

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

FINANCIAL STATEMENTS EXAMINATION REPORT

OF

TOWN OF SHADELAND

TIPPECANOE COUNTY, INDIANA

January 1, 2010 to December 31, 2012



**FILED**  
01/24/2014



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Peggy A. VanSchepen (deceased) Michael L. Kuipers (Interim) Lisa A. Ehrie	01-01-10 to 02-28-13 03-01-13 to 03-31-13 04-01-13 to 12-31-13
President of the Town Council	Jeff Findlay	01-01-10 to 12-31-13



**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 SHADELAND, TIPPECANOE COUNTY, INDIANA

We have examined the accompanying financial statements of the Town of Shadeland (Town), for the period of January 1, 2010 to December 31, 2012. The financial statements are the responsibility of the Town's management. Our responsibility is to express an opinion on the financial statements 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 statements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

As discussed in Note 1, the Town prepares its financial statements on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material. The basis noted above is a different basis than that used in the prior period.

In our opinion, because of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position and results of operations of the Town for the period of January 1, 2010 to December 31, 2012.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the Town for the period of January 1, 2010 to December 31, 2012, on the basis of accounting described in Note 1.

Our examination was conducted for the purpose of forming an opinion on the Town's financial statements. The Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statements. They have not been subjected to the examination procedures applied to the financial statements and, accordingly, we express no opinion on them.

*Paul D. Joyce*  
Paul D. Joyce, CPA  
State Examiner

December 12, 2013

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## FINANCIAL STATEMENTS

The financial statements and accompanying notes were approved by management of the Town. The financial statements and notes are presented as intended by the Town.

TOWN OF SHADELAND  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For The Year Ended December 31, 2010

Fund	Cash and Investments 01-01-10	Receipts	Disbursements	Cash and Investments 12-31-10
General	\$ 225,661	\$ 319,478	\$ 275,952	\$ 269,187
Motor Vehicle Highway	219,170	261,323	268,780	211,713
Local Road And Street	16,707	30,235	30,000	16,942
Rainy Day	50,751	16,604	-	67,355
Levy Excess	39,075	1,208	-	40,283
Tax Incremental Financing	1,102,292	373,102	-	1,475,394
Cumulative Capital Development	260,326	96,522	113,117	243,731
Cumulative Capital Improvement	44,619	4,924	-	49,543
Cedit Capital Projects	181,366	65,034	-	246,400
Totals	<u>\$ 2,139,967</u>	<u>\$ 1,168,430</u>	<u>\$ 687,849</u>	<u>\$ 2,620,548</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF SHADELAND  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For The Years Ended December 31, 2011 And 2012

Fund	Cash and Investments 01-01-11	Receipts	Disbursements	Cash and Investments 12-31-11	Receipts	Disbursements	Cash and Investments 12-31-12
General	\$ 269,187	\$ 211,661	\$ 256,701	\$ 224,147	\$ 238,288	\$ 315,049	\$ 147,386
Motor Vehicle Highway	211,713	171,202	257,479	125,436	202,023	228,259	99,200
Local Road And Street	16,942	27,370	30,000	14,312	29,724	-	44,036
Rainy Day	67,355	-	-	67,355	-	-	67,355
Levy Excess	40,283	-	1,209	39,074	-	1,544	37,530
Cumulative Capital Development	243,731	51,510	-	295,241	55,668	-	350,909
Cumulative Capital Improvement	49,543	4,830	-	54,373	4,270	-	58,643
Cedit Capital Projects	246,400	56,002	-	302,402	61,044	211,564	151,882
Tax Incremental Financing	1,475,394	263,015	123,556	1,614,853	174,236	216,984	1,572,105
CFF DEMOLITION GRANT FUND	-	-	-	-	51,000	51,000	-
CFF GRANT ESCROW	-	-	-	-	2,550	-	2,550
<b>Totals</b>	<b>\$ 2,620,548</b>	<b>\$ 785,590</b>	<b>\$ 668,945</b>	<b>\$ 2,737,193</b>	<b>\$ 818,803</b>	<b>\$ 1,024,400</b>	<b>\$ 2,531,596</b>

The notes to the financial statements are an integral part of this statement.

TOWN OF SHADELAND  
NOTES TO FINANCIAL STATEMENTS

**Note 1. Summary of Significant Accounting Policies**

*A. Reporting Entity*

The Town was established under the laws of the State of Indiana. The Town operates under a Town Council form of government and provides some or all of the following services: public safety (police and fire), highways and streets, health and social services, culture and recreation, public improvements, planning and zoning, general administrative services, water, wastewater, electric, gas, storm water, trash, aviation, and urban redevelopment and housing.

The accompanying financial statements present the financial information for the Town.

