

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

TOWN OF WHITESTOWN
BOONE COUNTY, INDIANA

January 1, 2013 to December 31, 2013



FILED
12/18/2017

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Amanda Andrews (Vacant) Matthew Sumner	01-01-12 to 12-30-15 12-31-15 to 02-23-16 02-24-16 to 12-31-19
President of the Town Council	Dawn Semmler Julie Whitman Eric Miller	01-01-13 to 09-23-13 09-24-13 to 12-31-13 01-01-14 to 12-31-14
Utility Office Manager	Rhonda Drew-Johnson Tammy Culbertson Nicole Rountree	01-01-13 to 05-06-14 05-07-14 to 09-01-15 09-02-17 to 12-31-17



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE TOWN OF WHITESTOWN, BOONE COUNTY, INDIANA

Report on the Financial Statement

We have audited the accompanying financial statement of the Town of Whitestown (Town), which comprises the financial position and results of operations for the year ended December 31, 2013, and the related notes to the financial statement as listed in the Table of Contents.

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 from 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 Town'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 Town'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 to the financial statement, the Town prepares its financial statement on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a 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 Town 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 Town 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 Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the Town'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.

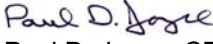
Other Information

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

INDEPENDENT AUDITOR'S REPORT
(Continued)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated December 18, 2017, on our consideration of the Town'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 Town's internal control over financial reporting and compliance.


Paul D. Joyce, CPA
State Examiner

December 18, 2017



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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 TOWN OF WHITESTOWN, BOONE 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 Town of Whitestown (Town), 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 December 18, 2017, wherein we noted the Town 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 Town'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 Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town'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 and significant deficiencies.

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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Town'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, 2013-002, and 2013-004 to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as item 2013-003 to be a significant deficiency.

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 Town's financial statement is free from 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, 2013-002, 2013-003, and 2013-004.

Town of Whitestown's Response to Findings

The Town's response to the findings identified in our audit is described in the accompanying Corrective Action Plan. The Town'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 Town'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 Town's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


Paul D. Joyce, CPA
State Examiner

December 18, 2017

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FINANCIAL STATEMENT AND ACCOMPANYING NOTES

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

TOWN OF WHITESTOWN
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 Fund	\$ 368,066	\$ 3,989,488	\$ 3,337,826	\$ 1,019,728
Motor Vehicle Highway	1,113,839	1,354,463	1,077,008	1,391,294
Local Road And Street	80,284	36,200	-	116,484
Local Law Enf Cont Ed	11,045	6,600	6,763	10,882
Clerk's Record Perpetuation	7,790	-	-	7,790
(Police) Deferral	21,575	27,630	46,124	3,081
User Fee Fund	349	-	-	349
Fire Department	365,486	1,714,676	1,769,801	310,361
Rainy Day Fund	604,182	-	-	604,182
Levy Excess Fund	1,392	-	-	1,392
Federal Drug Seized Money	24,388	-	21,053	3,335
Cumulative Capital Development	78,130	76,265	76,882	77,513
Park Nonreverting Capital	5,044	-	-	5,044
Rdc Comm Fund	777,444	935,099	1,414,737	297,806
Cumulative Capital Improvement	9,049	7,696	-	16,745
MVH Grant Fund	-	110,037	110,037	-
Parks Grant Fund	-	3,500	750	2,750
Law Enf. Grant Fund	368	722	-	1,090
Court Cost Due County	5,978	-	11,600	(5,622)
Police Donations	2,478	4,796	6,254	1,020
Fire Acquisition Payment	10,812	150,549	130,625	30,736
Park And Recreation	70,004	58,511	68,730	59,785
Net Payroll Fund	12,805	2,389,962	2,363,698	39,069
Town Court	6,396	120,478	113,948	12,926
Sewer Operating	470,786	2,694,308	2,335,935	829,159
SRF Bond And Interest	44,883	125,305	20,474	149,714
Sewer Depreciation	332,476	190,000	237,539	284,937
Sewer Capacity	3,726,814	954,946	655,129	4,026,631
Sewer 2005 Srf Reserve	381,152	38	-	381,190
Sewer Trust	647,224	65	-	647,289
2009 Sewer Srf Bond And Interest	32,644	234,546	47,342	219,848
Sewer Swaf Bond And Interest	16,146	17,873	17,007	17,012
2013 SRF Bond & Interest	-	183,047	-	183,047
Water Operating	486,895	2,110,308	2,333,114	264,089
Water Depreciation	198,675	230,000	180,049	248,626
Water Capacity	233,313	60,921	13,118	281,116
Water 2005 Srf Reserve	412,465	193,940	-	606,405
Water Trust	238,551	12	238,563	-
2005 Srf Bond And Interest	7,785	83,110	14,553	76,342
2009 Water Srf Bond And Interest	21,364	231,341	46,820	205,885
2010 Srf Bond And Interest	37,952	86,751	15,510	109,193
Water Swaf Bond And Interest	5,702	10,420	10,554	5,568
2010 SRF DW 05160602	-	39,828	39,828	-
2010 SRF DW 05160603 Loan	-	77,061	77,061	-
2013 DW 13180604 Loan	-	756,617	756,617	-
2013 DW 13180604 BAN	-	3,500,000	3,500,000	-
2010 WW 05660602	-	105,612	105,612	-
Totals	\$ 10,871,731	\$ 22,872,721	\$ 21,200,661	\$ 12,543,791

