

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, 2007 to December 31, 2009



FILED
11/19/2010

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Ruth Ann Downey	01-01-04 to 12-31-11
President of the Town Council	Roger D. Yoder	01-01-07 to 12-31-10
President of the Storm Water Management District	C. Arline Lazzaro	01-01-07 to 12-31-10
Superintendent of Water Utility	Thomas Sheline	01-01-07 to 12-31-10
Superintendent of Wastewater Utility	Boyd Jones	01-01-07 to 12-31-10
Superintendent of Storm Water Utility	Thomas Sheline	01-01-07 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 SHIPSHEWANA, LAGRANGE COUNTY, INDIANA

We have examined the financial information presented herein of the Town of Shipshewana (Town), for the period of January 1, 2007 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 present fairly, in all material respects, the financial information of the Town for the years ended December 31, 2007, 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 Capital Assets and Schedule of Long-Term Debt, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the basic financial information. They have not been subjected to the examination procedures applied to the basic financial information and, accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

September 16, 2010

TOWN OF SHIP SHEWANA
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, 2007, 2008, And 2009

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Governmental Funds:				
General	\$ 238,775	\$ 661,443	\$ 576,688	\$ 323,530
Motor Vehicle Highway	199,602	189,369	212,802	176,169
Local Road and Street	48,099	4,991	-	53,090
Park and Recreation	25,179	77,953	49,982	53,150
Fire Run Fees	36,807	146,409	128,458	54,758
Law Enforcement Continuing Education	5,830	1,410	-	7,240
Riverboat	14,384	4,055	-	18,439
Rainy Day	10,906	37,535	-	48,441
Donation	1,326	782	544	1,564
Fire Donation	5,809	17,228	8,432	14,605
Visitor Center Endowment	468,424	15,125	483,549	-
Police Donation	127	1,798	779	1,146
Food and Beverage Tax	75,286	134,695	146,263	63,718
Police Grant	-	5,000	5,000	-
Amish Youth Grant	10,025	12,582	21,896	711
Cumulative Capital Improvement	60,996	5,720	-	66,716
Cumulative Capital Development	172,514	43,680	-	216,194
Cumulative Building and Fire Fighting Equipment	76,439	26,412	16,150	86,701
County Economic Development Income Tax	122,205	97,153	153,520	65,838
Tax Incremental Financing	1,236,576	526,753	942,366	820,963
Major Moves Construction	274,503	9,449	283,952	-
Proprietary Funds:				
Water Utility - Operating	52,511	202,066	185,053	69,524
Water Utility - Bond and Interest	12,925	56,100	66,328	2,697
Water Utility - Debt Service Reserve	119,755	2,864	-	122,619
Water Utility - Customer Deposit	3,269	556	1,050	2,775
Water Utility - Improvement	185,925	179,326	131,009	234,242
Wastewater Utility - Operating	123,967	222,262	204,121	142,108
Wastewater Utility - Bond and Interest	17,566	61,200	67,765	11,001
Wastewater Utility - Debt Service Reserve	69,812	68,000	-	137,812
Wastewater Utility - Improvement	357,208	225,000	91,914	490,294
Storm Water Utility - Operating	53,194	56,691	44,901	64,984
Storm Water Utility - Bond and Interest	44,312	69,595	64,552	49,355
Storm Water Utility - Construction	145,089	4,682	57,742	92,029
Town Center - Operating	-	22,148	1,832	20,316
Fiduciary Fund:				
Payroll	6,003	504,863	510,432	434
Totals	<u>\$ 4,275,348</u>	<u>\$ 3,694,895</u>	<u>\$ 4,457,080</u>	<u>\$ 3,513,163</u>

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

TOWN OF SHIPSHAWANA
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, 2007, 2008, And 2009
(Continued)

