

STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2765

EXAMINATION REPORT

OF

TOWN OF LAKEVILLE

ST. JOSEPH COUNTY, INDIANA

January 1, 2004 to December 31, 2005



FILED
7/5/06

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Cyndi Jo McQueen	01-01-04 to 12-31-07
President of the Town Council	Fred Holdeman	01-01-04 to 12-31-06



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2765

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF LAKEVILLE, ST. JOSEPH COUNTY, INDIANA

We have examined the schedules of receipts, disbursements, and cash and investment balances of the Town of Lakeville (Town), for the period of January 1, 2004 to December 31, 2005. The Town's management is responsible for the schedules. 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 schedule of receipts, disbursements, and cash and investment balances 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 schedules referred to above present fairly, in all material respects, the cash transactions of the Town for the years ended December 31, 2004 and 2005, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

June 8, 2006

TOWN OF LAKEVILLE
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, 2004 And 2005

	Cash and Investments 01-01-04	Receipts	Disbursements	Cash and Investments 12-31-04
Governmental Funds:				
General	\$ 56,612	\$ 153,615	\$ 153,693	\$ 56,534
Motor Vehicle Highway	15,650	40,784	22,642	33,792
Local Road and Street	7,874	8,471	9,785	6,560
Cumulative Capital Improvement	3,782	2,116	1,872	4,026
Cumulative Capital Development	13,746	2,980	1,000	15,726
County Economic Development Income Tax	3,833	8,686	9,550	2,969
EPELE	521	140	555	106
Excess Levy	-	100	-	100
Law Enforcement Continuing Education	2,839	3,415	3,993	2,261
LEAF Grant	7,329	812	8,141	-
RADIOS	-	1,685	1,685	-
Proprietary Funds:				
Water Utility - Operating	9,955	151,160	97,237	63,878
Water Utility - Bond and Interest	25,209	72,137	67,815	29,531
Water Utility - Depreciation	45,019	28,834	57,147	16,706
Water Utility - Customer Deposit	23,056	3,430	1,841	24,645
Water Utility - Construction	25,923	-	25,923	-
Water Utility - Tap Fees	2,911	-	2,911	-
Wastewater Utility - Operating	9,500	130,539	92,890	47,149
Wastewater Utility - Bond and Interest	4,261	47,839	52,100	-
Wastewater Utility - Depreciation	75,493	77,071	78,283	74,281
Wastewater Utility - Tap Fees	45,618	-	45,618	-
Wastewater Utility - Construction	36,548	-	36,548	-
Wastewater Utility - Debt Reserve	27,932	11,757	-	39,689
Fiduciary Fund:				
Trust Fund:				
Fall Inheritance Fund	6,846	-	-	6,846
Totals	<u>\$ 450,457</u>	<u>\$ 745,571</u>	<u>\$ 771,229</u>	<u>\$ 424,799</u>

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds:				
General	\$ 56,534	\$ 234,497	\$ 207,878	\$ 83,153
Motor Vehicle Highway	33,792	48,529	25,429	56,892
Local Road and Street	6,560	8,585	-	15,145
Cumulative Capital Improvement	4,026	1,753	1,940	3,839
Cumulative Capital Development	15,726	5,709	-	21,435
County Economic Development Income Tax	2,969	7,062	-	10,031
LPELE	106	-	106	-
Excess Levy	100	-	100	-
Law Enforcement Continuing Education	2,261	4,420	6,392	289
RADIOS	-	4,297	3,808	489
Proprietary Funds:				
Water Utility - Operating	63,878	117,614	178,781	2,711
Water Utility - Bond and Interest	29,531	17,851	17,825	29,557
Water Utility - Depreciation	16,706	43,878	288	60,296
Water Utility - Customer Deposit	24,645	4,140	3,882	24,903
Wastewater Utility - Operating	47,149	180,894	183,075	44,968
Wastewater Utility - Bond and Interest	-	36,700	36,388	312
Wastewater Utility - Depreciation	74,281	85,000	20,289	138,992
Wastewater Utility - Debt Reserve	39,689	-	-	39,689
Fiduciary Fund:				
Trust Fund:				
Fall Inheritance Fund	6,846	-	6,462	384
Totals	<u>\$ 424,799</u>	<u>\$ 800,929</u>	<u>\$ 692,643</u>	<u>\$ 533,085</u>

The accompanying notes are an integral part of the schedules.

