	-	109,175	-
Park Nonreverting Capital	18,220	159,189	12,935	164,474
Redevelopment Commission	24,834	-	5,474	19,360
CEDIT	672,132	511,541	398,644	785,029
Cumulative Capital Improvement	168,204	29,333	60,734	136,803
Self Insurance	1,959,390	-	-	1,959,390
Police Pension	855,241	458,286	766,015	547,512
Firemen's Pension	669,031	681,784	894,137	456,678
Aviation Grant	18,570	205,060	229,341	(5,711)
Brownfield Grant	738	-	-	738
Northeast Business Park	-	3,715,985	3,090,804	625,181
2010 Construction Works Bond	782,880	-	179,934	602,946
Cinergy Metronet TIF District	19,587	73,714	37,555	55,746
EPA Grant	-	102,459	75,718	26,741
Ford Meter Box Allocation	24,137	61,938	86,075	-
Miami and Market (Charley Creek)	1,893	28,498	30,391	-
Cinergy Metronet Allocation	27,172	497,800	224,177	300,795
Innovative Ventures Allocation	-	454,139	347,879	106,260
Aviation Revolving	27,114	10,041	-	37,155
Aviation Rotary	-	49,717	21,839	27,878
Debt Reserve Street	233,000	-	-	233,000
Civic	4,797	-	3,293	1,504
Sewage	1,216,210	3,205,611	3,037,564	1,384,257
Sewage Bond and Coupon	402,064	780,184	713,230	469,018
Sewage Debt Reserve	350,000	-	-	350,000
Payroll	-	4,895,020	4,858,295	36,725
Pension Payroll	-	1,188,891	1,188,891	-
Court Costs Due County	1,221	2,163	2,696	688
Park Donation	1,939	791	2,232	498
Operation Good Neighbor	305	5,626	-	5,931
Storm Water	1,697,714	617,694	301,189	2,014,219
City Court	3,524	96,347	95,024	4,847
Totals	<u>\$ 20,843,321</u>	<u>\$ 28,360,412</u>	<u>\$ 26,993,061</u>	<u>\$ 22,210,672</u>

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.

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

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.

CITY OF WABASH
NOTES TO FINANCIAL STATEMENT
(Continued)

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 Capitol 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 Capitol 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.

Note 7. Cash Balance Deficit

The financial statement contains a fund with a deficit in cash. The deficit was due to a reimbursable grant in which the reimbursement for expenditures made by the City was not received by December 31, 2013.

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 audit. This is a common occurrence in any financial statement audit. The financial information presented in this report is audited information, and the accuracy of such information can be determined by reading the opinion given in the Independent Auditor'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, 2013

	General	Motor Vehicle Highway	Local Road and Street	Aviation	Ambulance	Criminal Justice Grant	Law Enforcement Continuing Education
Cash and investments - beginning	\$ 7,464,444	\$ 1,371,773	\$ 79,157	\$ 257,416	\$ 865,355	\$ 6,705	\$ 11,392
Receipts:							
Taxes	4,272,262	523,744	-	74,411	-	-	-
Licenses and permits	126,558	-	-	-	-	-	5,272
Intergovernmental	3,068,364	333,982	46,183	4,130	-	-	-
Charges for services	11,520	-	-	-	727,389	-	-
Fines and forfeits	9,817	-	-	-	-	-	-
Other receipts	161,336	14,393	-	707	210,711	23,683	4,477
Total receipts	7,649,857	872,119	46,183	79,248	938,100	23,683	9,749
Disbursements:							
Personal services	4,875,884	653,657	-	98,330	458,645	-	-
Supplies	236,564	239,295	-	5,226	105,948	-	-
Other services and charges	1,406,216	488,644	-	15,752	40,516	-	-
Capital outlay	85,082	63,200	50,000	14,717	571,794	23,041	10,000
Other disbursements	81,961	-	-	-	-	-	-
Total disbursements	6,685,707	1,444,796	50,000	134,025	1,176,903	23,041	10,000
Excess (deficiency) of receipts over disbursements	964,150	(572,677)	(3,817)	(54,777)	(238,803)	642	(251)
Cash and investments - ending	\$ 8,428,594	\$ 799,096	\$ 75,340	\$ 202,639	\$ 626,552	\$ 7,347	\$ 11,141

