

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

EXAMINATION REPORT
OF
TOWN OF SHADELAND
TIPPECANOE COUNTY, INDIANA
January 1, 2006 to December 31, 2007



FILED
12/31/2008

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OFFICIALS

Office

Official

Term

Clerk-Treasurer

Peggy VanSchepen

01-01-05 to 12-31-08

President of the
Town Council

Jeff Findlay

01-01-06 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 SHADELAND, TIPPECANOE COUNTY, INDIANA

We have examined the financial information presented herein of the Town of Shadeland (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.

STATE BOARD OF ACCOUNTS

November 6, 2008

TOWN OF SHADELAND
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL 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	\$ 208,305	\$ 396,189	\$ 268,898	\$ 335,596
Motor Vehicle Highway	181,268	175,211	139,551	216,928
Local Road and Street	63,920	32,568	55,432	41,056
Cumulative Capital Improvement	22,074	6,009	-	28,083
Cumulative Capital Development	203,462	56,119	37,479	222,102
Tax Increment Financing	389,578	171,756	-	561,334
Economic Development Income Tax	33,211	62,188	50,000	45,399
Rainy Day	15,099	-	-	15,099
Levy Excess	1,562	19,562	3,611	17,513
Totals	<u>\$ 1,118,479</u>	<u>\$ 919,602</u>	<u>\$ 554,971</u>	<u>\$ 1,483,110</u>

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Governmental Funds:				
General	\$ 335,596	\$ 416,965	\$ 242,360	\$ 510,201
Motor Vehicle Highway	216,928	128,347	252,195	93,080
Local Road and Street	41,056	31,795	40,000	32,851
Cumulative Capital Improvement	28,083	5,908	-	33,991
Cumulative Capital Development	222,102	76,707	15,909	282,900
Tax Increment Financing	561,334	193,666	-	755,000
Economic Development Income Tax	45,399	65,221	60,000	50,620
Rainy Day	15,099	-	-	15,099
Levy Excess	17,513	10,803	-	28,316
Totals	<u>\$ 1,483,110</u>	<u>\$ 929,412</u>	<u>\$ 610,464</u>	<u>\$ 1,802,058</u>

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

TOWN OF SHADELAND
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, 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.

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 Events

The Town has entered into a contract to purchase a fire truck in the amount of \$413,368. The truck is scheduled for delivery in November 2008. The purchase will be paid in full with the Cumulative Capital Development and General Funds.

The Town has purchased two pieces of property in anticipation of the relocation of Bridge U-209. The first property was purchased in April 2008 for \$48,000. The second property was purchased in October 2008 for \$58,000. These purchases were paid with the Tax Increment Finance Fund.

TOWN OF SHADELAND
EXAMINATION RESULTS AND COMMENTS

ANNUAL REPORT

Annual reports for 2006 and 2007 were not presented for examination. A similar comment appeared in prior Reports A94872, B18941, B12700, B24842, and B27267.

Indiana Code 5-3-1-3(a) states in part: "Within sixty (60) days after the expiration of each calendar year, the fiscal officer of each civil city and town in Indiana shall publish an annual report of the receipts and expenditures of the city or town . . ."

CERTIFIED REPORT NOT FILED

The Town did not file a certified report of compensation of officers and employees (Form 100-R or its equivalent) with the State Board of Accounts for the years 2006 and 2007.

Indiana Code 5-11-13-1 states in part: "Every state, county, city, town, township, or school official . . . shall during the month of January of each year prepare, make, and sign a written or printed certified report, correctly and completely showing the names and addresses of each and all officers, employees, and agents . . . and the respective duties and compensation of each, and shall forthwith file said report in the office of the state examiner of the state board of accounts."

PUBLIC WORKS PROJECT

The Town entered into a contract to purchase a fire truck in 2006. The contractor selected was not the low bidder and the Town did not clearly document in the board minutes why the low bidder was not selected. Further discussion with the fire department assistant chief indicated the two low bids did not meet specifications indicated in the bidding packet supplied to the vendors and were therefore rejected.

Indiana Code 5-22-17-13(c) states: "If the purchasing agent awards a contract for a line or class of supplies or services, or any combination of lines or classes, to an offeror other than the lowest offeror, the purchasing agent must make a written determination stating the reasons for awarding a contract to that offeror."

Indiana Code 5-14-1.5-4 states in part:

"(b) As the meeting progresses, the following memoranda shall be kept:

- (1) The date, time, and place of the meeting.
- (2) The members of the governing body recorded as either present or absent.
- (3) The general substance of all matters proposed, discussed, or decided.
- (4) A record of all votes taken, by individual members if there is a roll call.
- (5) Any additional information required under IC 5-1.5-2-2.5 or IC 20-12-63-7."

TOWN OF SHADELAND
EXAMINATION RESULTS AND COMMENTS
(Continued)

CAPITAL ASSET RECORDS

As stated in prior Reports B12700, B18941, B24842, and B27267, the Town does not have a record 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 form. 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)

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)

FEES

The Town collects fees for rental of recreation facilities. The Town Council has not authorized these fees.

The Town also collects for building permit, electrical permit, and driveway permit fees. The ordinance authorizing these fees was not available for examination.

Fees should only be collected as specifically authorized by statute or properly authorized resolutions or ordinances, as applicable, which are not contrary to statutory or Constitutional provisions. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

DEPOSITS

Receipts were remitted to the Town Clerk-Treasurer later than the next business day. The recreation department head typically remits money collected to the Clerk-Treasurer weekly. A similar comment appeared in prior Report B27267.

Indiana Code 5-13-6-1(d) states: "A city (other than a consolidated city) or a town shall deposit funds not later than the next business day following the receipt of the funds in depositories (1) selected by the city or town as provided in an ordinance adopted by the city or the town; and (2) approved as depositories of state funds."

INTERNAL CONTROLS

Employee payroll claims reviewed did not indicate that a supervisor or the Town Council approved their claims. A similar comment appeared in prior Report B27267.

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)

TOWN OF SHADELAND
EXAMINATION RESULTS AND COMMENTS
(Continued)

ERRORS ON CLAIMS

The following deficiencies were noted on claims during the examination period:

- (1) Accounts payable vouchers were not consistently prepared for claims paid.
- (2) Not all claims reviewed contained documentation supporting the payment.

A similar comment appeared in prior Reports B24842 and B27267.

Indiana Code 5-11-10-1.6 states in part:

"(b) As used in this section, 'claim' means a bill or an invoice submitted to a governmental entity for goods or services.

(c) The fiscal officer of a governmental entity may not draw a warrant or check for payment of a claim unless:

- (1) there is a fully itemized invoice or bill for the claim;
- (2) the invoice or bill is approved by the officer or person receiving the goods and services;
- (3) the invoice or bill is filed with the governmental entity's fiscal officer;
- (4) the fiscal officer audits and certifies before payment that the invoice or bill is true and correct; and
- (5) payment of the claim is allowed by the governmental entity's legislative body or the board or official having jurisdiction over allowance of payment of the claim."

Supporting documentation such as receipts, canceled checks, tickets, 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)

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)

TOWN OF SHADELAND
EXIT CONFERENCE

The contents of this report were discussed on November 6, 2008, with Peggy VanSchepen, Clerk-Treasurer; and Daniel L. Dowell, Vice President of the Town Council. The officials concurred with our findings.