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

TOWN OF WHITESTOWN
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

B. Basis of Accounting

The financial statement is reported on a regulatory basis of accounting prescribed by the Indiana State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. 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. Amounts received from one or more of the following: property tax, certified shares (local option tax), property tax replacement credit (local option tax), county option income tax, wheel tax, innkeeper's tax, food and beverage tax, county economic development income tax, boat and trailer excise tax, county adjusted gross income tax, and other taxes that are set by the Town.

Licenses and permits. Amounts received from businesses, occupations, or non-businesses 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 the following: peddler licenses, animal licenses, auctioneer licenses, building and planning permits, demolition permits, electrical permits, sign permits, and gun permits.

TOWN OF WHITESTOWN
NOTES TO FINANCIAL STATEMENT
(Continued)

Intergovernmental receipts. Amounts received from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of intergovernmental receipts include, but are not limited to, the following: federal grants, state grants, cigarette tax distributions received from the state, motor vehicle highway distributions received from the state, local road and street distributions 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. Amounts received for services including, but not limited to, the following: planning commission charges, building department charges, copies of public records, copy machines 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. Amounts received from fines and penalties imposed for the commission of statutory offenses, violation of lawful administrative rules and regulations (fines), and for the neglect of official duty and monies derived from confiscating deposits held as performance guarantees (forfeitures).

Utility fees. Amounts received from charges for current services.

Penalties. Amounts received from late payment fees.

Other receipts. Amounts received from various sources, including, but 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. Amounts disbursed 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. Amounts disbursed for 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, but are not limited to, the following: office supplies, operating supplies, and repair and maintenance supplies.

Other services and charges. Amounts disbursed for services including, but not limited to, the following: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

TOWN OF WHITESTOWN
NOTES TO FINANCIAL STATEMENT
(Continued)

Debt service - principal and interest. Amounts disbursed for fixed obligations resulting from financial transactions previously entered into by the Town. It includes all expenditures for the reduction of the principal and interest of the Town's general obligation indebtedness.

Capital outlay. Amounts disbursed for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

Utility operating expenses. Amounts disbursed for operating the utilities.

Other disbursements. Amounts disbursed for various other purposes including, but not limited to, the following: interfund loan payments; loans made to other funds; internal service disbursements; and transfers out that are authorized by statute, ordinance, resolution, or court order.

F. Interfund Transfers

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

G. Fund Accounting

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

Note 2. Budgets

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

Note 3. Property Taxes

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the Town in June and December; however, situations can arise which would delay the distributions. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon

TOWN OF WHITESTOWN
NOTES TO FINANCIAL STATEMENT
(Continued)

the preceding year's lien date (March 1 in a year ending before January 1, 2016 and January 1 in a year beginning after December 31, 2015) 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.

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

Note 5. Risk Management

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

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

Note 6. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

The Indiana Public Employees' Retirement Fund (PERF) is a defined benefit pension plan. PERF is a cost-sharing multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the Indiana Public Retirement System (INPRS) Board, most requirements of the system, and give the Town authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3 percent of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

TOWN OF WHITESTOWN
NOTES TO FINANCIAL STATEMENT
(Continued)

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
One North Capitol, 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.

B. 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.

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
One North Capitol, Suite 001
Indianapolis, IN 46204
Ph. (888) 526-1687

Funding Policy

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

Note 7. Cash Balance Deficits

The financial statement contains one fund with a deficit in cash. The Court Costs Due County fund had a cash balance deficit due to more disbursements being made than were received.

TOWN OF WHITESTOWN
 NOTES TO FINANCIAL STATEMENT
 (Continued)

Note 8. Restatement

For the year ended December 31, 2013, a change has been made to one of the beginning balances of the financial statement to more appropriately reflect financial activity of the Town. The following schedule presents a summary of the restated beginning balance:

Fund	Balance as of December 31, 2012	Prior Period Adjustment	Balance as of January 1, 2013
Town Court	\$ 1,878	\$ 4,518	\$ 6,396

Note 9. Holding Corporation

The Town has entered into a capital lease with Whitestown Municipal Facilities Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the Town. The lessor has been determined to be a related-party of the Town. Lease payments during the year 2013 totaled \$130,625.

