

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

CITY OF WABASH

WABASH COUNTY, INDIANA

January 1, 2013 to December 31, 2013



FILED
09/26/2014

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Transmittal Letter	3
Clerk-Treasurer:	
Federal Findings:	
Finding 2013-001 - Internal Controls Over Financial Transactions and Reporting.....	6
Finding 2013-002 - Internal Controls Over the Schedule of Expenditures of	
Federal Awards	6-8
Corrective Action Plan	9
Audit Results and Comments:	
Annual Report	10
Condition of Records.....	10
Appropriations	10
Exit Conference	11
City Court:	
Audit Results and Comments:	
Bank Account Reconciliations.....	14
Condition of Records.....	14
Exit Conference	15
Police Pension:	
Audit Result and Comment:	
Police Pension Benefit Overpayments.....	18
Official Response.....	19-23
Exit Conference	24
Fire Pension:	
Audit Result and Comment:	
Fire Pension Benefit Overpayments	26
Official Response.....	27-31
Exit Conference	32

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



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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

This report is supplemental to our audit report of the City of Wabash (City), for the period from January 1, 2013 to December 31, 2013. It has been provided as a separate report so that the reader may easily identify any Federal Findings and Audit Results and Comments that pertain to the City. It should be read in conjunction with our Financial Statement and Federal Single Audit Report of the City, which provides our opinions on the City's financial statement and federal program compliance. This report may be found at www.in.gov/sboa/.

The Federal Findings, identified in the above referenced audit report, are included in this report and should be viewed in conjunction with the Audit Results and Comments as described below.

As authorized under Indiana Code 5-11-1, we performed procedures to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts. The Audit Results and Comments contained herein describe the identified reportable instances of noncompliance found as a result of these procedures. Our tests were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified.

Any Corrective Action Plan for the Federal Findings and Official Response to the Audit Results and Comments, incorporated within this report, were not verified for accuracy.

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

August 5, 2014

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CLERK-TREASURER
CITY OF WABASH

CLERK-TREASURER
CITY OF WABASH
FEDERAL 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.

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.

CLERK-TREASURER
CITY OF WABASH
FEDERAL FINDINGS
(Continued)

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.

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.

CLERK-TREASURER
CITY OF WABASH
FEDERAL FINDINGS
(Continued)

- (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."



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)

CLERK-TREASURER
CITY OF WABASH
AUDIT RESULTS AND COMMENTS

ANNUAL REPORT

There were numerous deficiencies noted in the Annual Report that was filed for the year 2013. Financial transactions of the City Court were not reported and bank transfers totaling \$8,711,000 were reported in receipts and disbursements within the financial statement presented for audit. Audit adjustments were proposed, accepted by the City, and made to the financial statement presented to correct the deficiencies. In addition, within the supplementary information - unaudited section of the report, taxes and inter-governmental receipts totaling \$1,452,349 were not properly reported, enterprise fund transactions were not properly reported, and the Schedule of Payables and Receivables was not completed.

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."

CONDITION OF RECORDS

The financial records contained posting errors. To correct these posting errors, numerous transfers were made and transactions were recorded as "negative" receipts and disbursements. A similar comment appeared in prior Report B43049.

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)

APPROPRIATIONS

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

<u>Fund</u>	<u>Year</u>	<u>Excess Amount Expended</u>
Rainy Day	2013	\$ 115,425
Park Nonreverting Capital	2013	12,935
Police Pension	2013	162,215
Fire Pension	2013	68,937

A similar comment appeared in prior Report B43049.

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

CLERK-TREASURER
CITY OF WABASH
EXIT CONFERENCE

The contents of this report were discussed on August 5, 2014, with Wendy D. Frazier, Clerk-Treasurer.

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CITY COURT
CITY OF WABASH

CITY COURT
CITY OF WABASH
AUDIT RESULTS AND COMMENTS

BANK ACCOUNT RECONCILIATIONS

Depository reconciliations of the fund balances to the bank account balances were incorrect and are not prepared in a timely manner. Reconcilements prepared by the City Court Clerk contained inaccurate outstanding check lists and unidentified variances of \$693. A similar comment appeared in prior Report B43050.

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

CONDITION OF RECORDS

The following deficiencies, relating to the recordkeeping that were cited in prior Report B43050, were again present during our period of audit.