	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
Governmental Funds:				
General	\$ 323,530	\$ 564,051	\$ 595,590	\$ 291,991
Motor Vehicle Highway	176,169	115,034	153,796	137,407
Local Road and Street	53,090	3,676	28,773	27,993
Park and Recreation	53,150	57,178	60,336	49,992
Fire Run Fees	54,758	101,539	118,233	38,064
Law Enforcement Continuing Education	7,240	1,630	5	8,865
Riverboat	18,439	3,795	2,500	19,734
Rainy Day	48,441	36,376	-	84,817
Donation	1,564	9,461	2,714	8,311
Fire Donation	14,605	19,127	25,394	8,338
Police Donation	1,146	475	1,484	137
Food and Beverage Tax	63,718	177,731	123,676	117,773
Police Grant	-	4,211	4,211	-
Amish Youth Grant	711	4	715	-
Cumulative Capital Improvement	66,716	3,333	-	70,049
Cumulative Capital Development	216,194	28,224	423	243,995
Cumulative Building and Fire Fighting Equipment	86,701	17,061	22,565	81,197
County Economic Development Income Tax	65,838	125,165	114,218	76,785
Tax Incremental Financing	820,963	723,113	1,081,464	462,612
Appreciation Fund	-	2,500	2,500	-
Proprietary Funds:				
Water Utility - Operating	69,524	217,009	220,707	65,826
Water Utility - Bond and Interest	2,697	54,000	50,877	5,820
Water Utility - Debt Service Reserve	122,619	-	-	122,619
Water Utility - Customer Deposit	2,775	1,200	325	3,650
Water Utility - Improvement	234,242	195,000	122,106	307,136
Wastewater Utility - Operating	142,108	199,005	280,637	60,476
Wastewater Utility - Bond and Interest	11,001	66,000	66,460	10,541
Wastewater Utility - Debt Service Reserve	137,812	-	-	137,812
Wastewater Utility - Improvement	490,294	436,435	23,204	903,525
Storm Water Utility - Operating	64,984	56,834	47,818	74,000
Storm Water Utility - Bond and Interest	49,355	63,189	89,565	22,979
Storm Water Utility - Construction	92,029	1,827	19,302	74,554
Town Center - Operating	20,316	685,126	550,000	155,442
Town Center - Debt	-	601,000	414,000	187,000
Fiduciary Fund:				
Payroll	434	565,834	564,896	1,372
Totals	<u>\$ 3,513,163</u>	<u>\$ 5,136,143</u>	<u>\$ 4,788,494</u>	<u>\$ 3,860,812</u>

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

TOWN OF SHIP SHEWANA
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, 2007, 2008, And 2009
(Continued)

	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
Governmental Funds:				
General	\$ 291,991	\$ 801,546	\$ 656,925	\$ 436,612
Motor Vehicle Highway	137,407	214,300	131,939	219,768
Local Road and Street	27,993	3,043	-	31,036
Park and Recreation	49,992	100,638	65,227	85,403
Fire Run Fees	38,064	98,173	121,016	15,221
Law Enforcement Continuing Education	8,865	1,232	1,161	8,936
Riverboat	19,734	3,469	3,000	20,203
Rainy Day	84,817	7,652	-	92,469
Donation	8,311	3,782	11,020	1,073
Fire Donation	8,338	16,448	11,273	13,513
Police Donation	137	1,880	110	1,907
Food and Beverage Tax	117,773	172,407	127,874	162,306
Police Grant	-	4,000	4,000	-
Cumulative Capital Improvement	70,049	2,103	-	72,152
Cumulative Capital Development	243,995	49,515	-	293,510
Cumulative Building and Fire Fighting Equipment	81,197	272,843	270,962	83,078
County Economic Development Income Tax	76,785	98,077	59,330	115,532
Tax Incremental Financing	462,612	830,624	428,621	864,615
Appreciation Fund	-	3,000	3,000	-
Federal Grants	-	207,703	207,703	-
Proprietary Funds:				
Water Utility - Operating	65,826	239,875	208,481	97,220
Water Utility - Bond and Interest	5,820	55,200	54,862	6,158
Water Utility - Debt Service Reserve	122,619	-	-	122,619
Water Utility - Customer Deposit	3,650	1,004	1,329	3,325
Water Utility - Improvement	307,136	170,000	320,198	156,938
Wastewater Utility - Operating	60,476	238,618	221,114	77,980
Wastewater Utility - Bond and Interest	10,541	60,000	60,155	10,386
Wastewater Utility - Debt Service Reserve	137,812	-	-	137,812
Wastewater Utility - Improvement	903,525	110,000	212,656	800,869
Storm Water Utility - Operating	74,000	55,921	66,614	63,307
Storm Water Utility - Bond and Interest	22,979	89,151	67,828	44,302
Storm Water Utility - Construction	74,554	271	74,825	-
Town Center - Operating	155,442	344,068	410,000	89,510
Town Center - Debt	187,000	374,000	374,000	187,000
Fiduciary Fund:				
Payroll	1,372	640,198	640,411	1,159
Totals	<u>\$ 3,860,812</u>	<u>\$ 5,270,741</u>	<u>\$ 4,815,634</u>	<u>\$ 4,315,919</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.