Note 10. Subsequent Events

During the audit period, the Town issued ten new debts totaling \$59,189,000. \$29,027,000 of the total issuances were for the refunding of current bonds.

OTHER INFORMATION - UNAUDITED

The Town's Annual Financial 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 Town's Annual Financial Report 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 other information presented was approved by management of the Town. It is presented as intended by the Town.

TOWN OF WHITESTOWN
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013

	General Fund	Motor Vehicle Highway	Local Road And Street	Local Law Enf Cont Ed	Clerk's Record Perpetuation	(Police) Deferral
Cash and investments - beginning	\$ 368,066	\$ 1,113,839	\$ 80,284	\$ 11,045	\$ 7,790	\$ 21,575
Receipts:						
Taxes	795,216	975,295	-	-	-	-
Licenses and permits	26,995	-	-	3,670	-	-
Intergovernmental	2,351,090	137,386	-	-	-	-
Charges for services	53,400	-	-	-	-	-
Fines and forfeits	31,227	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	731,560	241,782	36,200	2,930	-	27,630
Total receipts	3,989,488	1,354,463	36,200	6,600	-	27,630
Disbursements:						
Personal services	1,083,871	109,065	-	-	-	-
Supplies	174,634	88,583	-	-	-	-
Other services and charges	1,589,002	473,887	-	6,763	-	-
Debt service - principal and interest	36,820	-	-	-	-	-
Capital outlay	190,277	398,473	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	263,222	7,000	-	-	-	46,124
Total disbursements	3,337,826	1,077,008	-	6,763	-	46,124
Excess (deficiency) of receipts over disbursements	651,662	277,455	36,200	(163)	-	(18,494)
Cash and investments - ending	\$ 1,019,728	\$ 1,391,294	\$ 116,484	\$ 10,882	\$ 7,790	\$ 3,081

TOWN OF WHITESTOWN
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013

	User Fee Fund	Fire Department	Rainy Day Fund	Levy Excess Fund	Federal Drug Seized Money	Cumulative Capital Development
Cash and investments - beginning	\$ 349	\$ 365,486	\$ 604,182	\$ 1,392	\$ 24,388	\$ 78,130
Receipts:						
Taxes	-	1,230,540	-	-	-	72,510
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	63,696	-	-	-	3,755
Charges for services	-	399,000	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	-	21,440	-	-	-	-
Total receipts	-	1,714,676	-	-	-	76,265
Disbursements:						
Personal services	-	1,255,617	-	-	-	-
Supplies	-	66,130	-	-	-	-
Other services and charges	-	159,715	-	-	21,053	-
Debt service - principal and interest	-	61,527	-	-	-	-
Capital outlay	-	140,693	-	-	-	76,882
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	86,119	-	-	-	-
Total disbursements	-	1,769,801	-	-	21,053	76,882
Excess (deficiency) of receipts over disbursements	-	(55,125)	-	-	(21,053)	(617)
Cash and investments - ending	\$ 349	\$ 310,361	\$ 604,182	\$ 1,392	\$ 3,335	\$ 77,513

TOWN OF WHITESTOWN
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013

	Park Nonreverting Capital	Rdc Comm Fund	Cumulative Capital Improvement	MVH Grant Fund	Parks Grant Fund	Law Enf. Grant Fund
Cash and investments - beginning	\$ 5,044	\$ 777,444	\$ 9,049	\$ -	\$ -	\$ 368
Receipts:						
Taxes	-	890,999	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	7,696	-	-	722
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	-	44,100	-	110,037	3,500	-
Total receipts	-	935,099	7,696	110,037	3,500	722
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	1,409,737	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	5,000	-	110,037	750	-
Total disbursements	-	1,414,737	-	110,037	750	-
Excess (deficiency) of receipts over disbursements	-	(479,638)	7,696	-	2,750	722
Cash and investments - ending	\$ 5,044	\$ 297,806	\$ 16,745	\$ -	\$ 2,750	\$ 1,090

TOWN OF WHITESTOWN
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013

	Court Cost Due County	Police Donations	Fire Acquisition Payment	Park And Recreation	Net Payroll Fund	Town Court
Cash and investments - beginning	\$ 5,978	\$ 2,478	\$ 10,812	\$ 70,004	\$ 12,805	\$ 6,396
Receipts:						
Taxes	-	-	118,459	45,153	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	6,090	2,337	-	-
Charges for services	-	4,796	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	-	-	26,000	11,021	2,389,962	120,478
Total receipts	-	4,796	150,549	58,511	2,389,962	120,478
Disbursements:						
Personal services	-	-	-	6,048	2,363,698	-
Supplies	-	-	-	499	-	-
Other services and charges	-	-	-	22,325	-	-
Debt service - principal and interest	-	-	130,625	-	-	-
Capital outlay	-	-	-	16,985	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	11,600	6,254	-	22,873	-	113,948
Total disbursements	11,600	6,254	130,625	68,730	2,363,698	113,948
Excess (deficiency) of receipts over disbursements	(11,600)	(1,458)	19,924	(10,219)	26,264	6,530
Cash and investments - ending	\$ (5,622)	\$ 1,020	\$ 30,736	\$ 59,785	\$ 39,069	\$ 12,926