*B. Basis of Accounting*

The financial statements are reported on a regulatory basis of accounting prescribed by the Indiana State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The basis of accounting involves the reporting of only cash and investments and the changes therein resulting from cash inflows (receipts) and cash outflows (disbursements) reported in the period in which they occurred.

The regulatory basis of accounting differs from accounting principles generally accepted in the United States of America in that receipts are recognized when received in cash, rather than when earned, and disbursements are recognized when paid, rather than when a liability is incurred.

*C. Cash and Investments*

Investments are stated at cost. Any changes in fair value of the investments are reported as receipts in the year of the sale of the investment.

*D. Receipts*

Receipts are presented in the aggregate on the face of the financial statements. The aggregate receipts include the following sources:

Taxes which can include one or more of the following: property taxes, certified shares (local option tax), property tax replacement credit (local option tax), county option income tax, wheel tax, innkeepers tax, food and beverage tax, county economic development income tax, boat and trailer excise tax, county adjusted gross income tax, and other taxes that are set by the Town.

Licenses and permits which include amounts received from businesses, occupations, or nonbusinesses that must be licensed before doing business within the government's jurisdiction or permits levied according to the benefits presumably conferred by the permit. Examples of licenses and permits include: peddler licenses, dog tax licenses, auctioneer license, building and planning permits, demolition permits, electrical permits, sign permits, and gun permits.

TOWN OF SHADELAND  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Intergovernmental receipts which include receipts from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of this type of receipts include, but are not limited to: federal grants, state grants, cigarette tax distributions received from the state, motor vehicle highway distribution received from the state, local road and street distribution received from the state, financial institution tax received from the state, auto excise surtax received from the state, commercial vehicle excise tax received from the state, major moves distributions received from the state, and riverboat receipts received from the county.

Charges for services which can include, but are not limited to the following: planning commission charges, building department charges, copies of public records, copy machine charges, accident report copies, gun permit applications, 911 telephone services, recycling fees, dog pound fees, emergency medical service fees, park rental fees, swimming pool receipts, cable tv receipts, ordinance violations, fines and fees, bond forfeitures, court costs, and court receipts.

Other receipts which include amounts received from various sources which can include, but are not limited to the following: net proceeds from borrowings; interfund loan activity; transfers authorized by statute, ordinance, resolution, or court order; internal service receipts; and fiduciary receipts.

*E. Disbursements*

Disbursements are presented in the aggregate on the face of the financial statements. The aggregate disbursements include the following uses:

Personal services include outflows for salaries, wages, and related employee benefits provided for all persons employed. In those units where sick leave, vacation leave, overtime compensation, and other such benefits are appropriated separately, such payments would also be included.

Supplies which include articles and commodities that are entirely consumed and materially altered when used and/or show rapid depreciation after use for a short period of time. Examples of supplies include office supplies, operating supplies, and repair and maintenance supplies.

Other services and charges which include, but are not limited to: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

Capital outlay which include all outflows for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

Other disbursements which include, but are not limited to the following: interfund loan payments, loans made to other funds, internal service disbursements, and transfers out that are authorized by statute, ordinance, resolution, or court order.

TOWN OF SHADELAND  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

*F. Interfund Transfers*

The Town may, from time to time, transfer money from one fund to another. These transfers, if any, are included as a part of the receipts and disbursements of the affected funds and as a part of total receipts and disbursements. The transfers are used for cash flow purposes as provided by various statutory provisions.

*G. Fund Accounting*

Separate funds are established, maintained, and reported by the Town. Each fund is used to account for money received from and used for specific sources and uses as determined by various regulations. Restrictions on some funds are set by statute while other funds are internally restricted by the Town. The money accounted for in a specific fund may only be available for use for certain, legally restricted purposes. Additionally, some funds are used to account for assets held by the Town in a trustee capacity as an agent of individuals, private organizations, other funds, or other governmental units and therefore the funds cannot be used for any expenditures of the unit itself.

**Note 2. Budgets**

The operating budget is initially prepared and approved at the local level. The fiscal officer of the Town submits a proposed operating budget to the governing board for the following calendar year. The budget is advertised as required by law. Prior to adopting the budget, the governing board conducts public hearings and obtains taxpayer comments. Prior to November 1, the governing board approves the budget for the next year. The budget for funds for which property taxes are levied or highway use taxes are received is subject to final approval by the Indiana Department of Local Government Finance.

**Note 3. Property Taxes**

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the Town in June and December; however, situations can arise which would delay the distributions. 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 percent 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 normally become delinquent if not paid by May 10 and November 10, respectively.

**Note 4. Deposits and Investments**

Deposits, made in accordance with state statute (IC 5-13), with financial institutions in the State of Indiana at year end should be 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.