CITY OF WABASH
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended December 31, 2013
(Continued)

	Clerk's Perpetuation	Park and Pool	User Fees	Rainy Day	Levy Excess	Park Nonreverting Capital	Redevelopment Commission
Cash and investments - beginning	\$ 3,267	\$ 510,211	\$ 16,326	\$ 968,183	\$ 109,175	\$ 18,220	\$ 24,834
Receipts:							
Taxes	-	693,530	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	38,555	-	-	-	-	-
Charges for services	219	22,915	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	-	111,133	50	43,260	-	159,189	-
Total receipts	219	866,133	50	43,260	-	159,189	-
Disbursements:							
Personal services	-	279,450	-	-	-	-	-
Supplies	-	89,283	-	-	-	-	-
Other services and charges	-	59,658	-	115,425	109,175	12,935	5,474
Capital outlay	-	151,532	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	-	579,923	-	115,425	109,175	12,935	5,474
Excess (deficiency) of receipts over disbursements	219	286,210	50	(72,165)	(109,175)	146,254	(5,474)
Cash and investments - ending	\$ 3,486	\$ 796,421	\$ 16,376	\$ 896,018	\$ -	\$ 164,474	\$ 19,360

CITY OF WABASH
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended December 31, 2013
(Continued)

	CREDIT	Cumulative Capital Improvement	Self Insurance	Police Pension	Firemen's Pension	Aviation Grant
Cash and investments - beginning	\$ 672,132	\$ 168,204	\$ 1,959,390	\$ 855,241	\$ 669,031	\$ 18,570
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	511,541	29,333	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other receipts	-	-	-	458,286	681,784	205,060
Total receipts	511,541	29,333	-	458,286	681,784	205,060
Disbursements:						
Personal services	-	-	-	494,470	894,137	-
Supplies	-	-	-	-	-	-
Other services and charges	60,000	-	-	271,545	-	-
Capital outlay	338,644	60,734	-	-	-	229,341
Other disbursements	-	-	-	-	-	-
Total disbursements	398,644	60,734	-	766,015	894,137	229,341
Excess (deficiency) of receipts over disbursements	112,897	(31,401)	-	(307,729)	(212,353)	(24,281)
Cash and investments - ending	\$ 785,029	\$ 136,803	\$ 1,959,390	\$ 547,512	\$ 456,678	\$ (5,711)

CITY OF WABASH
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended December 31, 2013
(Continued)

	Brownfield Grant	Northeast Business Park	2010 Construction Works Bond	Cinergy Metronet TIF District	EPA Grant	Ford Meter Box Allocation
Cash and investments - beginning	\$ 738	\$ -	\$ 782,880	\$ 19,587	\$ -	\$ 24,137
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	368,023	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other receipts	-	3,347,962	-	73,714	102,459	61,938
Total receipts	-	3,715,985	-	73,714	102,459	61,938
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Capital outlay	-	3,090,804	179,934	37,555	75,718	86,075
Other disbursements	-	-	-	-	-	-
Total disbursements	-	3,090,804	179,934	37,555	75,718	86,075
Excess (deficiency) of receipts over disbursements	-	625,181	(179,934)	36,159	26,741	(24,137)
Cash and investments - ending	\$ 738	\$ 625,181	\$ 602,946	\$ 55,746	\$ 26,741	\$ -

CITY OF WABASH
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended December 31, 2013
(Continued)

	Miami and Market (Charley Creek)	Cinergy Metronet Allocation	Innovative Ventures Allocation	Aviation Revolving	Aviation Rotary	Debt Reserve Street
Cash and investments - beginning	\$ 1,893	\$ 27,172	\$ -	\$ 27,114	\$ -	\$ 233,000
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other receipts	28,498	497,800	454,139	10,041	49,717	-
Total receipts	28,498	497,800	454,139	10,041	49,717	-
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	21,839	-
Capital outlay	30,391	224,177	347,879	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	30,391	224,177	347,879	-	21,839	-
Excess (deficiency) of receipts over disbursements	(1,893)	273,623	106,260	10,041	27,878	-
Cash and investments - ending	\$ -	\$ 300,795	\$ 106,260	\$ 37,155	\$ 27,878	\$ 233,000