TOWN OF WHITESTOWN
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013

	Sewer Operating	SRF Bond And Interest	Sewer Depreciation	Sewer Capacity	Sewer 2005 Srf Reserve	Sewer Trust
Cash and investments - beginning	\$ 470,786	\$ 44,883	\$ 332,476	\$ 3,726,814	\$ 381,152	\$ 647,224
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	2,408,590	-	-	332,513	-	-
Penalties	47,847	-	-	-	-	-
Other receipts	237,871	125,305	190,000	622,433	38	65
Total receipts	2,694,308	125,305	190,000	954,946	38	65
Disbursements:						
Personal services	154,040	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	76,572	-	-	-	-	-
Debt service - principal and interest	-	20,474	-	-	-	-
Capital outlay	509,178	-	-	246,385	-	-
Utility operating expenses	848,412	-	237,539	286,228	-	-
Other disbursements	747,733	-	-	122,516	-	-
Total disbursements	2,335,935	20,474	237,539	655,129	-	-
Excess (deficiency) of receipts over disbursements	358,373	104,831	(47,539)	299,817	38	65
Cash and investments - ending	\$ 829,159	\$ 149,714	\$ 284,937	\$ 4,026,631	\$ 381,190	\$ 647,289

TOWN OF WHITESTOWN
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013

	2009 Sewer Srf Bond And Interest	Sewer Swaf Bond And Interest	2013 SRF Bond & Interest	Water Operating	Water Depreciation	Water Capacity
Cash and investments - beginning	\$ 32,644	\$ 16,146	\$ -	\$ 486,895	\$ 198,675	\$ 233,313
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	1,860,978	-	60,795
Penalties	-	-	-	12,319	-	-
Other receipts	234,546	17,873	183,047	237,011	230,000	126
Total receipts	234,546	17,873	183,047	2,110,308	230,000	60,921
Disbursements:						
Personal services	-	-	-	183,592	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	58,171	-	-
Debt service - principal and interest	47,342	17,007	-	-	-	-
Capital outlay	-	-	-	399,701	-	-
Utility operating expenses	-	-	-	711,039	180,049	-
Other disbursements	-	-	-	980,611	-	13,118
Total disbursements	47,342	17,007	-	2,333,114	180,049	13,118
Excess (deficiency) of receipts over disbursements	187,204	866	183,047	(222,806)	49,951	47,803
Cash and investments - ending	\$ 219,848	\$ 17,012	\$ 183,047	\$ 264,089	\$ 248,626	\$ 281,116

TOWN OF WHITESTOWN
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013

	Water 2005 Srf Reserve	Water Trust	2005 Srf Bond And Interest	2009 Water Srf Bond And Interest	2010 Srf Bond And Interest	Water Swaf Bond And Interest
Cash and investments - beginning	\$ 412,465	\$ 238,551	\$ 7,785	\$ 21,364	\$ 37,952	\$ 5,702
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	193,940	12	83,110	231,341	86,751	10,420
Total receipts	193,940	12	83,110	231,341	86,751	10,420
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	14,553	46,820	15,510	10,554
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	238,563	-	-	-	-
Total disbursements	-	238,563	14,553	46,820	15,510	10,554
Excess (deficiency) of receipts over disbursements	193,940	(238,551)	68,557	184,521	71,241	(134)
Cash and investments - ending	\$ 606,405	\$ -	\$ 76,342	\$ 205,885	\$ 109,193	\$ 5,568