TOWN OF SHADELAND  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

State statutes authorize 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 5. Risk Management**

The Town may be exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents; and natural disasters.

These risks can be mitigated through the purchase of insurance, establishment of a self-insurance fund, and/or participation in a risk pool. The purchase of insurance transfers the risk to an independent third party. The establishment of a self-insurance fund allows the Town to set aside money for claim settlements. The self-insurance fund would be included in the financial statements. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks.

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## SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the Town's Annual Reports for years prior to 2011 can be found on the Indiana Transparency Portal website: [www.in.gov/itp/annual\\_reports/](http://www.in.gov/itp/annual_reports/).

For additional financial information, the Town's Annual Report information for years 2011 and later can be found on the Gateway website: <https://gateway.ifionline.org/>.

Differences may be noted between the financial information presented in the financial statements contained in this report and the financial information presented in the Annual Reports of the Town which are referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the examination. This is a common occurrence in any financial statement examination. The financial information presented in this report is examined information, and the accuracy of such information can be determined by reading the opinion given in the Independent Accountant's Report.

The supplementary information presented was approved by management of the Town. It is presented as intended by the Town.

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TOWN OF SHADELAND  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2010

	General	Motor Vehicle Highway	Local Road And Street	Rainy Day	Levy Excess	Tax Incremental Financing	Cumulative Capital Development	Cumulative Capital Improvement	Cedit Capital Projects	Totals
Cash and investments - beginning	\$ 225,661	\$ 219,170	\$ 16,707	\$ 50,751	\$ 39,075	\$ 1,102,292	\$ 260,326	\$ 44,619	\$ 181,366	\$ 2,139,967
Receipts:										
Taxes	167,139	168,437	-	-	1,208	357,025	94,179	-	-	787,988
Licenses and permits	2,060	-	-	-	-	-	-	-	-	2,060
Intergovernmental	110,336	92,788	30,235	16,604	-	-	2,342	4,924	65,034	322,263
Charges for services	19,362	-	-	-	-	-	-	-	-	19,362
Other receipts	20,581	98	-	-	-	16,077	1	-	-	36,757
Total receipts	319,478	261,323	30,235	16,604	1,208	373,102	96,522	4,924	65,034	1,168,430
Disbursements:										
Personal services	114,439	66,659	-	-	-	-	-	-	-	181,098
Supplies	34,761	13,130	-	-	-	-	-	-	-	47,891
Other services and charges	126,752	115,417	-	-	-	-	-	-	-	242,169
Capital outlay	-	73,574	30,000	-	-	-	113,117	-	-	216,691
Other disbursements	-	-	-	-	-	-	-	-	-	-
Total disbursements	275,952	268,780	30,000	-	-	-	113,117	-	-	687,849
Excess (deficiency) of receipts over disbursements	43,526	(7,457)	235	16,604	1,208	373,102	(16,595)	4,924	65,034	480,581
Cash and investments - ending	\$ 269,187	\$ 211,713	\$ 16,942	\$ 67,355	\$ 40,283	\$ 1,475,394	\$ 243,731	\$ 49,543	\$ 246,400	\$ 2,620,548

TOWN OF SHADELAND  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2011

	General	Motor Vehicle Highway	Local Road And Street	Rainy Day	Levy Excess	Cumulative Capital Development	Cumulative Capital Improvement	Cedit Capital Projects	Tax Incremental Financing	Totals
Cash and investments - beginning	\$ 269,187	\$ 211,713	\$ 16,942	\$ 67,355	\$ 40,283	\$ 243,731	\$ 49,543	\$ 246,400	\$ 1,475,394	\$ 2,620,548
Receipts:										
Taxes	99,327	119,249	-	-	-	49,629	-	-	228,281	496,486
Licenses and permits	1,405	-	-	-	-	-	-	-	-	1,405
Intergovernmental	78,070	51,664	27,370	-	-	1,879	4,830	56,002	-	219,815
Charges for services	25,058	-	-	-	-	-	-	-	-	25,058
Other receipts	7,801	289	-	-	-	2	-	-	34,734	42,826
Total receipts	<u>211,661</u>	<u>171,202</u>	<u>27,370</u>	<u>-</u>	<u>-</u>	<u>51,510</u>	<u>4,830</u>	<u>56,002</u>	<u>263,015</u>	<u>785,590</u>
Disbursements:										
Personal services	113,652	67,410	-	-	-	-	-	-	-	181,062
Supplies	19,497	17,402	-	-	-	-	-	-	-	36,899
Other services and charges	119,634	172,667	-	-	-	-	-	-	-	292,301
Capital outlay	2,000	-	30,000	-	-	-	-	-	100,000	132,000
Other disbursements	1,918	-	-	-	1,209	-	-	-	23,556	26,683
Total disbursements	<u>256,701</u>	<u>257,479</u>	<u>30,000</u>	<u>-</u>	<u>1,209</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>123,556</u>	<u>668,945</u>
Excess (deficiency) of receipts over disbursements	<u>(45,040)</u>	<u>(86,277)</u>	<u>(2,630)</u>	<u>-</u>	<u>(1,209)</u>	<u>51,510</u>	<u>4,830</u>	<u>56,002</u>	<u>139,459</u>	<u>116,645</u>
Cash and investments - ending	<u>\$ 224,147</u>	<u>\$ 125,436</u>	<u>\$ 14,312</u>	<u>\$ 67,355</u>	<u>\$ 39,074</u>	<u>\$ 295,241</u>	<u>\$ 54,373</u>	<u>\$ 302,402</u>	<u>\$ 1,614,853</u>	<u>\$ 2,737,193</u>

