

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

EXAMINATION REPORT
OF
TOWN OF WHITELAND
JOHNSON COUNTY, INDIANA
January 1, 2004 to December 31, 2005



FILED
02/06/2007

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Michelle R. Gabehart	01-01-04 to 12-31-07
President of the Town Council	Roger Ford	01-01-04 to 12-31-06



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF WHITELAND, JOHNSON COUNTY, INDIANA

We have examined the financial information presented herein of the Town of Whiteland (Town), for the period of January 1, 2004 to December 31, 2005. The Town's management is responsible for the financial information presented herein. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the financial information presented herein and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the financial information referred to above presents fairly, in all material respects, the financial information of the Town for the years ended December 31, 2004 and 2005, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

November 15, 2006

TOWN OF WHITELAND
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL AND PROPRIETARY FUND TYPES
As Of And For The Years Ended December 31, 2004 And 2005

	Cash and Investments 01-01-04	Receipts	Disbursements	Cash and Investments 12-31-04
Governmental Funds:				
General	\$ 224,213	\$ 598,480	\$ 742,691	\$ 80,002
Motor Vehicle Highway	81,051	281,155	272,903	89,303
Local Road and Street	15,872	46,960	-	62,832
Park and Recreation	9,524	3,500	26	12,998
Law Enforcement Continuing Education	2,633	1,226	-	3,859
Riverboat	-	49,986	-	49,986
Donation	1,754	1,850	2,019	1,585
Cumulative Capital Improvement	128,182	16,397	18,635	125,944
Cumulative Capital Development	265,933	118,519	145,388	239,064
Communication	9,333	3,500	5,725	7,108
Final Grade Certification	3,600	3,250	3,600	3,250
Sprint PCS	-	8,400	-	8,400
Proprietary Funds:				
Water Utility - Operating	227,059	425,580	542,277	110,362
Water Utility - Improvement	57,215	1,461,589	73,614	1,445,190
Water Utility - Hook-on Sinking	129,689	9,113	42	138,760
Water Utility - Escrow	12,600	-	-	12,600
Wastewater Utility - Operating	210,951	829,012	877,938	162,025
Wastewater Utility - Bond and Interest	565,148	435,633	362,109	638,672
Wastewater Utility - Hook-on Sinking	797,431	70,989	10	868,410
Wastewater Utility - Escrow	10,000	-	10,000	-
Totals	<u>\$ 2,752,188</u>	<u>\$ 4,365,139</u>	<u>\$ 3,056,977</u>	<u>\$ 4,060,350</u>

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds:				
General	\$ 80,002	\$ 540,889	\$ 570,564	\$ 50,327
Motor Vehicle Highway	89,303	263,691	281,713	71,281
Local Road and Street	62,832	49,428	24,025	88,235
Park and Recreation	12,998	3,611	731	15,878
Law Enforcement Continuing Education	3,859	1,417	20	5,256
Riverboat	49,986	24,958	-	74,944
Donation	1,585	1,200	-	2,785
Cumulative Capital Improvement	125,944	13,000	114,220	24,724
Cumulative Capital Development	239,064	53,017	-	292,081
Communication	7,108	3,605	-	10,713
Final Grade Certification	3,250	2,250	1,400	4,100
Sprint PCS	8,400	18,200	-	26,600
Proprietary Funds:				
Water Utility - Operating	110,362	524,472	584,185	50,649
Water Utility - Improvement	1,445,190	132,895	139,595	1,438,490
Water Utility - Hook-on Sinking	138,760	6,897	-	145,657
Water Utility - Escrow	12,600	600	-	13,200
Wastewater Utility - Operating	162,025	818,259	914,211	66,073
Wastewater Utility - Bond and Interest	638,672	434,524	368,002	705,194
Wastewater Utility - Hook-on Sinking	868,410	53,749	-	922,159
Totals	<u>\$ 4,060,350</u>	<u>\$ 2,946,662</u>	<u>\$ 2,998,666</u>	<u>\$ 4,008,346</u>

The accompanying notes are an integral part of the schedules.

TOWN OF WHITELAND
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

The Town was established under the laws of the State of Indiana. The Town provides the following services: public safety, health and social services, culture and recreation, and general administrative services, water and wastewater.

Note 2. Fund Accounting

The Town uses funds to report on its cash and investments and the results of its operations on a cash basis. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities.

Note 3. Budgets

The operating budget is initially prepared and approved at the local level. In addition, funds for which property taxes are levied or highway use taxes are received are subject to final approval by the Indiana Department of Local Government Finance.