TOWN OF WHITESTOWN
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013

	2010 SRF DW 05160602	2010 SRF DW 05160603 Loan	2013 DW 13180604 Loan	2013 DW 13180604 BAN	2010 WW 05660602	Totals
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,871,731
Receipts:						
Taxes	-	-	-	-	-	4,128,172
Licenses and permits	-	-	-	-	-	30,665
Intergovernmental	-	-	-	-	-	2,572,772
Charges for services	-	-	-	-	-	457,196
Fines and forfeits	-	-	-	-	-	31,227
Utility fees	-	-	-	-	-	4,662,876
Penalties	-	-	-	-	-	60,166
Other receipts	39,828	77,061	756,617	3,500,000	105,612	10,929,647
Total receipts	39,828	77,061	756,617	3,500,000	105,612	22,872,721
Disbursements:						
Personal services	-	-	-	-	-	5,155,931
Supplies	-	-	-	-	-	329,846
Other services and charges	-	-	-	-	-	2,407,488
Debt service - principal and interest	-	-	-	-	-	1,810,969
Capital outlay	-	-	-	-	-	1,978,574
Utility operating expenses	-	-	-	-	-	2,263,267
Other disbursements	39,828	77,061	756,617	3,500,000	105,612	7,254,586
Total disbursements	39,828	77,061	756,617	3,500,000	105,612	21,200,661
Excess (deficiency) of receipts over disbursements	-	-	-	-	-	1,672,060
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,543,791

TOWN OF WHITESTOWN
 SCHEDULE OF PAYABLES AND RECEIVABLES
 December 31, 2013

Government or Enterprise	Accounts Payable	Accounts Receivable
Wastewater	\$ -	\$ 228,674
Water	24,380	143,825
Governmental activities	54,388	-
Totals	\$ 78,768	\$ 372,499

TOWN OF WHITESTOWN
SCHEDULE OF LEASES AND DEBT
December 31, 2013

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities: Whitestown Municipal Facilities Building Corporation	Fire Acquisition	\$ 138,500	8/15/2011	2/15/2026
Total of annual lease payments		<u>\$ 138,500</u>		

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
Revenue bonds	Economic Development Tax Increment Revenue Bonds Series 2010A	\$ 10,425,000	\$ 851,126
Revenue bonds	Taxable Jr. Economic Development Tax Increment Revenue Bonds Series 2010 B	4,600,000	220,000
Revenue bonds	Taxable Jr. Economic Development Tax Increment Revenue Bonds Series 2010 C	<u>5,525,000</u>	<u>-</u>
Total governmental activities		<u>20,550,000</u>	<u>1,071,126</u>
Wastewater:			
Revenue bonds	Wastewater Revenue Bonds Series 1997	122,524	17,642
Revenue bonds	Wastewater Revenue Bonds Series 2005	1,412,000	124,078
Revenue bonds	Wastewater Revenue Bonds Series 2009	<u>2,840,000</u>	<u>232,325</u>
Total Wastewater		<u>4,374,524</u>	<u>374,045</u>
Water:			
Revenue bonds	Waterworks Revenue Bonds Series 2010	1,240,000	86,040
Revenue bonds	Waterworks Revenue Bonds Series 2009A	2,785,000	229,133
Revenue bonds	Waterworks Revenue Bonds Series 2005	924,000	82,256
Revenue bonds	Waterworks Revenue Bonds Series 1997	71,143	10,414
Revenue bonds	Waterworks Revenue Bonds Series 2013	<u>702,452</u>	<u>213,594</u>
Total Water		<u>5,722,595</u>	<u>621,437</u>
Totals		<u>\$ 30,647,119</u>	<u>\$ 2,066,608</u>

TOWN OF WHITESTOWN
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	\$ 63,605
Infrastructure	348,664
Buildings	285,399
Improvements other than buildings	115,782
Machinery, equipment, and vehicles	992,469
Books and other	<u>1,513,800</u>
Total governmental activities	<u>3,319,719</u>
Wastewater:	
Land	745,960
Infrastructure	19,833,508
Buildings	3,883
Machinery, equipment, and vehicles	658,835
Construction in progress	<u>381,052</u>
Total Wastewater	<u>21,623,238</u>
Water:	
Land	411,130
Infrastructure	5,213,328
Buildings	1,977,709
Machinery, equipment, and vehicles	2,195,957
Construction in progress	346,575
Books and other	<u>10,979,451</u>
Total Water	<u>21,124,150</u>
Total capital assets	<u>\$ 46,067,107</u>

SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



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

TO: THE OFFICIALS OF THE TOWN OF WHITESTOWN, BOONE COUNTY, INDIANA

Report on Compliance for the Major Federal Program

We have audited the Town of Whitestown's (Town) 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 Town'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 Town'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 Town'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 Town's compliance.

Opinion on the Major Federal Program

In our opinion, the Town 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 Town 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 Town'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 Town's internal control over compliance.

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

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 a 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. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2013-005 to be a material weakness.

