

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

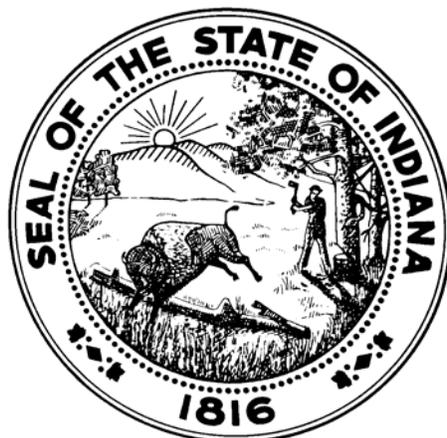
EXAMINATION REPORT

OF

TOWN OF LEWISVILLE

HENRY COUNTY, INDIANA

January 1, 2002 to December 31, 2005



**FILED**  
7/5/06



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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Catherine Sue Saunders	09-01-00 to 12-31-07
President of the Town Council	Jeffery Meeker	01-01-02 to 12-31-06



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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STATE BOARD OF ACCOUNTS  
302 WEST WASHINGTON STREET  
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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF LEWISVILLE, HENRY COUNTY, INDIANA

We have examined the schedules of receipts, disbursements, and cash and investment balances of the Town of Lewisville (Town), for the period of January 1, 2002 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, 2002, 2003, 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 20, 2006

TOWN OF LEWISVILLE  
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, 2002, 2003, 2004, And 2005

	Cash and Investments 01-01-02	Receipts	Disbursements	Cash and Investments 12-31-02
Governmental Funds:				
General	\$ 1,209	\$ 51,612	\$ 47,300	\$ 5,521
Motor Vehicle Highway	4,578	11,075	8,433	7,220
Local Road and Street	2,404	2,648	5,003	49
Rainy Day	2,358	-	-	2,358
Cumulative Capital Improvement	2,477	6,826	8,760	543
Debt Service	871	4,773	5,644	-
Trash Collection	2,780	26,158	24,192	4,746
Fire	2,001	-	1,134	867
Community Center	1,573	3,673	3,468	1,778
Insurance Reimbursement	(9)	9	-	-
Proprietary Funds:				
Water Utility - Operating	2,868	147,210	148,539	1,539
Water Utility - Bond and Interest	8,230	50,319	50,956	7,593
Water Utility - Depreciation	8,365	13,769	7,444	14,690
Water Utility - Debt Reserve	10,852	8,545	-	19,397
Water Utility - Retainage	3,932	-	3,932	-
Water Utility - Reserve	25,861	3,540	-	29,401
Water Utility - Customer Deposit	4,500	820	650	4,670
Water Utility - Construction	-	158,045	158,045	-
Electric Utility - Operating	9,629	136,964	142,784	3,809
Electric Utility - Depreciation	4,844	-	4,844	-
Electric Utility - Customer Deposit	4,992	1,570	1,340	5,222
Fiduciary Fund:				
Payroll	(50)	42,776	41,560	1,166
Totals	<u>\$ 104,265</u>	<u>\$ 670,332</u>	<u>\$ 664,028</u>	<u>\$ 110,569</u>

	Cash and Investments 01-01-03	Receipts	Disbursements	Cash and Investments 12-31-03
Governmental Funds:				
General	\$ 5,521	\$ 29,508	\$ 31,784	\$ 3,245
Motor Vehicle Highway	7,220	11,873	15,852	3,241
Local Road and Street	49	2,558	1,177	1,430
Riverboat	-	2,498	1,172	1,326
Rainy Day	2,358	-	-	2,358
Cumulative Capital Improvement	543	1,428	-	1,971
Trash Collection	4,746	26,346	24,220	6,872
Fire	867	-	12	855
Community Center	1,778	3,473	3,533	1,718
Proprietary Funds:				
Water Utility - Operating	1,539	146,322	145,675	2,186
Water Utility - Bond and Interest	7,593	50,049	52,637	5,005
Water Utility - Depreciation	14,690	8,494	17,628	5,556
Water Utility - Debt Reserve	19,397	7,461	-	26,858
Water Utility - Reserve	29,401	3,540	-	32,941
Water Utility - Customer Deposit	4,670	1,210	353	5,527
Water Utility - Construction	-	411,804	411,804	-
Electric Utility - Operating	3,809	155,104	146,340	12,573
Electric Utility - Customer Deposit	5,222	1,610	771	6,061
Fiduciary Fund:				
Payroll	1,166	48,125	47,809	1,482
Totals	<u>\$ 110,569</u>	<u>\$ 911,403</u>	<u>\$ 900,767</u>	<u>\$ 121,205</u>

The accompanying notes are an integral part of the schedules.