1. Disbursements have to be totaled manually because the computerized records do not provide accurate totals.
2. Cash balances on the computerized Cash Book did not agree with the manual Cash Book summary spreadsheet.
3. Some receipts were not posted to the computerized Cash Book.
4. The Ambulance collection balance from December 2012 to January 2013 was carried forward at an incorrect amount.
5. The total of Register of Trust Funds subsidiary account balances did not agree with the Trust fund balance on the Cash Book summary spreadsheet at December 31, 2013.
6. The Register of Trust Funds was not posted in a timely manner. As of June 25, 2014, the Register of Trust Funds had not been posted since December 31, 2013.
7. Several receipts were voided without substantiating documentation or oversight approval. One receipt was voided with a handwritten comment across the duplicate receipt but was not voided in the computer system. This same receipt was posted to individual collections types on the computerized Cash Book that did not foot.
8. Some receipts were posted to an incorrect collection type on the computerized Cash Book and manual Cash Book summary spreadsheet.

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 City and Town Courts, Chapter 4)

CITY COURT
CITY OF WABASH
EXIT CONFERENCE

The contents of this report were discussed on August 5, 2014, with Timothy A. Roberts, City Court Judge.

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POLICE PENSION
CITY OF WABASH

POLICE PENSION
CITY OF WABASH
AUDIT RESULT AND COMMENT

POLICE PENSION BENEFIT OVERPAYMENTS

The base amount used for calculating pension benefit payments to retirees and beneficiaries included an amount in the salary ordinance titled "holiday pay." Holiday pay is a fringe benefit that may not be used in the computation of benefits allowed by statute. The total amount of holiday pay overpaid to retirees and beneficiaries from January 1, 2013 to July 1, 2014, was \$16,803. City officials should develop a plan on how these overpayments will be refunded to the Police Pension fund.

Indiana Code 36-8-6-19(a) states: "Remuneration or allowances for fringe benefits, incentive pay, holiday pay, insurance, clothing, automobiles, firearms, education, overtime, or compensatory time off may not be used in the computation of benefits under this chapter."



City of Wabash
DOUGLAS C. LEHMAN
City Attorney

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doug@lehmanlaw.net

OFFICIAL RESPONSE

August 12, 2014

State Board of Accounts
302 West Washington Street, Rm E14
Indianapolis, IN 46204-2765

In re: Official Response to 2013 City of Wabash Fire and Police Pension Audit

Dear State Board of Accounts:

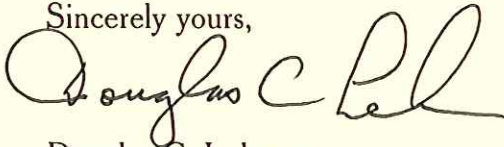
During the 2012 state board of accounts audit for the City of Wabash, the Wabash Fire Chief asked the auditor what needed to be done to include the holiday pay when calculating pensions for fire and police personnel. He was told the City had to include that in the base compensation. When the 2013 salary ordinance was prepared, the line item for base compensation included after it the words "+longevity +holiday pay." Everyone involved in the budget process—Mayor, Fire and Police Chiefs, Pension Secretaries, Clerk-Treasurer and City Council—believed that the salary ordinance form had made holiday pay a part of base compensation so that pensions could be appropriately calculated on that amount.

During the State Board of Accounts audit for the budget year 2013, it was made clear that pensions are only to be calculated on base compensation plus longevity and that the appropriate way to accomplish what was intended by everyone was to eliminate any and all references to holiday pay and to have the base compensation increased by an amount commensurate with the amount of holiday pay being eliminated.

It is also too late to correct the 2014 budget. The 2014 budget was established in 2013 and disbursements have been made for more than a half year all of which is long before Wabash City officials were made aware of the mistake. For the budget years 2015 and thereafter, all references to holiday pay will be eliminated and the base pay line item will be increased by an amount commensurate with the amount of holiday pay eliminated.