The Town's response to the internal control over compliance findings identified in our audit is described in the accompanying Corrective Action Plan. The Town's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

December 18, 2017

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

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

TOWN OF WHITESTOWN
 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	Pass-Through To Subrecipient	Total Federal Awards Expended
<u>Department of Housing and Urban Development</u>					
CDBG - State-Administered CDBG Cluster					
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	Indiana Office of Community and Rural Affairs	14.228	A192-12-PL-11-025	\$ -	20,000
<u>Department of Transportation</u>					
Highway Planning and Construction Cluster					
Highway Planning and Construction	Indiana Department of Transportation	20.205	1173288	-	110,037
Recreational Trails Program	Indiana Department of Natural Resources	20.219	E10-3-SO12004	-	2,800
Total - Highway Planning and Construction Cluster				-	112,837
Total - Department of Transportation				-	112,837
<u>Environmental Protection Agency</u>					
Capitalization Grants for Drinking Water State Revolving Fund					
Capitalization Grants for Drinking Water State Revolving Fund	Indiana Finance Authority	66.468	DW05160603 DW13180604	-	31,541 3,809,683
Total - Environmental Protection Agency				-	3,841,224
Total federal awards expended				\$ -	\$ 3,974,062

The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards.

TOWN OF WHITESTOWN
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes the federal grant activity of the Town under programs of the federal government for the year ended December 31, 2013. The information in the SEFA is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the SEFA presents only a select portion of the operations of the Town, it is not intended to and does not present the financial position of the Town.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the SEFA are reported on the cash basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowed or are limited as to reimbursement. When federal grants are received on a reimbursement basis, the federal awards are considered expended when the reimbursement is received.

TOWN OF WHITESTOWN
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 deficiency identified?	yes
Noncompliance material to financial statement noted?	yes

Federal Awards:

Internal control over major program:	
Material weakness identified?	yes
Significant deficiency identified?	none reported
Type of auditor's report issued on compliance for major program:	Unmodified
Any audit finding disclosed that are required to be reported in accordance with section .510(a) of OMB Circular A-133?	yes

Identification of Major Program:

CFDA Number	Name of Federal Program or Cluster
66.468	Capitalization Grants for Drinking Water State Revolving Fund

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

Auditee qualified as low-risk auditee?	no
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Section II - Financial Statement Findings

FINDING 2013-001

Subject: Financial Transactions and Reporting
Audit Findings: Material Weakness, Noncompliance

Condition

There were deficiencies in the internal control system of the Town related to financial transactions and reporting. The Town did not have a proper system of internal controls in place to prevent, or detect and correct, errors on the financial statement.

TOWN OF WHITESTOWN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

At year end, the Town uploaded their financial information into the Indiana Gateway for government units financial reporting system (Gateway). This information is the basis for the Annual Financial Report (AFR) and the financial statement. The AFR and the financial statement contained the errors noted in the *Context* below. Audit adjustments for the errors noted below were proposed, accepted by the Town, and made to the financial statement.

Context

The receipts and disbursements in the financial statement were understated in total by \$4,599,596 and \$4,593,066, respectively.

- The receipts and disbursements for the Town Court fund were understated by \$120,478 and \$113,948, respectively.
- The receipts and disbursements for the 2010 SRF DW 05160602 fund were both understated by \$39,828.
- The receipts and disbursements for the 2010 SRF DW 05160603 Loan fund were both understated by \$477,061.
- The receipts and disbursements for the 2013 DW 13180604 Loan fund were both understated by \$756,617.
- The receipts and disbursements for the 2013 DW 13180604 BAN fund were both understated by \$3,500,000.
- The receipts and disbursements for the 2010 WW 05660602 fund were both understated by \$105,612.

Criteria

The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate control activities. According to this manual:

"Control activities are the actions and tools established through policies and procedures that help to detect, prevent, or reduce the identified risks that interfere with the achievement of objectives. Detection activities are designed to identify unfavorable events in a timely manner whereas prevention activities are designed to deter the occurrence of an unfavorable event. Examples of these activities include reconciliations, authorizations, approval processes, performance reviews, and verification processes.

An integral part of the control activity component is segregation of duties. . . .

There is an expectation of segregation of duties. If compensating controls are necessary, documentation should exist to identify both the areas where segregation of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. . . .

TOWN OF WHITESTOWN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

The Green Book identifies a list of control activity categories that are meant only to illustrate the range and variety of control activities. . . .

- Accurate and timely recording of transactions. . . ."

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."

Cause

Management of the Town had not established a proper system of internal control.

Effect

Without a proper system of internal control in place that operated effectively, material misstatements of the financial statement remained undetected. The financial statement contained errors as identified in the *Context*.

Recommendation

We recommended that the Town's management establish a system of internal controls related to financial transactions and reporting.

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

FINDING 2013-002

Subject: Cash and Investments - Bank Reconciliation
Audit Findings: Material Weakness, Noncompliance

Condition

The Town and Utility bank account reconciliations were performed by one individual without an oversight, review, or approval process to ensure the accuracy and completion of the reconcilements.

Context

The lack of internal controls over cash and investments was a systemic problem throughout the audit period. In addition, the Town did not complete bank reconciliations for the Town Operating and Payroll funds from January 2013 to June 2013.

