

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

EXAMINATION REPORT
OF
TOWN OF SHERIDAN
HAMILTON COUNTY, INDIANA
January 1, 2006 to December 31, 2007



FILED
12/31/2008

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Connie J. Pearson Elizabeth A. Walden	01-01-04 to 12-31-07 01-01-08 to 12-31-11
President of the Town Council	John Snethen Connie J. Pearson	01-01-06 to 12-31-07 01-01-08 to 12-31-08



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF SHERIDAN, HAMILTON COUNTY, INDIANA

We have examined the financial information presented herein of the Town of Sheridan (Town), for the period of January 1, 2006 to December 31, 2007. 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, 2006 and 2007, 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

December 11, 2008

TOWN OF SHERIDAN
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL, PROPRIETARY, TRUST, AND FIDUCIARY FUND TYPES
As Of And For The Years Ended December 31, 2006 And 2007

	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
Governmental Funds:				
General	\$ 352,257	\$ 1,547,126	\$ 1,517,563	\$ 381,820
Motor Vehicle Highway	68,577	257,009	269,419	56,167
Local Road and Street	24,917	35,388	34,814	25,491
Law Enforcement Continuing Education	7,244	5,067	3,300	9,011
Police Reserve Donation	1,138	-	-	1,138
EMS Equipment and Replacement	267,995	47,240	139,637	175,598
EMT and Fire Training	30,351	11,796	1,588	40,559
Ambulance Donation	15,808	-	-	15,808
Sheridan Revitalization	12,217	-	4,700	7,517
Disaster Relief	323	-	-	323
Fire Building and Accessories Donation	127	-	-	127
Police Vehicle Donation	327	-	-	327
Build Indiana Grant - Town	10,833	-	-	10,833
Build Indiana Grant - Military Park	630	125	700	55
Brownsfield Grant	630	-	-	630
Lily Grant	10,696	91	10,450	337
St V's Micro Mental Health Donation	871	-	-	871
Biddle Park Equipment and Improvement	43,407	10,450	33,445	20,412
Community Center Donation	500	-	-	500
Harvest Moon Festival	2,385	9,467	8,602	3,250
CDBG - Library Project	-	340,976	340,976	-
Hamilton County Destination Grant - Matching	-	7,500	29	7,471
Police Canine Donation	3,145	-	-	3,145
Drug and Narcotic Enforcement	4,268	11,253	2,547	12,974
Fire Department Donation	14,130	45,583	4,190	55,523
Tax Increment Finance	559	31,182	31,182	559
Riverboat	15,890	15,851	-	31,741
Fire Truck Lease	92	-	-	92
Stormwater Bond and Redemption	31,239	94,667	87,062	38,844
Cumulative Capital Improvement	3,179	4,267	-	7,446
Cumulative Building and Fire Fighting Equipment	53,308	11,543	295	64,556
Cumulative Capital Development	157,570	17,389	23,439	151,520
Lamange Road	108,301	-	108,301	-
Plan Review	5,403	3,840	8,369	874
Construction Inspection	3,809	63,351	63,851	3,309
Levy Excess	13,394	22,841	13,394	22,841
Proprietary Funds:				
Water Utility - Operating	2,128,195	965,674	2,616,816	477,053
Water Utility - Bond and Interest	23,961	170,022	170,667	23,316
Water Utility - Reserve	105,442	3,145	2,175	106,412
Water Utility - Construction	1,050	1,904,196	46,500	1,858,746
Wastewater Utility - Operating	2,143,355	1,145,620	2,880,136	408,839
Wastewater Utility - Bond and Interest	42,117	249,812	239,726	52,203
Wastewater Utility - Reserve	256,846	16,283	4,055	269,074
Wastewater Utility - Construction	-	1,956,586	36,500	1,920,086
Trust Funds:				
Biddle Memorial Park and Recreation	428	28,302	25,936	2,794
Fire Truck Donation	212	-	-	212
Children's Christmas Donation	1,351	1,255	477	2,129
Deferred Compensation	340,968	86,005	11,460	415,513
Fiduciary Fund:				
Payroll	1,495	1,274,501	1,272,045	3,951
Totals	\$ 6,310,940	\$ 10,395,403	\$ 10,014,346	\$ 6,691,997