It is the position of the City of Wabash and its Fire and Police Pension boards that their intent in 2012 when formulating the 2013 budget was to include an amount that was formerly known as holiday pay into a part of the base compensation. While the salary ordinance may have been inartfully drafted in respect to accomplishing this, to now state that the City has not accomplished what it had intended to do, is to elevate form over substance. As further evidence of the City's intent, I have enclosed a resolution adopted by the same City Council that adopted the inartful salary ordinance, expressing clearly what it intended to do and ratifying the actions taken in complying with the 2013 salary ordinance.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Douglas C. Lehman". The signature is fluid and cursive, with the first name "Douglas" being more prominent and the last name "Lehman" following in a similar style.

Douglas C. Lehman

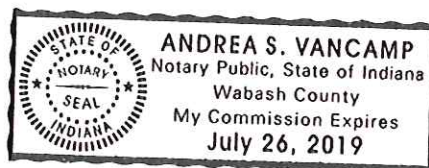
Wabash City Attorney,
On behalf of Timothy R. Eviston and Adam M. Copeland, Fire Pension Secretaries,
John Burnsworth, Police Pension Secretary,
Wendy Frazier, Clerk-Treasurer
The Common Council of the City of Wabash, Indiana
Robert Vanlandingham, Mayor



I hereby certify that the attached Resolution No. 9, 2014, approved at the City Council Meeting on August 11, 2014, is a true and exact copy of said Resolution as enacted by the City Council, of the City of Wabash, IN, on or about the 11th day of August, 2014.

Andrea S. VanCamp, Notary Public
Wabash County, IN
My Commission Expires: July 26, 2019

SEAL



RESOLUTION NO. 9, 2014

A RESOLUTION OF THE COMMON COUNCIL OF THE CITY OF WABASH, INDIANA STATING ITS BUDGETARY INTENTIONS WITH THE 2013 AND 2014 SALARY ORDINANCES

WHEREAS, the State Board of Accounts in its audit of the calendar 2013 year has found that the City paid certain city fire and police pensioners in a manner not in accordance with certain provisions of the statute; and

WHEREAS, the State Board of Accounts finding is based on the statutory provision that pensions are determined on base pay and not on additional pay matters such as holiday, vacation, sick, and other types of compensation; and

WHEREAS, the intention of the Common Council of the City of Wabash was to make holiday pay a part of base pay for fire and police personnel so that it would be used in determining pension benefits because it is considered by the Internal Revenue Service and Indiana Department of Revenue as compensation for income tax purposes; and

WHEREAS, the City reflected its intention by including the words "holiday pay" along with "longevity" in the base pay line item for both fire and police personnel; and

WHEREAS, the City mistakenly kept the words "holiday pay" in the line with "base pay" and "longevity" and also mistakenly still included a line item designated "holiday pay;" and


WHEREAS, Indiana Code 36-1-4-16 permits a unit to ratify an action after the fact if that action could have been approved in advance;

NOW THEREFORE, BE IT RESOLVED by the Common Council of the City of Wabash, Indiana, as follows:


1. It intended holiday pay be part of base pay for the budgets for calendar years 2013 and 2014.
2. The Common Council of the City of Wabash, Indiana hereby ratifies the intention to eliminate holiday pay in the 2013 and 2014 budgets and to increase base pay by an amount commensurate with the former holiday pay.
3. In future budgets, there will be no holiday pay, that the amounts that were formally paid as holiday pay will be included in base pay, and the words "holiday pay" will be omitted and there will be no line item for "holiday pay."

DULY PASSED on this 11th day of August, 2014, by the Common Council of the City of Wabash, Indiana.


COMMON COUNCIL
CITY OF WABASH, INDIANA


James Wenrich, President

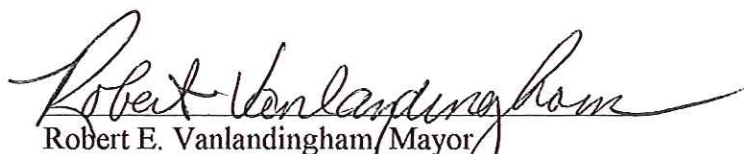
ATTEST:


Wendy Frazier, Clerk-Treasurer


Presented by me to the Mayor of the City of Wabash for his approval or veto pursuant to Indiana Code § 36-4-6-15 and 16, this 11 day of August, 2014 at six o'clock p.m.


Wendy Frazier, Clerk-Treasurer

This Resolution having been passed by the legislative body and presented to me is approved by me and duly adopted, pursuant to Indiana Code § 36-4-6-16 (a)(1), this 11th day of August, 2014 at six o'clock p.m.


