

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

EXAMINATION REPORT

OF

TOWN OF SHIPSHEWANA

LAGRANGE COUNTY, INDIANA

January 1, 2005 to December 31, 2006



FILED
11/16/2007

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Ruth Ann Downey	01-01-04 to 12-31-07
President of the Town Council	Roger D. Yoder	01-01-05 to 12-31-07
President of the Storm Water Management District	Paul Hostetler C. Arline Lazzaro	01-01-05 to 12-31-05 01-01-06 to 12-31-07
Superintendent of Water Utility	Thomas Sheline	01-01-05 to 12-31-07
Superintendent of Wastewater Utility	Mickey Reese Boyd Jones	01-01-05 to 01-23-05 01-24-05 to 12-31-07
Superintendent of Storm Water Utility	Thomas Sheline	01-01-05 to 12-31-07



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 SHIPSHEWANA, LAGRANGE COUNTY, INDIANA

We have examined the financial information presented herein of the Town of Shipshewana (Town), for the period of January 1, 2005 to December 31, 2006. 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, 2005 and 2006, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The Schedule of Long-Term Debt, as listed in the Table of Contents, is presented for additional analysis and is not a required part of the basic financial information. It has not been subjected to the examination procedures applied to the basic financial information, and accordingly, we express no opinion on it.

STATE BOARD OF ACCOUNTS

October 4, 2007

TOWN OF SHIPSHEWANA
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL, PROPRIETARY AND FIDUCIARY FUND TYPES
As Of And For The Years Ended December 31, 2005 And 2006

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds:				
General	\$ 311,569	\$ 724,905	\$ 848,598	\$ 187,876
Motor Vehicle Highway	194,621	90,136	122,701	162,056
Local Road and Street	40,519	3,325	-	43,844
Park and Recreation	15,781	88,550	65,458	38,873
Fire Run Fees	21,850	154,605	143,233	33,222
Law Enforcement Continuing Education	1,339	1,331	564	2,106
Riverboat	3,416	7,017	-	10,433
Rainy Day	10,125	298	-	10,423
Donation	4,178	6,229	5,787	4,620
Fire Donation	83,930	111,950	187,273	8,607
Visitor Center Endowment	55,596	193	55,789	-
Food and Beverage Tax	41,060	83,609	73,628	51,041
Police Grant	-	2,220	2,200	20
Amish Youth Grant	-	27,577	20,717	6,860
Cumulative Capital Improvement	54,225	3,085	-	57,310
Cumulative Capital Development	41,437	88,112	-	129,549
Cumulative Building and Firefighting Equipment	7,231	47,318	5,190	49,359
County Economic Development Income Tax	82,913	77,083	63,514	96,482
Tax Incremental Financing	225,482	1,109,613	295,352	1,039,743
Proprietary Funds:				
Water Utility - Operating	63,727	167,357	171,163	59,921
Water Utility - Bond and Interest	5,658	117,878	119,601	3,935
Water Utility - Debt Service Reserve	119,755	-	-	119,755
Water Utility - Customer Deposit	2,569	1,285	985	2,869
Water Utility - Improvement	212,478	201,000	328,883	84,595
Wastewater Utility - Operating	96,215	174,727	165,446	105,496
Wastewater Utility - Bond and Interest	64,373	60,203	65,085	59,491
Wastewater Utility - Debt Service Reserve	69,812	-	-	69,812
Wastewater Utility - Improvement	121,368	147,000	49,384	218,984
Storm Water Utility - Operating	25,987	53,193	44,802	34,378
Storm Water Utility - Bond and Interest	11,337	144,143	114,252	41,228
Storm Water Utility - Construction	955,353	7,176	791,281	171,248
Fiduciary Fund:				
Payroll	1,306	455,795	456,708	393
Totals	<u>\$ 2,945,210</u>	<u>\$ 4,156,913</u>	<u>\$ 4,197,594</u>	<u>\$ 2,904,529</u>

The accompanying notes are an integral part of the financial information.

