

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

EXAMINATION REPORT
OF
TOWN OF SHAMROCK LAKES
BLACKFORD COUNTY, INDIANA
January 1, 2009 to December 31, 2010



FILED
08/25/2011

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OFFICIALS

Office

Official

Term

Clerk-Treasurer

Susan K. Scott

01-01-08 to 12-31-11

President of the
Town Council

Christopher E. Scott

01-01-09 to 12-31-11



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF SHAMROCK LAKES, BLACKFORD COUNTY, INDIANA

We have examined the financial statements of the Town of Shamrock Lakes (Town), for the period of January 1, 2009 to December 31, 2010. The Town's management is responsible for the financial statements. 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 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 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 basis noted above is a different basis than that used in the prior year.

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 years ended December 31, 2009 and 2010, on the basis of accounting described in Note 1.

The Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, 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 financial statements. They have not been subjected to the examination procedures applied to the financial statements and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the Town's management and Town Council, and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

August 3, 2011

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FINANCIAL STATEMENTS

TOWN OF SHAMROCK LAKES
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For The Year Ended December 31, 2009

	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
General	\$ 21,960	\$ 28,067	\$ 30,070	\$ 19,957
Motor Vehicle Highway	38,426	27,210	33,857	31,779
Local Road and Street	3,947	1,305	3,000	2,252
Riverboat	6,051	1,052	-	7,103
Rainy Day	13,134	73	5,000	8,207
County Economic Development Income Tax	4,783	2,413	3,000	4,196
Levy Excess	335	-	335	-
Cumulative Capital Improvement	7,961	515	-	8,476
Wastewater Utility - Operating	57,124	57,077	54,794	59,407
Wastewater Utility - Bond and Interest	5,493	6,096	5,997	5,592
Wastewater Utility - Improvement	6,531	780	-	7,311
Wastewater Utility - Reserve	6,500	-	-	6,500
Totals	<u>\$ 172,245</u>	<u>\$ 124,588</u>	<u>\$ 136,053</u>	<u>\$ 160,780</u>

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

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

	Cash and Investments 01-01-10	Receipts	Disbursements	Cash and Investments 12-31-10
General	\$ 19,957	\$ 34,908	\$ 28,208	\$ 26,657
Motor Vehicle Highway	31,779	16,845	16,662	31,962
Local Road and Street	2,252	1,339	-	3,591
Riverboat	7,103	1,051	-	8,154
Rainy Day	8,207	567	-	8,774
County Economic Development Income Tax	4,196	2,256	-	6,452
Levy Excess	-	76	76	-
Cumulative Capital Improvement	8,476	492	-	8,968
Wastewater Utility - Operating	59,407	53,693	48,447	64,653
Wastewater Utility - Bond and Interest	5,592	5,953	5,847	5,698
Wastewater Utility - Improvement	7,311	780	-	8,091
Wastewater Utility - Reserve	6,500	-	-	6,500
Totals	<u>\$ 160,780</u>	<u>\$ 117,960</u>	<u>\$ 99,240</u>	<u>\$ 179,500</u>

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

TOWN OF SHAMROCK LAKES
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 presents the financial information for the Town (primary government), and does not include financial information for any of the Town's legally separate component units, which accounting principles generally accepted in the United States of America require to be reported with the financial information of the Town (primary government).

B. Basis of Accounting

The financial statements are reported on a regulatory basis of accounting prescribed by the 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. Receipts are recorded when received and disbursements are recorded when paid.

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 may include, but are not limited to, 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 SHAMROCK LAKES
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.

Fines and forfeits which include receipts derived from fines and penalties imposed for the commission of statutory offenses, violation of lawful administrative rules and regulations (fines), and for the neglect of official duty and monies derived from confiscating deposits held as performance guarantees (forfeitures).

Utility fees which are comprised mostly of charges for current services.

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 may include, but are not limited to, 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.

Debt service principal and interest which include fixed obligations resulting from financial transactions previously entered into by the Town. It includes all expenditures for the reduction of the principal and interest of the Town's general obligation indebtedness.

TOWN OF SHAMROCK LAKES
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

Utility operating expenses which include all outflows for operating the utilities.

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.

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.

TOWN OF SHAMROCK LAKES
NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

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. These risks may also be mitigated by the Town by recording as a disbursement and replacement items purchased.

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SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the Town of Shamrock Lake's Annual Reports can be found on the Indiana Transparency Portal website: www.in.gov/itp/annual_reports/.

TOWN OF SHAMROCK LAKES
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For The Year Ended December 31, 2009

	General	Motor Vehicle Highway	Local Road and Street	Riverboat	Rainy Day	County Economic Development Income Tax
Cash and investments - beginning	\$ 21,960	\$ 38,426	\$ 3,947	\$ 6,051	\$ 13,134	\$ 4,783
Receipts:						
Taxes	14,911	10,841	-	-	73	-
Intergovernmental	10,014	6,215	1,305	1,052	-	2,413
Charges for services	235	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	2,907	10,154	-	-	-	-
Total receipts	28,067	27,210	1,305	1,052	73	2,413
Disbursements:						
Personal services	5,547	-	-	-	-	-
Supplies	1,527	664	-	-	-	-
Other services and charges	18,309	9,656	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	4,687	23,537	3,000	-	5,000	3,000
Total disbursements	30,070	33,857	3,000	-	5,000	3,000
Excess (deficiency) of receipts over disbursements	(2,003)	(6,647)	(1,695)	1,052	(4,927)	(587)
Cash and investments - ending	\$ 19,957	\$ 31,779	\$ 2,252	\$ 7,103	\$ 8,207	\$ 4,196