Robert E. Vanlandingham Mayor
City of Wabash, Indiana

Attest:


Wendy Frazier, Clerk-Treasurer

POLICE PENSION
CITY OF WABASH
EXIT CONFERENCE

The contents of this report were discussed on August 7, 2014, with John S. Burnsworth, Police Pension Secretary.

FIRE PENSION
CITY OF WABASH

FIRE PENSION
CITY OF WABASH
AUDIT RESULT AND COMMENT

FIRE PENSION BENEFIT OVERPAYMENTS

The base amount used for calculating pension benefit payments to retirees and beneficiaries included an amount in the salary ordinance titled "holiday pay." Holiday pay is a fringe benefit that may not be used in the computation of benefits allowed by statute. The total amount of holiday pay overpaid to retirees and beneficiaries from January 1, 2013 to July 1, 2014, was \$31,331. City officials should develop a plan on how these overpayments will be refunded to the Police Pension fund.

Indiana Code 36-8-7-25(a) states: "Remuneration or allowances for fringe benefits, incentive pay, holiday pay, insurance, clothing, automobiles, firearms, education, overtime, or compensatory time off may not be used in the computation of benefits under this chapter."



City of Wabash
DOUGLAS C. LEHMAN
City Attorney

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Wabash, IN 46992

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FAX (260) 569-1193

doug@lehmanlaw.net

OFFICIAL RESPONSE

August 12, 2014

State Board of Accounts
302 West Washington Street, Rm E14
Indianapolis, IN 46204-2765

In re: Official Response to 2013 City of Wabash Fire and Police Pension Audit

Dear State Board of Accounts:

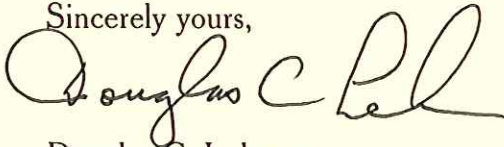
During the 2012 state board of accounts audit for the City of Wabash, the Wabash Fire Chief asked the auditor what needed to be done to include the holiday pay when calculating pensions for fire and police personnel. He was told the City had to include that in the base compensation. When the 2013 salary ordinance was prepared, the line item for base compensation included after it the words "+longevity +holiday pay." Everyone involved in the budget process—Mayor, Fire and Police Chiefs, Pension Secretaries, Clerk-Treasurer and City Council—believed that the salary ordinance form had made holiday pay a part of base compensation so that pensions could be appropriately calculated on that amount.

During the State Board of Accounts audit for the budget year 2013, it was made clear that pensions are only to be calculated on base compensation plus longevity and that the appropriate way to accomplish what was intended by everyone was to eliminate any and all references to holiday pay and to have the base compensation increased by an amount commensurate with the amount of holiday pay being eliminated.

It is also too late to correct the 2014 budget. The 2014 budget was established in 2013 and disbursements have been made for more than a half year all of which is long before Wabash City officials were made aware of the mistake. For the budget years 2015 and thereafter, all references to holiday pay will be eliminated and the base pay line item will be increased by an amount commensurate with the amount of holiday pay eliminated.

It is the position of the City of Wabash and its Fire and Police Pension boards that their intent in 2012 when formulating the 2013 budget was to include an amount that was formerly known as holiday pay into a part of the base compensation. While the salary ordinance may have been inartfully drafted in respect to accomplishing this, to now state that the City has not accomplished what it had intended to do, is to elevate form over substance. As further evidence of the City's intent, I have enclosed a resolution adopted by the same City Council that adopted the inartful salary ordinance, expressing clearly what it intended to do and ratifying the actions taken in complying with the 2013 salary ordinance.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Douglas C. Lehman". The signature is fluid and cursive, with the first name "Douglas" being more prominent than the last name "Lehman".