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

TOWN OF SHERIDAN
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL, PROPRIETARY, TRUST, AND FIDUCIARY FUND TYPES
As Of And For The Years Ended December 31, 2006 And 2007
(Continued)

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Governmental Funds:				
General	\$ 381,820	\$ 1,564,415	\$ 1,632,624	\$ 313,611
Motor Vehicle Highway	56,167	292,985	348,004	1,148
Local Road and Street	25,491	34,615	48,585	11,521
Law Enforcement Continuing Education	9,011	3,641	1,087	11,565
Police Reserve Donation	1,138	-	-	1,138
EMS Equipment and Replacement	175,598	55,785	-	231,383
EMT and Fire Training	40,559	14,850	9,900	45,509
Ambulance Donation	15,808	-	-	15,808
Sheridan Revitalization	7,517	-	1,284	6,233
Disaster Relief	323	-	-	323
Fire Building and Accessories Donation	127	-	-	127
Police Vehicle Donation	327	-	-	327
Build Indiana Grant - Town	10,833	-	-	10,833
Build Indiana Grant - Military Park	55	-	-	55
Brownsfield Grant	630	-	-	630
Lily Grant	337	2	339	-
St V's Micro Mental Health Donation	871	-	-	871
Biddle Park Equipment and Improvement	20,412	93,585	107,634	6,363
Community Center Donation	500	-	-	500
Harvest Moon Festival	3,250	11,276	11,685	2,841
CDBG - Library Project	-	103,024	103,024	-
Hamilton County Destination Grant - Matching	7,471	8,000	9,400	6,071
Hamilton County Destination Grant	-	64,000	64,000	-
Equipment Lease	-	92,254	85,648	6,606
Police Canine Donation	3,145	-	-	3,145
Drug and Narcotic Enforcement	12,974	729	2,589	11,114
Fire Department Donation	55,523	27,449	29,650	53,322
Tax Increment Finance	559	-	-	559
Riverboat	31,741	15,891	31,741	15,891
Fire Truck Lease	92	-	-	92
Stormwater Bond and Redemption	38,844	91,797	116,411	14,230
Cumulative Capital Improvement	7,446	8,851	-	16,297
Cumulative Building and Fire Fighting Equipment	64,556	8,591	-	73,147
Cumulative Capital Development	151,520	69,784	114,293	107,011
Plan Review	874	-	-	874
Construction Inspection	3,309	11,064	13,452	921
Levy Excess	22,841	-	22,841	-
Proprietary Funds:				
Water Utility - Operating	477,053	3,019,941	3,057,939	439,055
Water Utility - Bond and Interest	23,316	164,917	167,995	20,238
Water Utility - Reserve	106,412	3,216	2,630	106,998
Water Utility - Construction	1,858,746	228,343	2,079,649	7,440
Wastewater Utility - Operating	408,839	1,951,031	2,013,392	346,478
Wastewater Utility - Bond and Interest	52,203	245,007	239,194	58,016
Wastewater Utility - Reserve	269,074	17,041	5,001	281,114
Wastewater Utility - Construction	1,920,086	94,775	1,166,299	848,562
Water and Wastewater Escrow	-	233,392	71,694	161,698
Trust Funds:				
Biddle Memorial Park and Recreation	2,794	32,865	34,924	735
Fire Truck Donation	212	-	-	212
Children's Christmas Donation	2,129	1,404	1,664	1,869
Deferred Compensation	415,513	75,851	102,939	388,425
Fiduciary Fund:				
Payroll	3,951	1,361,793	1,363,579	2,165
Totals	<u>\$ 6,691,997</u>	<u>\$ 10,002,164</u>	<u>\$ 13,061,090</u>	<u>\$ 3,633,071</u>

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

TOWN OF SHERIDAN
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, general administrative services, water, and wastewater utilities.

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). 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.

Note 6. Subsequent Event

During 2008, the Town issued General Obligation Bonds in the amount of \$413,000 with a term of five years to finance the completion of the Lamange Road extension project.