TOWN OF WHITESTOWN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Criteria

The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate control activities. According to this manual:

"Control activities are the actions and tools established through policies and procedures that help to detect, prevent, or reduce the identified risks that interfere with the achievement of objectives. Detection activities are designed to identify unfavorable events in a timely manner whereas prevention activities are designed to deter the occurrence of an unfavorable event. Examples of these activities include reconciliations, authorizations, approval processes, performance reviews, and verification processes.

An integral part of the control activity component is segregation of duties. . . .

There is an expectation of segregation of duties. If compensating controls are necessary, documentation should exist to identify both the areas where segregation of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. . . ."

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."

Cause

Management of the Town had not established an effective system of internal control over cash and investments.

Effect

The failure to establish controls could have enabled material misstatements or irregularities to remain undetected.

Recommendation

We recommended that the Town's management establish controls related to the cash and investment reconciliation process.

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

TOWN OF WHITESTOWN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

FINDING 2013-003

Subject: Town Court
Audit Findings: Significant Deficiency, Noncompliance

Condition

An effective internal control system was not in place at the Town Court over cash and investments and receipts.

The same employee collected, deposited, and recorded all receipts of the Town Court. Also, the same employee completed the Town Court bank reconciliations, which were not reviewed or approved by another employee.

The bank reconciliations performed were not adequate. They were a reconciliation of the bank activity to the bank; not a reconciliation of the bank balances to the Town Court ledger balances.

Context

The lack of internal controls and the noncompliance were systemic issues throughout the audit period. In addition, none of the bank reconciliations were properly performed.

Criteria

The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate control activities. According to this manual:

"Control activities are the actions and tools established through policies and procedures that help to detect, prevent, or reduce the identified risks that interfere with the achievement of objectives. Detection activities are designed to identify unfavorable events in a timely manner whereas prevention activities are designed to deter the occurrence of an unfavorable event. Examples of these activities include reconciliations, authorizations, approval processes, performance reviews, and verification processes.

An integral part of the control activity component is segregation of duties. . . .

There is an expectation of segregation of duties. If compensating controls are necessary, documentation should exist to identify both the areas where segregation of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. . . ."

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."

Cause

Management of the Town Court had not established an effective system of internal control over cash and investments and receipts.

TOWN OF WHITESTOWN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Effect

The failure to establish controls could have enabled misstatements or irregularities to remain undetected.

Recommendation

We recommended that the Town Court's management establish controls related to the cash and investment reconciliations and the receipt process.

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

FINDING 2013-004

Subject: Preparation of the Schedule of Expenditures of Federal Awards
Audit Findings: Material Weakness, Noncompliance

Condition

The Town 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).

Due to the lack of effective controls, errors occurred on the SEFA. The Capitalization Grants for Drinking Water State Revolving Funds program was not reported, resulting in an understatement of federal expenditures of \$3,841,224. The SEFA also contained errors with the Pass-Through Entity Identifying Numbers. Audit adjustments were proposed, accepted by the Town, and made to the SEFA presented in this report.

Context

The lack of effective controls was a systemic issue throughout the audit period. The federal expenditures reported on the SEFA presented for audit were materially understated.

Criteria

The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate control activities. According to this manual:

"Control activities are the actions and tools established through policies and procedures that help to detect, prevent, or reduce the identified risks that interfere with the achievement of objectives. Detection activities are designed to identify unfavorable events in a timely manner whereas prevention activities are designed to deter the occurrence of an unfavorable event. Examples of these activities include reconciliations, authorizations, approval processes, performance reviews, and verification processes.

TOWN OF WHITESTOWN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

An integral part of the control activity component is segregation of duties. . . .

There is an expectation of segregation of duties. If compensating controls are necessary, documentation should exist to identify both the areas where segregation of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. . . .

The Green Book identifies a list of control activity categories that are meant only to illustrate the range and variety of control activities. . . .

- Accurate and timely recording of transactions. . . ."

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 § _____.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 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."

Cause

Management had not established a system of internal control that would have ensured proper reporting of the SEFA.

TOWN OF WHITESTOWN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Effect

Without a proper system of internal control in place that operated effectively, material misstatements of the SEFA remained undetected. The SEFA contained the errors identified in the *Condition*.

Recommendation

We recommended that the Town's management establish effective controls over the preparation of the SEFA to ensure accurate reporting of federal awards.