TOWN OF SHADELAND  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2012

	General	Motor Vehicle Highway	Local Road And Street	Rainy Day	Levy Excess	Cumulative Capital Development	Cumulative Capital Improvement	Cedit Capital Projects	Tax Incremental Financing	CFF DEMOLITION GRANT FUND	CFF GRANT ESCROW	Totals
Cash and investments - beginning	\$ 224,147	\$ 125,436	\$ 14,312	\$ 67,355	\$ 39,074	\$ 295,241	\$ 54,373	\$ 302,402	\$ 1,614,853	\$ -	\$ -	\$ 2,737,193
Receipts:												
Taxes	117,509	151,211	-	-	-	53,658	-	-	162,227	-	-	484,605
Licenses and permits	1,605	-	-	-	-	-	-	-	-	-	-	1,605
Intergovernmental	94,530	50,648	29,724	-	-	2,010	4,270	61,044	-	51,000	-	293,226
Charges for services	18,142	-	-	-	-	-	-	-	-	-	-	18,142
Other receipts	6,502	164	-	-	-	-	-	-	12,009	-	2,550	21,225
Total receipts	<u>238,288</u>	<u>202,023</u>	<u>29,724</u>	<u>-</u>	<u>-</u>	<u>55,668</u>	<u>4,270</u>	<u>61,044</u>	<u>174,236</u>	<u>51,000</u>	<u>2,550</u>	<u>818,803</u>
Disbursements:												
Personal services	114,618	74,001	-	-	-	-	-	-	-	-	-	188,619
Supplies	16,658	41,375	-	-	-	-	-	-	-	-	-	58,033
Other services and charges	171,508	112,883	-	-	-	-	-	-	-	48,450	-	332,841
Capital outlay	12,265	-	-	-	-	-	-	211,564	100,000	-	-	323,829
Other disbursements	-	-	-	-	1,544	-	-	-	116,984	2,550	-	121,078
Total disbursements	<u>315,049</u>	<u>228,259</u>	<u>-</u>	<u>-</u>	<u>1,544</u>	<u>-</u>	<u>-</u>	<u>211,564</u>	<u>216,984</u>	<u>51,000</u>	<u>-</u>	<u>1,024,400</u>
Excess (deficiency) of receipts over disbursements	<u>(76,761)</u>	<u>(26,236)</u>	<u>29,724</u>	<u>-</u>	<u>(1,544)</u>	<u>55,668</u>	<u>4,270</u>	<u>(150,520)</u>	<u>(42,748)</u>	<u>-</u>	<u>2,550</u>	<u>(205,597)</u>
Cash and investments - ending	<u>\$ 147,386</u>	<u>\$ 99,200</u>	<u>\$ 44,036</u>	<u>\$ 67,355</u>	<u>\$ 37,530</u>	<u>\$ 350,909</u>	<u>\$ 58,643</u>	<u>\$ 151,882</u>	<u>\$ 1,572,105</u>	<u>\$ -</u>	<u>\$ 2,550</u>	<u>\$ 2,531,596</u>

TOWN OF SHADELAND  
EXAMINATION RESULTS AND COMMENTS

**APPROPRIATIONS**

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

<u>Fund</u>	<u>Years</u>	<u>Excess Amount Expended</u>
General	2010	\$ 128,181
MVH	2010	162,776
CCD	2010	40,157
MVH	2012	60,311

Indiana Code 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."

**ANNUAL REPORT**

Annual Reports for 2010 and 2011 were not filed timely with the State Examiner. This same comment was presented in prior reports.

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every municipality and every state or local governmental unit, entity, or instrumentality financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each fiscal year. The reports must be in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under IC 5-14-3.8-7."

TOWN OF SHADELAND  
EXIT CONFERENCE

The contents of this report were discussed on December 12, 2013, with Lisa A. Ehrie, Clerk-Treasurer, and Michael L. Kuipers, Council member. The officials concurred with our findings.