TOWN OF LAKEVILLE
NOTES TO SCHEDULES

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.

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.

TOWN OF LAKEVILLE
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF DEBT
 For The Year Ended December 31, 2005

	Ending Balance	Due Within One Year
Business-type activities:		
Water Utility		
Revenue bond:		
1996 Water improvements	\$ 337,000	\$ 1,000
Wastewater Utility		
Revenue bond:		
2000 Wastewater improvements	370,000	15,000
Total business-type activities	\$ 707,000	\$ 16,000

TOWN OF LAKEVILLE
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 For The Year Ended December 31, 2005

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>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 1,000
Infrastructure	400,000
Buildings	2,000
Machinery and equipment	<u>30,000</u>
 Total governmental activities, capital assets not being depreciated	 <u>\$ 433,000</u>
	 <u>Ending Balance</u>
Business-type activities:	
Water Utility:	
Capital assets, not being depreciated:	
Land	\$ 20,000
Buildings	80,000
Machinery and equipment	<u>6,000</u>
 Total Water Utility capital assets	 <u>106,000</u>
 Wastewater Utility:	
Capital assets, not being depreciated:	
Land	15,000
Buildings	30,000
Machinery and equipment	<u>6,000</u>
 Total Wastewater Utility capital assets	 <u>51,000</u>
 Total business-type activities capital assets	 <u>\$ 157,000</u>

TOWN OF LAKEVILLE
EXAMINATION RESULTS AND COMMENTS

FUND SOURCES AND USES

As of December 31, 2003, the following amounts were due between funds:

Due To	Due From	Amount
Wastewater Bond and Interest	Water Bond and Interest	\$ 8,500
Wastewater Operating	General Fund	6,258
Water Operating	General Fund	1,868
Water Operating	Wastewater Operating	870

These amounts due between funds were the result of software service agreements and insurances costs paid by one fund on behalf of another and bond interest costs of the Water Utility paid erroneously by the Wastewater Utility.

The Town Council wanted to correct these transfers by passing a resolution on March 7, 2005, for-giving these amounts due between funds.

Sources and uses of funds should be limited to those authorized by the enabling statute, ordinance, resolution, or grant agreement. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

The resources of a particular fund may be used only for the purposes for which the fund was created or as otherwise authorized by law. Therefore, one of the fundamentals of good accounting is that a proper charge be made for all substantial interfund services and that an adequate record be made for all interfund receipts and disbursements. For example, hydrant rental furnished to the city or town must be billed by the Water Utility. In brief, such billings should be made by all funds concerned and warrants drawn from one fund to another in payment thereof, so that each fund will show its correct financial position. Incidental services and supplies given by one fund to another shall be billed to and paid for by the fund receiving such services and supplies. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 2)

Compliance is required, as applicable, with generally accepted accounting principles, and standards issued by the Governmental Accounting Standards Board, Financial Accounting Standards Board, and other standards setting bodies and also with various accounting guides, manuals and other publications. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TOWN OF LAKEVILLE
EXAMINATION RESULTS AND COMMENTS
(Continued)

CUSTOMER DEPOSIT REGISTER

The detailed customer deposit register does not reconcile with the customer deposit amount recorded on the general ledger. The detailed customer deposit register shows \$3,673 more than the amount recorded on the general ledger.

At all times, the manual and 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)

TIMELY RECORDKEEPING

No complete financial records for 2006 had been printed as of May 31, 2006, due to the Town implementing a computer accounting system.

All documents and entries to records should be done in a timely manner to ensure that accurate financial information is available to allow the governmental unit to make informed management decisions and to help ensure compliance with Indiana Code C 5-15-1-1 et seq., commonly referred to as the Public Records Law. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TOWN OF LAKEVILLE
EXIT CONFERENCE

The contents of this report were discussed on June 15, 2006, with Cyndi Jo McQueen, Clerk-Treasurer. The official concurred with our findings.