

**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, 2008 to December 31, 2009



**FILED**  
11/16/2010



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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Michelle R. Gabehart	01-01-08 to 12-31-11
President of the Town Council	Roger Ford	01-01-08 to 12-31-10



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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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, 2008 to December 31, 2009. 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, 2008 and 2009, 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

August 24, 2010

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, 2008 And 2009

	Cash and Investments		Cash and Investments	
	01-01-08	Receipts	Disbursements	12-31-08
<b>Governmental Funds:</b>				
General	\$ (88,611)	\$ 1,365,884	\$ 793,108	\$ 484,165
Motor Vehicle Highway	43,007	247,337	352,190	(61,846)
Local Road and Street	4,448	53,317	45,074	12,691
Park and Recreation	27,259	1,780	519	28,520
Law Enforcement Continuing Education	7,722	2,794	-	10,516
Riverboat	74,944	-	-	74,944
Rainy Day	14,493	24,224	-	38,717
Donation	1,084	250	136	1,198
Cumulative Capital Improvement	9,165	17,700	19,922	6,943
Cumulative Capital Development	403,337	51,066	20,221	434,182
Communication	20,730	1,780	1,080	21,430
Final Grade Certification	900	250	600	550
Sprint PCS	16,686	16,800	-	33,486
<b>Proprietary Funds:</b>				
Water Utility - Operating	(27,870)	679,699	917,135	(265,306)
Water Utility - Bond and Interest	990,951	220,876	1,165,245	46,582
Water Utility - Improvement	187,199	846,846	57,309	976,736
Water Utility - Escrow	13,800	-	-	13,800
Water Utility - Hydrant Rental	52,305	39,199	-	91,504
Wastewater Utility - Operating	152,998	1,073,113	838,983	387,128
Wastewater Utility - Bond and Interest	758,197	202,298	368,816	591,679
Wastewater Utility - Improvement	1,179,893	2,250	-	1,182,143
<b>Totals</b>	<b>\$ 3,842,637</b>	<b>\$ 4,847,463</b>	<b>\$ 4,580,338</b>	<b>\$ 4,109,762</b>

	Cash and Investments		Cash and Investments	
	01-01-09	Receipts	Disbursements	12-31-09
<b>Governmental Funds:</b>				
General	\$ 484,165	\$ 847,737	\$ 1,621,716	\$ (289,814)
Motor Vehicle Highway	(61,846)	315,383	372,979	(119,442)
Local Road and Street	12,691	45,459	56,231	1,919
Park and Recreation	28,520	-	2,796	25,724
Law Enforcement Continuing Education	10,516	4,120	-	14,636
Riverboat	74,944	-	-	74,944
Rainy Day	38,717	21,099	-	59,816
Donation	1,198	100	-	1,298
Cumulative Capital Improvement	6,943	12,136	-	19,079
Cumulative Capital Development	434,182	39,612	42,268	431,526
Communication	21,430	-	-	21,430
Final Grade Certification	550	250	400	400
Sprint PCS	33,486	18,200	5,000	46,686
<b>Proprietary Funds:</b>				
Water Utility - Operating	(265,306)	761,614	660,987	(164,679)
Water Utility - Bond and Interest	46,582	70,244	112,706	4,120
Water Utility - Improvement	976,736	500	-	977,236
Water Utility - Escrow	13,800	-	-	13,800
Water Utility - Hydrant Rental	91,504	44,367	-	135,871
Wastewater Utility - Operating	387,128	827,328	1,103,867	110,589
Wastewater Utility - Bond and Interest	591,679	400,188	301,708	690,159
Wastewater Utility - Improvement	1,182,143	10,400	29,100	1,163,443
Trash and Garbage	-	215,897	216,668	(771)
<b>Totals</b>	<b>\$ 4,109,762</b>	<b>\$ 3,634,634</b>	<b>\$ 4,526,426</b>	<b>\$ 3,217,970</b>

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

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, general administrative services and utility service for 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.

**TOWN COUNCIL**

**ROGER FORD**  
PRESIDENT  
**ED TICHENOR**  
VICE PRESIDENT  
**DAVID KELSAY**  
MEMBER  
**JULIE DWIRE**  
MEMBER  
**ALAN WHITAKER**  
MEMBER

**TOWN OF WHITELAND**  
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[www.townofwhiteland.com](http://www.townofwhiteland.com)

**WHITELAND WATER WORKS**  
**WHITELAND SEWER WORKS**

**MICHELLE R. GABEHART**  
CLERK - TREASURER  
**DENNIS CAPOZZI**  
TOWN MANAGER

SUPPLEMENTARY INFORMATION  
SCHEDULE OF LONG-TERM DEBT  
31-Dec-09

The Town of Whiteland has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
<b>Governmental Activities:</b>		
Capital leases:		
POLICE CARS 2009	\$ 66,149	\$ 35,268
<b>Total governmental activities debt</b>	<u>\$ 66,149</u>	<u>\$ 35,268</u>
<b>Business-type Activities:</b>		
<b>Water Utility</b>		
Revenue bonds:		
WATER TOWER/EXPANSION	1,180,000	105,025
Total Water Utility	<u>1,180,000</u>	<u>105,025</u>
<b>Wastewater Utility</b>		
SRF LOAN		
TREATMENT PLANT EXPANSION	2,900,000	304,298
Total Wastewater Utility	<u>2,900,000</u>	<u>304,298</u>
<b>Total business-type activities debt:</b>	<u>\$ 4,080,000</u>	<u>\$ 409,323</u>

TOWN OF WHITELAND  
EXAMINATION RESULTS AND COMMENTS

CAPITAL ASSET RECORDS

As stated in the last several reports, most recently B33826, the Town and its Utilities do not maintain sufficient detailed records of capital assets.