Note 6. Subsequent Event

In July 2005, the Town of Shipshewana was awarded a one million dollar grant for the development of Phase 4 of the Pumpkin Trail project. The project expended \$66,487.70 during the examination period, but the major amount of the grant will be expended in 2010 and 2011.

TOWN OF SHIPSHEWANA
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 For The Year Ended December 31, 2009

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.

General infrastructure assets (those reported by governmental activities) are included regardless of their acquisition date or amount. The government was able to estimate the historical cost for the initial reporting of these assets through backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). As the government constructs or acquires additional capital assets each period, including infrastructure assets, they are reported at historical cost.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 1,118,395
Infrastructure	3,372,331
Buildings	1,579,949
Improvements other than buildings	152,079
Machinery and equipment	<u>2,039,347</u>
 Total governmental activities, capital assets not being depreciated	 <u>\$ 8,262,101</u>

<u>Primary Government</u>	<u>Ending Balance</u>
Business-type activities:	
Water Utility:	
Capital assets, not being depreciated:	
Construction in progress	\$ 427,523
Buildings	130,000
Improvements other than buildings	5,254,311
Machinery and equipment	<u>66,000</u>
 Total Water Utility capital assets	 <u>5,877,834</u>
Wastewater Utility:	
Capital assets, not being depreciated:	
Land	112,956
Buildings	2,068,308
Improvements other than buildings	4,380,584
Machinery and equipment	<u>145,931</u>
 Total Wastewater Utility capital assets	 <u>6,707,779</u>
Storm Water Utility:	
Capital assets, not being depreciated:	
Improvements other than buildings	<u>1,508,261</u>
Town Center:	
Capital assets, not being depreciated:	
Land	414,950
Buildings	5,798,000
Machinery and equipment	107,429
Improvements other than buildings	<u>21,805</u>
 Total Town Center capital assets	 <u>6,342,184</u>
 Total business-type activities capital assets	 <u>\$ 20,436,058</u>

TOWN OF SHIPSHEWANA
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 For The Year Ended December 31, 2009

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

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:		
Capital leases:		
Fire Station	<u>\$ 475,000</u>	<u>\$ 47,749</u>
Business-type activities:		
Water Utility:		
Loans payable:		
Water Tower	<u>\$ 472,495</u>	<u>\$ 53,702</u>
Wastewater Utility:		
Loans payable:		
Wastewater SRF	<u>655,000</u>	<u>63,995</u>
Storm Water Utility:		
Revenue bonds:		
2004 Storm Water Revenue Bonds	<u>820,000</u>	<u>66,490</u>
Town Center:		
Capital leases:		
Town Center	<u>3,935,000</u>	<u>368,195</u>
Total business-type activities long-term debt	<u>\$ 5,882,495</u>	<u>\$ 552,382</u>

TOWN OF SHIPSHEWANA
EXIT CONFERENCE

The contents of this report were discussed on September 16, 2010, with Ruth Ann Downey, Clerk-Treasurer. Our examination disclosed no material items that warrant comment at this time.