TOWN OF SHIPSHEWANA
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL, PROPRIETARY AND FIDUCIARY FUND TYPES
As Of And For The Years Ended December 31, 2005 And 2006
(Continued)

	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
Governmental Funds:				
General	\$ 187,876	\$ 594,705	\$ 543,806	\$ 238,775
Motor Vehicle Highway	162,056	153,694	116,148	199,602
Local Road and Street	43,844	4,255	-	48,099
Park and Recreation	38,873	60,494	74,188	25,179
Fire Run Fees	33,222	111,320	107,735	36,807
Law Enforcement Continuing Education	2,106	3,724	-	5,830
Riverboat	10,433	3,951	-	14,384
Rainy Day	10,423	483	-	10,906
Donation	4,620	162	3,456	1,326
Fire Donation	8,607	24,982	27,780	5,809
Visitor Center Endowment	-	468,424	-	468,424
Police Donation	-	1,601	1,474	127
Food and Beverage Tax	51,041	97,492	73,247	75,286
Police Grant	20	1,498	1,518	-
Amish Youth Grant	6,860	56,349	53,184	10,025
Excess Levy	-	7,193	7,193	-
Cumulative Capital Improvement	57,310	3,686	-	60,996
Cumulative Capital Development	129,549	43,889	924	172,514
Cumulative Building and Firefighting Equipment	49,359	27,696	616	76,439
County Economic Development Income Tax	96,482	97,480	71,757	122,205
Tax Incremental Financing	1,039,743	418,699	221,866	1,236,576
Major Moves Construction	-	274,503	-	274,503
Proprietary Funds:				
Water Utility - Operating	59,921	178,671	186,081	52,511
Water Utility - Bond and Interest	3,935	79,200	70,210	12,925
Water Utility - Debt Service Reserve	119,755	-	-	119,755
Water Utility - Customer Deposit	2,869	1,200	800	3,269
Water Utility - Improvement	84,595	119,000	17,670	185,925
Wastewater Utility - Operating	105,496	186,669	168,198	123,967
Wastewater Utility - Bond and Interest	59,491	22,000	63,925	17,566
Wastewater Utility - Debt Service Reserve	69,812	-	-	69,812
Wastewater Utility - Improvement	218,984	190,000	51,776	357,208
Storm Water Utility - Operating	34,378	54,316	35,500	53,194
Storm Water Utility - Bond and Interest	41,228	70,086	67,002	44,312
Storm Water Utility - Construction	171,248	6,861	33,020	145,089
Fiduciary Fund:				
Payroll	393	459,620	454,010	6,003
Totals	<u>\$ 2,904,529</u>	<u>\$ 3,823,903</u>	<u>\$ 2,453,084</u>	<u>\$ 4,275,348</u>

The accompanying notes are an integral part of the financial information.

TOWN OF SHIPSHEWANA
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.

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 SHIPSHEWANA
NOTES TO FINANCIAL INFORMATION
(Continued)

Note 6. Subsequent Events

The Town Center, which consists of a visitor's center, conference center and Hudson car museum, opened its doors on September 4, 2007. The Shipshewana Redevelopment Commission is leasing the Town Center from the Shipshewana Redevelopment Authority for a period of 25 years. Lease payments are \$227,000 due on February 1, 2008, and \$187,000, thereafter, due on each February 1 and August 1 of each year. At the end of the lease, the Authority will execute the deed of the Town Center to the Commission.

In July 2005, the Town of Shipshewana was awarded a one million dollar grant for the development of Phase 4 of the Pumpkinvine Trail project. No money was expended for this project until 2007.

On March 8, 2007, Beer & Slaubaugh was awarded the W. Middlebury Street Improvement and Summey Street Water Main Replacement projects in the amount of \$451,823.

TOWN OF SHIPSHEWANA
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT

For The Year Ended December 31, 2006

The Town has entered into the following long-term debt:

Description of Debt	Ending Balance	Due Within One Year
Governmental Activities:		
Capital leases:		
Fire Station	\$ 550,000	\$ 25,000
Business-type Activities:		
Water Utility		
Loans Payable:		
Water Tower	\$ 582,495	\$ 35,000
Revenue bonds:		
1988 Water Revenue Bonds	13,300	13,300
Total Water Utility	595,795	48,300
Wastewater Utility		
Loans Payable:		
Wastewater SRF	785,000	45,000
Stormwater Utility:		
Revenue bonds:		
2004 Stormwater Revenue Bonds	905,000	25,000
Total business-type activities long-term debt:	\$ 2,285,795	\$ 118,300

TOWN OF SHIPSHEWANA
EXAMINATION RESULTS AND COMMENTS

CAPITAL ASSET RECORDS (TOWN AND UTILITIES)

The Town of Shipshewana and the Shipshewana Utilities have not provided an inventory of capital assets for examination.

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 Assets 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)

CUSTOMER DEPOSIT REGISTER (WATER UTILITY)

The detailed customer deposit register was not reconciled with the customer deposit amount recorded on the general ledger during the period under examination.

At all times, the manual and computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TOWN OF SHIPSHEWANA
EXIT CONFERENCE

The contents of this report were discussed on October 4, 2007, with Ruth Ann Downey, Clerk-Treasurer; Roger D. Yoder, President of the Town Council; and William G. Boyer, Town Manager. The officials concurred with our findings.