CITY OF WABASH
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended December 31, 2013
(Continued)

	Civic	Sewage	Sewage Bond and Coupon	Sewage Debt Reserve	Payroll	Pension Payroll
Cash and investments - beginning	\$ 4,797	\$ 1,216,210	\$ 402,064	\$ 350,000	\$ -	\$ -
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	2,858,875	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other receipts	-	346,736	780,184	-	4,895,020	1,188,891
Total receipts	-	3,205,611	780,184	-	4,895,020	1,188,891
Disbursements:						
Personal services	-	678,701	-	-	3,265,793	-
Supplies	-	463,107	-	-	-	-
Other services and charges	3,293	1,813,861	713,230	-	-	-
Capital outlay	-	80,094	-	-	-	-
Other disbursements	-	1,801	-	-	1,592,502	1,188,891
Total disbursements	3,293	3,037,564	713,230	-	4,858,295	1,188,891
Excess (deficiency) of receipts over disbursements	(3,293)	168,047	66,954	-	36,725	-
Cash and investments - ending	\$ 1,504	\$ 1,384,257	\$ 469,018	\$ 350,000	\$ 36,725	\$ -

CITY OF WABASH
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended December 31, 2013
(Continued)

	Court Costs Due County	Park Donation	Operation Good Neighbor	Storm Water	City Court	Totals
Cash and investments - beginning	\$ 1,221	\$ 1,939	\$ 305	\$ 1,697,714	\$ 3,524	\$ 20,843,321
Receipts:						
Taxes	-	-	-	-	-	5,563,947
Licenses and permits	-	-	-	-	-	131,830
Intergovernmental	-	-	-	-	-	4,400,111
Charges for services	-	-	-	-	-	3,620,918
Fines and forfeits	-	-	-	-	-	9,817
Other receipts	2,163	791	5,626	617,694	96,347	14,633,789
Total receipts	2,163	791	5,626	617,694	96,347	28,360,412
Disbursements:						
Personal services	-	-	-	-	-	11,699,067
Supplies	-	-	-	-	-	1,139,423
Other services and charges	-	-	-	-	-	5,137,563
Capital outlay	-	-	-	-	-	5,750,712
Other disbursements	2,696	2,232	-	301,189	95,024	3,266,296
Total disbursements	2,696	2,232	-	301,189	95,024	26,993,061
Excess (deficiency) of receipts over disbursements	(533)	(1,441)	5,626	316,505	1,323	1,367,351
Cash and investments - ending	\$ 688	\$ 498	\$ 5,931	\$ 2,014,219	\$ 4,847	\$ 22,210,672

CITY OF WABASH
SCHEDULE OF LEASES AND DEBT
December 31, 2013

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Crossroads Bank	Lease of rescue truck	\$ 129,259	01-03-12	08-01-14
Ford Motor Credit	Lease of police cars	<u>31,015</u>	03-28-13	03-28-15
Total of annual lease payments		<u>\$ 160,274</u>		

Type	Description of Debt	Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:				
Revenue Bonds - Redevelopment Commission	Economic Development (Ford Meter Box) - 2009A		\$ 972,887	\$ 72,902
Taxable Bonds - Redevelopment Commission	Economic Development (Cinergy MetroNet) - 2010A		1,586,680	130,787
Taxable Bonds - Redevelopment Commission	Economic Development (Innovation Ventures) - 2011		3,655,683	440,547
Taxable Bonds - Redevelopment Commission	Economic Development (Charley Creek Inn) - 2011		265,962	22,648
Taxable Bonds - Redevelopment Commission	Economic Development (Mainstreet Wabash LLC) - 2011A		12,865,000	795,303
Taxable Bonds - Redevelopment Commission	Economic Development (Mainstreet Wabash LLC) - 2011B		1,500,000	92,750
Bond Anticipation Notes	2012		2,333,068	-
General obligation bonds	Street Bond - CEDIT		650,000	240,315
Revenue bonds	Sewage Works - 2009		325,000	329,713
Revenue bonds	Sewage Works - 2010		1,765,000	391,250
Notes and loans payable	Brownfield Properties		<u>61,063</u>	<u>62,212</u>
Totals			<u>\$ 25,980,343</u>	<u>\$ 2,578,427</u>