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

Section III - Federal Award Findings and Questioned Costs

FINDING 2013-005

Subject: Capitalization Grants for Drinking Water State Revolving Funds - Internal Controls
Federal Agency: Environmental Protection Agency
Federal Program: Capitalization Grants for Drinking Water State Revolving Funds
CFDA Number: 66.468
Federal Award Number and Year (or Other Identifying Number): DW13180604
Pass-Through Entity: Indiana Finance Authority
Compliance Requirement: Reporting
Audit Finding: Material Weakness

Condition

An effective internal control system was not in place at the Town in order to ensure compliance with requirements related to the grant agreement and the Reporting compliance requirement.

The Clerk-Treasurer prepared and submitted the MBE/WBE Utilization Report without an oversight, review, or approval process to ensure proper reporting.

Context

The lack of internal controls over the Reporting compliance requirement was a systemic issue throughout the audit period.

Criteria

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs. . . ."

TOWN OF WHITESTOWN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Cause

Management had not developed a system of internal controls that would have prevented, or detected and corrected, potential material noncompliance.

Effect

The failure to establish an effective internal control system placed the Town at risk of noncompliance with the grant agreement and the Reporting compliance requirement.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the Town's management establish controls, including segregation of duties, related to the grant agreement and the Reporting compliance requirement.

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

AUDITEE-PREPARED DOCUMENT

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



CORRECTIVE ACTION PLAN

FINDING 2013-001 (Auditor Assigned Reference Number)

Contact Person Responsible for Corrective Action: Matthew Sumner
Contact Phone Number: 317-732-4532

Views of Responsible Official: I agree with this assessment.

Description of Corrective Action Plan: Currently, the Town's accounting firm, Reedy Financial Group (RFG), prepares and uploads the documents to the DLGF's website. Once they have been uploaded, RFG contracts the Clerk-Treasurer to review and approve of the documents, and ultimately submit the documents if they are correct, or ask RFG to make any appropriate corrections before completing this process again where the Clerk-Treasurer ultimately approves and submits the documents prepared by RFG.

Anticipated Completion Date: This was instituted when the new Clerk-Treasurer assumed office in March of 2016.

cc: [unclear]
[unclear]

CORRECTIVE ACTION PLAN

FINDING 2013-002 (Auditor Assigned Reference Number)

Contact Person Responsible for Corrective Action: Matthew Sumner
Contact Phone Number: 317-732-4532

Views of Responsible Official: I agree with this assessment.

Description of Corrective Action Plan: The bank reconciliation process has changed to include various points of contact. Since the Clerk-Treasurer signs off on checks and deposits money in the accounts, the Deputy Clerk-Treasurer reconciles the bank accounts. Once the Deputy Clerk-Treasurer is done, the reports/reconciliations are sent via e-mail to RFG for final verification before closing out the month.

Anticipated Completion Date: This was instituted when the new Clerk-Treasurer assumed office in March of 2016.

CORRECTIVE ACTION PLAN

FINDING 2013-003 (Auditor Assigned Reference Number)

Contact Person Responsible for Corrective Action: Matthew Sumner
Contact Phone Number: 317-732-4532

Views of Responsible Official: I agree with this assessment.

Description of Corrective Action Plan: Moving forward, the Court Clerk will have the Judge sign off on verifying monthly financial reports and records. This was happening for about two years, but without a signature from the Judge.

Anticipated Completion Date: This will be started in January 2018.

CORRECTIVE ACTION PLAN

FINDING 2013-004 (Auditor Assigned Reference Number)

Contact Person Responsible for Corrective Action: Matthew Sumner
Contact Phone Number: 317-732-4532

Views of Responsible Official: I agree with this assessment.

Description of Corrective Action Plan: When Reedy Financial Group posts the reports on the DLGF website, they will contact the Clerk-Treasurer to verify and submit the documents as necessary.

Anticipated Completion Date: January 2018.

2018 01 01

CORRECTIVE ACTION PLAN

FINDING 2013-005 (Auditor Assigned Reference Number)

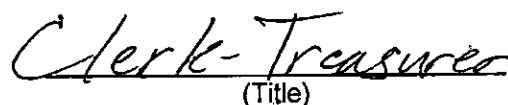
Contact Person Responsible for Corrective Action: Matthew Sumner
Contact Phone Number: 317-732-4532

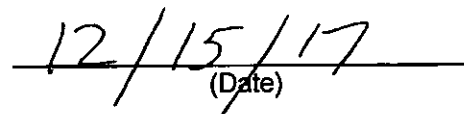
Views of Responsible Official: I agree with this assessment.

Description of Corrective Action Plan: Moving forward, the Clerk-Treasurer will work with the appropriate Department Head when submitting reports and have the Department Head initial or sign documentation that the reporting is accurate. The Clerk-Treasurer will also reach out to the town attorney and accountants as necessary to ensure the proper information and numbers are reported.

Anticipated Completion Date: January 2018


(Signature)


(Title)


(Date)

OTHER REPORTS

In addition to this report, other reports may have been issued for the Town. All reports can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>.