Douglas C. Lehman

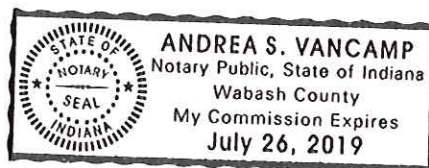
Wabash City Attorney,
On behalf of Timothy R. Eviston and Adam M. Copeland, Fire Pension Secretaries,
John Burnsworth, Police Pension Secretary,
Wendy Frazier, Clerk-Treasurer
The Common Council of the City of Wabash, Indiana
Robert Vanlandingham, Mayor



I hereby certify that the attached Resolution No. 9, 2014, approved at the City Council Meeting on August 11, 2014, is a true and exact copy of said Resolution as enacted by the City Council, of the City of Wabash, IN, on or about the 11th day of August, 2014.

Andrea S. VanCamp, Notary Public
Wabash County, IN
My Commission Expires: July 26, 2019

SEAL



RESOLUTION NO. 9, 2014

**A RESOLUTION OF THE COMMON COUNCIL
OF THE CITY OF WABASH, INDIANA STATING
ITS BUDGETARY INTENTIONS WITH THE
2013 AND 2014 SALARY ORDINANCES**

WHEREAS, the State Board of Accounts in its audit of the calendar 2013 year has found that the City paid certain city fire and police pensioners in a manner not in accordance with certain provisions of the statute; and

WHEREAS, the State Board of Accounts finding is based on the statutory provision that pensions are determined on base pay and not on additional pay matters such as holiday, vacation, sick, and other types of compensation; and

WHEREAS, the intention of the Common Council of the City of Wabash was to make holiday pay a part of base pay for fire and police personnel so that it would be used in determining pension benefits because it is considered by the Internal Revenue Service and Indiana Department of Revenue as compensation for income tax purposes; and

WHEREAS, the City reflected its intention by including the words "holiday pay" along with "longevity" in the base pay line item for both fire and police personnel; and

WHEREAS, the City mistakenly kept the words "holiday pay" in the line with "base pay" and "longevity" and also mistakenly still included a line item designated "holiday pay;" and

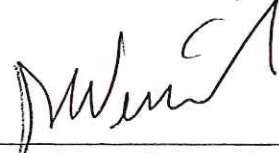
WHEREAS, Indiana Code 36-1-4-16 permits a unit to ratify an action after the fact if that action could have been approved in advance;

NOW THEREFORE, BE IT RESOLVED by the Common Council of the City of Wabash, Indiana, as follows:

1. It intended holiday pay be part of base pay for the budgets for calendar years 2013 and 2014.
2. The Common Council of the City of Wabash, Indiana hereby ratifies the intention to eliminate holiday pay in the 2013 and 2014 budgets and to increase base pay by an amount commensurate with the former holiday pay.
3. In future budgets, there will be no holiday pay, that the amounts that were formally paid as holiday pay will be included in base pay, and the words "holiday pay" will be omitted and there will be no line item for "holiday pay."

DULY PASSED on this 11th day of August, 2014, by the Common Council of the City of Wabash, Indiana.

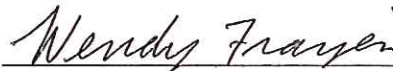
COMMON COUNCIL
CITY OF WABASH, INDIANA


James Wenrich, President

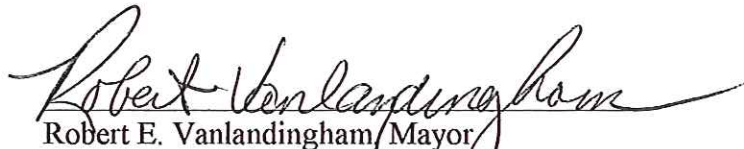
ATTEST:


Wendy Frazier, Clerk-Treasurer


Presented by me to the Mayor of the City of Wabash for his approval or veto pursuant to Indiana Code § 36-4-6-15 and 16, this 11 day of August, 2014 at six o'clock p.m.


Wendy Frazier, Clerk-Treasurer

This Resolution having been passed by the legislative body and presented to me is approved by me and duly adopted, pursuant to Indiana Code § 36-4-6-16 (a)(1), this 11th day of August, 2014 at six o'clock p.m.


Robert E. Vanlandingham Mayor
City of Wabash, Indiana

Attest:


Wendy Frazier, Clerk-Treasurer

FIRE PENSION
CITY OF WABASH
EXIT CONFERENCE

The contents of this report were discussed on August 5, 2014, with Timothy R. Eviston, Fire Pension Secretary, and Adam M. Copeland, former Fire Pension Secretary.