CITY OF WABASH
SCHEDULE OF CAPITAL ASSETS
December 31, 2013

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	\$ 3,543,486
Infrastructure	4,187,231
Buildings	5,967,196
Improvements other than buildings	7,459,681
Machinery, equipment, and vehicles	<u>6,162,890</u>
Total governmental activities	<u>27,320,484</u>
Wastewater Utility:	
Land	\$ 134,606
Infrastructure	1,532,736
Buildings	9,769,988
Improvements other than buildings	4,620,280
Machinery, equipment, and vehicles	<u>2,063,573</u>
Total Wastewater Utility	<u>18,121,183</u>
Total capital assets	<u><u>\$ 45,441,667</u></u>

SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE MAJOR FEDERAL
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE

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

Report on Compliance for the Major Federal Program

We have audited the City of Wabash's (City) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on its major federal program for the year ended December 31, 2013. The City's major federal program is identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the City's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on the Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2013.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE MAJOR FEDERAL
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
(Continued)

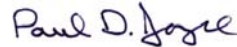
Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.


Paul D. Joyce, CPA
State Examiner

August 5, 2014

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTE

The Schedule of Expenditures of Federal Awards and accompanying note presented were approved by management of the City. The schedule and note are presented as intended by the City.

CITY OF WABASH
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2013

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<u>Department of Commerce</u>				
Economic Development Cluster				
Investments for Public Works and Economic Development Facilities	Direct Grant	11.300	06-01-05748	\$ 1,447,703
Total - Department of Commerce				1,447,703
<u>Department of Transportation</u>				
Airport Improvement Program	Direct Grant	20.106		
			3-18-0084-09	46,742
			3-18-0084-12	18,099
			3-18-0084-13	157,500
Total - Airport Improvement Program				222,341
Highway Planning and Construction Cluster				
Highway Planning and Construction	Indiana Department of Transportation	20.205		
Riverwalk			A249-09-320699	109,375
Alber Street			1005202	120,568
Total - Highway Planning and Construction Cluster				229,943
Highway Safety Cluster				
State and Community Highway Safety	Indiana Criminal Justice Institute	20.600		
			D3-13-7384	3,161
			D3-14-8220	754
Total - Highway Safety Cluster				3,915
Total - Department of Transportation				456,199
<u>Environmental Protection Agency</u>				
Brownfields Assessment and Cleanup Cooperative Agreements	Direct Grant	66.818		
			BF00E00890-0	75,718
Total - Environmental Protection Agency				75,718
Total federal awards expended				\$ 1,979,620

The accompanying note is an integral part of the Schedule of Expenditures of Federal Awards.

CITY OF WABASH
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Basis of Presentation

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

CITY OF WABASH
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statement:

Type of auditor's report issued:	Adverse as to GAAP; Unmodified as to Regulatory Basis
Internal control over financial reporting:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Noncompliance material to financial statement noted?	yes

Federal Awards:

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

Identification of Major Program:

Name of Federal Program or Cluster

Economic Development Cluster

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

Auditee qualified as low-risk auditee?	no
--	----

Section II - Financial Statement Findings

FINDING 2013-001 - INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

We noted a deficiency in the internal control system of the City related to financial transactions and reporting. We believe the following deficiency constitutes a material weakness.

Preparing Financial Statement: Effective internal control over financial reporting involves the identification and analysis of the risks of material misstatement to the City's audited financial statement and then determining how those identified risks should be managed. The City has not identified risks to the preparation of a reliable financial statement and as a result has failed to design effective controls over the preparation of the financial statement to prevent, or detect and correct, material misstatements, including notes to the financial statement.

CITY OF WABASH
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

The financial statement of the City was prepared from information entered by the City into the Gateway Annual Financial Report. During the audit of the financial statement, we noted that the City did not include all of its financial transactions, or that some of the transactions were incorrectly reported. Financial transactions of the City Court were not reported and bank transfers totaling \$8,711,000 were incorrectly reported in receipts and disbursements. Therefore, the financial statement presented for audit was not reflective of the financial activity of the City. Subsequent audit adjustments were proposed, accepted by the City, and made to the financial statement presented in this report in order to more accurately reflect the financial activity of the City.