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)

CONDITION OF RECORDS

As similarly stated in prior Report B33826, comparison between the Annual Reports and the supporting ledgers revealed the Annual Reports were not complete and not accurate. The activity shown in the Annual Report for many of the payroll withholding funds was not in agreement with the ledgers. Several Utility funds were omitted from the 2008 Annual Report. There were duplicate entries in the receipt section of the 2008 Annual Report. There were also other unexplained differences between the Annual Report and the supporting ledgers.

Review of the records indicated three receipts were posted into the records twice. The receipts were auditor of state distributions for 2008 in the amounts of \$2,414.47, \$4,356.05, and \$7,996.26.

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)

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)

APPROPRIATIONS

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

Fund	Years	Excess Amount Expended
Motor Vehicle Highway	2008	\$ 67,065
General	2009	122,031
Motor Vehicle Highway	2009	130,347
Local Road and Street	2009	5,799

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

TOWN OF WHITELAND  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

OVERDRAWN CASH BALANCES

As stated in prior Report B33826, the cash balances of several funds were overdrawn during the examination period. The cash balance of the General Fund, Motor Vehicle Highway Fund, Water Utility Operating, and Trash and Garbage Fund were overdrawn as of December 31, 2009.

The cash balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

BANK ACCOUNT RECONCILIATIONS

As stated in prior Report B33826, depository reconciliations of the fund balances to the bank account balances were incorrect for the Town, Water Utility, and Wastewater Utility. At December 31, 2009, the Town funds were long by \$71,707; the Water Utility Funds were long by \$6,610; and the Wastewater Utility Funds were short by (\$34,401). This created a net long of \$43,916 at December 31, 2009.

IC 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."

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)

INTERNAL CONTROLS

Controls over the receipting, disbursing, recording, and accounting for the financial activities related to payroll processing were insufficient. During the examination period, some funds from the Water and Wastewater Utilities related to payroll costs were receipted to the Town's General Fund in error. Payroll related transfers between bank accounts were also posted to the accounting system in error.

The unit has researched these errors and made a lot of corrections in 2009 and 2010. Furthermore, the unit has changed how they process payroll in 2010. Currently, the unit has a separate payroll bank account. Previously, payroll was embedded within the General Fund and the General Fund bank account.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control. (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 August 24, 2010, with Michelle R. Gabehart, Clerk-Treasurer, and Dennis Capozzi, Town Manager. The official response has been made a part of this report and may be found on page 11.

**TOWN COUNCIL**

**ROGER FORD**  
PRESIDENT

**ED TICHENOR**  
VICE PRESIDENT

**DAVID KELSAY**  
MEMBER

**JULIE DWIRE**  
MEMBER

**ALAN WHITAKER**  
MEMBER

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**WHITELAND WATER WORKS**  
**WHITELAND SEWER WORKS**

**MICHELLE R. GABEHART**  
CLERK - TREASURER

**DENNIS CAPOZZI**  
TOWN MANAGER

September 3, 2010

State Board of Accounts  
302 W. Washington Street, Room E418  
Indianapolis, IN 46204-2738

Re: Official Response – 2008 / 2009 Examination

To Whom It May Concern:

I would like to take this time to respond and present the corrective action plan for the Examination Report for the Town of Whiteland for the period January 1, 2008 through December 31, 2009.

**CAPITAL ASSET RECORDS**

In October 2006, the Town of Whiteland has purchased a Capital Asset Records software program and is working toward the completion of the records so that the Town will be compliant with the provisions of Chapter 7 of the Accounting and Uniform Compliance Guidelines Manual for Cities and Towns. Estimated date of compliance is December 31, 2011.

**CONDITION OF RECORDS**

In October 2006, the Town of Whiteland purchased a new software system for Budget and Payroll. In this transfer from the old system to the new, mistakes were made in the transfer process. In July 2009, the Town contracted with an outside accounting firm to assist with the issues noted during the Town's prior examination (i.e., duplicate entries, reconciliations with subsidiary ledgers and the bank). As of August 31, 2010 the accounts of the civil town and its utilities are in a condition that has allowed for consistent reconciliations for the past six (6) months and the appropriate adjustments to the fund balances will be made during October 2010.

**APPROPRIATIONS**

In 2008 and 2009, the Town overspent appropriations. This was due in large part to the statewide delays in the assessment of property, determination of tax rates and certification of budgets. These certifications did not occur until we were 8-9 months into the budget year. For 2010, the Town did receive timely certification of its tax rates and budgets so this matter will not repeat itself.

Respectfully,

*Michelle R. Gabehart*

Michelle R. Gabehart  
Town of Whiteland  
Clerk/Treasurer