TOWN OF SHAMROCK LAKES
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For The Year Ended December 31, 2009
(Continued)

	Levy Excess	Cumulative Capital Improvement	Wastewater Utility - Operating	Wastewater Utility - Bond and Interest	Wastewater Utility - Improvement	Wastewater Utility - Reserve	Totals
Cash and investments - beginning	\$ 335	\$ 7,961	\$ 57,124	\$ 5,493	\$ 6,531	\$ 6,500	\$ 172,245
Receipts:							
Taxes	-	-	-	-	-	-	25,825
Intergovernmental	-	515	-	-	-	-	21,514
Charges for services	-	-	-	-	-	-	235
Utility fees	-	-	52,879	-	-	-	52,879
Penalties	-	-	683	-	-	-	683
Other receipts	-	-	3,515	6,096	780	-	23,452
Total receipts	-	515	57,077	6,096	780	-	124,588
Disbursements:							
Personal services	-	-	-	-	-	-	5,547
Supplies	-	-	-	-	-	-	2,191
Other services and charges	-	-	-	-	-	-	27,965
Debt service - principal and interest	-	-	3,664	5,997	-	-	9,661
Capital outlay	-	-	4,617	-	-	-	4,617
Utility operating expenses	-	-	31,668	-	-	-	31,668
Other disbursements	335	-	14,845	-	-	-	54,404
Total disbursements	335	-	54,794	5,997	-	-	136,053
Excess (deficiency) of receipts over disbursements	(335)	515	2,283	99	780	-	(11,465)
Cash and investments - ending	\$ -	\$ 8,476	\$ 59,407	\$ 5,592	\$ 7,311	\$ 6,500	\$ 160,780

TOWN OF SHAMROCK LAKES
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	Riverboat	Rainy Day	County Economic Development Income Tax	Levy Excess
Cash and investments - beginning	\$ 19,957	\$ 31,779	\$ 2,252	\$ 7,103	\$ 8,207	\$ 4,196	\$ -
Receipts:							
Taxes	19,325	10,472	-	-	-	-	-
Intergovernmental	10,619	6,365	1,339	1,051	567	2,256	76
Charges for services	2,911	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	2,053	8	-	-	-	-	-
Total receipts	34,908	16,845	1,339	1,051	567	2,256	76
Disbursements:							
Personal services	5,267	-	-	-	-	-	-
Supplies	3,045	665	-	-	-	-	-
Other services and charges	17,599	9,281	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	2,297	6,716	-	-	-	-	76
Total disbursements	28,208	16,662	-	-	-	-	76
Excess of receipts over disbursements	6,700	183	1,339	1,051	567	2,256	-
Cash and investments - ending	\$ 26,657	\$ 31,962	\$ 3,591	\$ 8,154	\$ 8,774	\$ 6,452	\$ -

TOWN OF SHAMROCK LAKES
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Cumulative Capital Improvement	Wastewater Utility - Operating	Wastewater Utility - Bond and Interest	Wastewater Utility - Improvement	Wastewater Utility - Reserve	Totals
Cash and investments - beginning	\$ 8,476	\$ 59,407	\$ 5,592	\$ 7,311	\$ 6,500	\$ 160,780
Receipts:						
Taxes	-	-	-	-	-	29,797
Intergovernmental	492	-	-	-	-	22,765
Charges for services	-	-	-	-	-	2,911
Penalties	-	573	-	-	-	573
Other receipts	-	53,120	5,953	780	-	61,914
Total receipts	492	53,693	5,953	780	-	117,960
Disbursements:						
Personal services	-	-	-	-	-	5,267
Supplies	-	-	-	-	-	3,710
Other services and charges	-	-	-	-	-	26,880
Debt service - principal and interest	-	-	2,847	-	-	2,847
Capital outlay	-	10,998	-	-	-	10,998
Utility operating expenses	-	35,249	3,000	-	-	38,249
Other disbursements	-	2,200	-	-	-	11,289
Total disbursements	-	48,447	5,847	-	-	99,240
Excess of receipts over disbursements	492	5,246	106	780	-	18,720
Cash and investments - ending	\$ 8,968	\$ 64,653	\$ 5,698	\$ 8,091	\$ 6,500	\$ 179,500

TOWN OF SHAMROCK LAKES
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS
December 31, 2010

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.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Buildings	\$ 9,092
Machinery and equipment	<u>2,351</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 11,443</u>
Business-type activities:	
Wastewater Utility:	
Capital assets, not being depreciated:	
Land	\$ 6,000
Buildings	306,299
Improvements other than buildings	437,076
Machinery and equipment	<u>40,729</u>
Total business-type activities	<u>\$ 790,104</u>

TOWN OF SHAMROCK LAKES
SUPPLEMENTARY INFORMATION
SCHEDULE OF LONG-TERM DEBT
December 31, 2010

The Town has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Business-type Activities:		
Wastewater Utility		
Revenue bonds:		
1983 Sewer Construction	\$ 54,000	\$ 5,700

TOWN OF SHAMROCK LAKES
EXIT CONFERENCE

The contents of this report were discussed on August 3, 2011, with Susan K. Scott, Clerk-Treasurer. Our examination disclosed no material items that warrant comment at this time.