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 Indiana Code 5-14-3.8-7."

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.

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)

***FINDING 2013-002 - INTERNAL CONTROLS OVER THE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS***

The City did not have a proper system of internal control in place to prevent, or detect and correct, errors on the Schedule of Expenditures of Federal Awards (SEFA). The City should have proper controls in place over the preparation of the SEFA to ensure accurate reporting of federal awards. Without a proper system of internal control in place that operates effectively, material misstatements of the SEFA could remain undetected.

During the audit of the SEFA, we noted that the City omitted the State and Community Highway Safety grants and Brownfields Assessment and Cleanup Cooperative Agreements grant amounts totaling \$79,633 during the year ended December 31, 2013. The City also omitted one receipt of the Investments for Public Works and Economic Development Facilities grant totaling \$368,023. Lastly, the Airport Improvement Program grants were understated by \$17,281. Audit adjustments were proposed, accepted by the City, and made to the SEFA presented in this report. These adjustments resulted in a presentation of the SEFA that is materially correct in relation to the financial statement.

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.

CITY OF WABASH
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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 of Indiana, Chapter 7)

OMB Circular A-133, Subpart C, section .300 states in part: "The auditee shall: . . . (d) Prepare appropriate financial statements, including the schedule of expenditures of Federal Awards in accordance with section.310."

OMB Circular A-133, Subpart C, section .310(b) states:

"Schedule of expenditures of Federal awards: The auditee shall also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements. While not required, the auditee may choose to provide information requested by Federal awarding agencies and pass-through entities to make the schedule easier to use. For example, when a Federal program has multiple award years, the auditee may list the amount of Federal awards expended for each award year separately. At a minimum, the schedule shall:

- (1) List individual Federal programs by Federal agency. For Federal programs included in a cluster of programs, list individual Federal programs within a cluster of programs. For R&D, total Federal awards expended shall be shown either by individual award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.
- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity shall be included.
- (3) Provide the total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available.
- (4) Include notes that describe the significant accounting policies used in preparing the schedule.
- (5) To the extent practical, pass-through entities should identify in the schedule the total amount provided to subrecipients from each Federal program.
- (6) Include, in either the schedule or a note to the schedule, the value of the Federal awards expended in the form of non-cash assistance, the amount of insurance in effect during the year, and loans or loan guarantees outstanding at year end. While not required, it is preferable to present this information in the schedule."

Section III - Federal Award Findings and Questioned Costs

No matters are reportable.

AUDITEE PREPARED DOCUMENT

The subsequent document was provided by management of the City. The document is presented as intended by the City.



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

August 5, 2014

Corrective Action Plan for the City of Wabash

State Board of Accounts
3302 Washington St., Room E418
Indianapolis, IN 46204-2765

FINDING 2013-001

Contact Person Responsible for Corrective Action: Wendy D. Frazier
Contact Phone Number: (260) 563-4171

Description of Corrective Action Plan:

The Clerk-Treasurer's Office, effective immediately, will share as whole, meaning Wendy, Judy, and Shelly, to the best of our ability, prepare and review data entered into the Gateway system to ensure that all financial transactions are correctly reported and that the financial statement is accurate in its presentation. We do not anticipate changing bank accounts again so this should not be an issue again.

Anticipated Completion Date: August 5, 2014

FINDING 2013-002

Contact Person Responsible for Corrective Action: Wendy D. Frazier
Contact Phone Number: (260) 563-4171

Description of Corrective Action Plan:

The Clerk-Treasurer's Office, effective immediately, will share as whole, meaning Wendy, Judy, and Shelly, to the best of our ability, and coordinate with the Economic Development Group of Wabash County, and NGC, to get the best up to date information on gateway in regard to the Schedule of Expenditures of Federal Awards (SEFA).

Anticipated Completion Date: August 5, 2014

Wendy Frazier
(Signature)
CLERK-Treasurer
(Title)
8-5-14
(Date)

OTHER REPORT

In addition to this report, a Supplemental Compliance Report has been issued for the City. That report can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>.