Note 4. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the Town in June and December. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100% 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 become delinquent if not paid by May 10 and November 10, respectively. All property taxes collected by the County Treasurer and available for distribution were distributed to the Town on or prior to December 31 of the year collected.

Note 5. Deposits and Investments

Deposits, made in accordance with Indiana Code 5-13, with financial institutions in the State of Indiana at year end were 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 statute (IC 5-13-9) authorizes the Town to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

TOWN OF WHITELAND
NOTES TO FINANCIAL INFORMATION
(Continued)

Note 6. Pension Plan

Public Employees' Retirement Fund

Plan Description

The Town contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF 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% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

PERF 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:

Public Employees' Retirement Fund
Harrison Building, Room 800
143 West Market Street
Indianapolis, IN 46204
Ph. (317) 233-4162

Funding Policy and Annual Pension Cost

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

Note 7. Long-Term Debt

The Town has entered into a capital lease for police cars. The outstanding principal at December 31, 2005, was \$71,774.

The Water Utility issued revenue bonds in 1988 for the amount of \$460,000. The proceeds were used for the construction of new water lines and for replacement of an existing water tower. The outstanding principal at December 31, 2005, was \$125,000. In 2005, the Water Utility issued revenue bonds in the amount of \$1,400,000. The proceeds were used for construction costs associated with the extension and looping of water lines and building an additional water tower. The outstanding principal at December 31, 2005, was \$1,400,000.

The Wastewater Utility issued revenue bonds in 1966 for the amount of \$460,000. The proceeds were used for the construction of a new wastewater treatment plant. The outstanding principal at December 31, 2005, was \$27,000. In 2004, the Wastewater Utility issued a note payable to repay proceeds from the State Revolving Fund in the amount of \$3,600,000. The proceeds were used for construction costs associated with upgrading the wastewater treatment plant. The outstanding principal at December 31, 2005, was \$3,600,000.

TOWN OF WHITELAND
EXAMINATION RESULTS AND COMMENTS

CAPITAL ASSET RECORDS

As stated in prior Reports B20017 and B25061, the Town and its Utilities do not maintain sufficient detailed records of capital assets. Upon purchase, the costs of the capital assets are added to an aggregate Utility Plant in Service account, and to subsidiary accounts for land, buildings, etc., in the General Ledger. However, records providing historical costs for some of the Unit's capital assets are not available, and records classifying and summarizing the Unit's capital assets are incomplete. Deletions or disposals of capital assets are not recorded.

Every governmental unit should have a complete inventory of all capital assets owned which reflects their acquisition value. Such inventory should be recorded in the Capital Asset Ledger. A complete inventory should be taken every year for good internal control and for verifying account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

DELINQUENT WASTEWATER ACCOUNTS

As stated in prior Reports B20017 and B25061, delinquent wastewater fees and penalties had not been recorded with the County Recorder nor were they certified to the County Auditor which would result in a lien against the property. The Clerk-Treasurer stated that delinquent accounts are turned over to a collection agency.

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

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

- (1) a list of the delinquent fees and penalties that are enforceable under this section, which must include the following:
 - (A) the name or names of the owner or owners of each lot or parcel of real property on which fees are delinquent;
 - (B) a description of the premises, as shown by the records of the county auditor; and
 - (C) the amount of the delinquent fees, together with the penalty; or
- (2) an individual instrument for each lot or parcel of real property on which the fees are delinquent."

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

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

TOWN OF WHITELAND
EXAMINATION RESULTS AND COMMENTS
(Continued)

DEPOSITS (Applies to Planning and Police Department)

As stated in the prior Report B25061, in numerous instances, receipts were deposited later than the next business day.

Indiana Code 5-13-6-1(d) states: "A city (other than a consolidated city) or a town shall deposit funds not later than the next business day following the receipt of the funds in depositories (1) selected by the city or town as provided in an ordinance adopted by the city or the town; and (2) approved as depositories of state funds."

BANK ACCOUNT RECONCILIATIONS

Depository reconciliations of the fund balances to the bank account balances were incorrect at December 31, 2005. The following errors were noted:

1. The unit-prepared year-end bank reconciliation did not include as a reconcilable item a deposit in transit for the amount of \$87,000.00.
2. The unit-prepared year-end investment reconciliation, CTAR report, and investment register were not in agreement at year end. The investment register and CTAR report were overstated in the amount of \$ 287.11. The investment register did not include all investing activities of the unit as of December 31, 2005.

Indiana Code C 5-13-6-1(e) states in part: "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."

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TOWN OF WHITELAND
EXIT CONFERENCE

The contents of this report were discussed on December 14, 2006, with Michelle R. Gabehart, Clerk-Treasurer. The official concurred with our findings.