TOWN OF SHERIDAN
SUPPLEMENTARY INFORMATION
SCHEDULE OF LONG-TERM DEBT
December 31, 2007

The Town has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental Activities:		
Capital leases:		
Telephone Equipment Lease	\$ 10,429	\$ 3,832
2006 Dodge Charger Police Vehicle Lease	6,030	6,387
(4) 2007 Dodge Durangos & Street Sweeper	206,465	56,819
2007 Dodge Ram Fire Dept. Vehicle Lease	17,716	5,996
2007 Dodge Durango Police Vehicle Lease	20,430	9,327
Interlocal Agreement Payable	9,126	9,581
Bonds payable:		
General obligation bonds:		
Storm Water Management Bond of 2001	<u>815,000</u>	<u>85,915</u>
Total governmental activities debt	<u><u>\$ 1,085,196</u></u>	<u><u>\$ 177,857</u></u>
Business-type Activities:		
Water Utility		
Waterworks Bond Anticipation Notes	\$ 1,960,000	\$ 73,480
Revenue bonds:		
Waterworks Refunding Bonds of 2002	695,000	76,235
Waterworks Revenue Bonds of 2000	<u>125,000</u>	<u>16,375</u>
Total Water Utility	<u>2,780,000</u>	<u>166,090</u>
Wastewater Utility		
Capital leases:		
WW 2007 JD Tractor Loader Equip.	\$ 23,922	\$ 10,420
Sewage Works Bond Anticipation Notes	2,070,000	77,604
Revenue bonds:		
Sewage Works Refunding Bonds of 2001	1,080,000	117,188
Sewage Works Revenue Bonds of 1997	<u>360,000</u>	<u>45,538</u>
Total Wastewater Utility	<u>3,533,922</u>	<u>250,750</u>
Total business-type activities debt:	<u><u>\$ 6,313,922</u></u>	<u><u>\$ 416,840</u></u>

TOWN OF SHERIDAN
EXAMINATION RESULTS AND COMMENTS

CONTRACTS

Payments for grant administrative services were made during the examination period which were not supported by contracts. Payments of approximately \$25,000 were made in 2007 without contracts.

Payments made or received for contractual services should be supported by a written contract. Each governmental unit is responsible for complying with the provisions of its contracts. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

PUBLIC PURCHASE LAW

In September 2006, the Town awarded the purchase of a street sweeper truck without following the proper bidding requirements. The purchase price was \$158,600.

The Town did not prepare specifications but received a sales quote from one company and a budget quote from the other. The second company gave a price range rather than offering a specific piece of equipment and its cost because the sales person had not received information on the chassis and option preferences. The Town did not advertise for the purchase and no other method of inviting bids was documented and presented for examination.

Indiana Code 5-22-7-1 states:

"A purchasing agent shall follow the procedure described in this chapter in awarding a contract for supplies, unless another purchasing method is required or authorized by this article."

Indiana Code 5-22-7-2 states in part:

"(a) A purchasing agent shall issue an invitation for bids.

(b) An invitation for bids must include the following:

- (1) A purchase description.
- (2) All contractual terms and conditions that apply to the purchase.
- (3) A statement of the evaluation criteria . . .
- (4) The time and place for opening the bids.
- (5) A statement concerning whether the bid must be accompanied by a certified check or other evidence of financial responsibility that may be imposed in accordance with rules or policies of the governmental body.
- (6) A statement concerning the conditions under which a bid may be canceled or rejected in whole or in part as specified under IC 5-22-18-2."

TOWN OF SHERIDAN
EXAMINATION RESULTS AND COMMENTS
(Continued)

UTILITY - ACCOUNTS RECEIVABLE CONTROL LEDGER

The Town did not maintain an accounts receivable control ledger and did not print the detailed accounts receivable listings. The detailed accounts receivable should be balanced with the accounts receivable control monthly.

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

At all times, the manual and/or 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)

PUBLIC RECORDS RETENTION

Deferred compensation plan records were not initially presented for examination. Year-end financial statements for employees participating in the deferred compensation plan were not available at the beginning of the examination. The Clerk-Treasurer requested copies of these documents from the bank, in order for us to examine.

Indiana Code 5-15-6-3(f) concerning destruction of public records, states in part:

"Original records may be disposed of only with the approval of the commission according to guidelines established by the commission."

Supporting documentation such as receipts, canceled checks, invoices, bills, contracts, and other public records must be available for audit to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TOWN OF SHERIDAN
EXIT CONFERENCE

The contents of this report were discussed on December 11, 2008, with Elizabeth A. Walden, Clerk Treasurer; and Connie J. Pearson, President of the Town Council and former Clerk-Treasurer. The officials concurred with our findings.