TOWN OF LEWISVILLE  
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, 2002, 2003, 2004, And 2005  
(Continued)

	Cash and Investments 01-01-04	Receipts	Disbursements	Cash and Investments 12-31-04
Governmental Funds:				
General	\$ 3,245	\$ 70,799	\$ 68,318	\$ 5,726
Motor Vehicle Highway	3,241	17,314	16,097	4,458
Local Road and Street	1,430	2,648	2,473	1,605
Riverboat	1,326	2,491	3,500	317
Rainy Day	2,358	1,000	3,000	358
Cumulative Capital Improvement	1,971	1,474	1,500	1,945
Trash Collection	6,872	26,931	28,830	4,973
Fire	855	-	-	855
Community Center	1,718	8,976	8,522	2,172
Proprietary Funds:				
Water Utility - Operating	2,186	158,045	155,734	4,497
Water Utility - Bond and Interest	5,005	50,968	53,135	2,838
Water Utility - Depreciation	5,556	11,314	-	16,870
Water Utility - Debt Reserve	26,858	6,104	-	32,962
Water Utility - Reserve	32,941	2,950	-	35,891
Water Utility - Customer Deposit	5,527	1,730	1,283	5,974
Electric Utility - Operating	12,573	166,779	151,763	27,589
Electric Utility - Customer Deposit	6,061	2,670	1,880	6,851
Fiduciary Fund:				
Payroll	1,482	52,233	52,072	1,643
Totals	<u>\$ 121,205</u>	<u>\$ 584,426</u>	<u>\$ 548,107</u>	<u>\$ 157,524</u>

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds:				
General	\$ 5,726	\$ 47,207	\$ 49,459	\$ 3,474
Motor Vehicle Highway	4,458	17,007	6,201	15,264
Local Road and Street	1,605	2,591	1,177	3,019
Riverboat	317	2,491	-	2,808
Rainy Day	358	-	-	358
Cumulative Capital Improvement	1,945	1,221	2,100	1,066
Trash Collection	4,973	27,018	24,521	7,470
Fire	855	-	-	855
Community Center	2,172	9,238	8,229	3,181
Proprietary Funds:				
Water Utility - Operating	4,497	211,460	204,279	11,678
Water Utility - Bond and Interest	2,838	55,596	52,380	6,054
Water Utility - Depreciation	16,870	11,325	15,800	12,395
Water Utility - Debt Reserve	32,962	8,139	-	41,101
Water Utility - Reserve	35,891	-	-	35,891
Water Utility - Customer Deposit	5,974	1,640	1,040	6,574
Electric Utility - Operating	27,589	191,919	180,282	39,226
Electric Utility - Customer Deposit	6,851	2,460	1,410	7,901
Fiduciary Fund:				
Payroll	1,643	56,538	58,288	(107)
Totals	<u>\$ 157,524</u>	<u>\$ 645,850</u>	<u>\$ 605,166</u>	<u>\$ 198,208</u>

The accompanying notes are an integral part of the schedules.

TOWN OF LEWISVILLE  
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, culture and recreation, general administrative services, and water and electric 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.

TOWN OF LEWISVILLE  
NOTES TO SCHEDULES  
(Continued)

Note 6. Pension Plan

Public Employees' Retirement Fund

Plan Description

The Town contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF Board, most requirements of the system, and give the Town authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

PERF administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

Public Employees' Retirement Fund  
Harrison Building, Room 800  
143 West Market Street  
Indianapolis, IN 46204  
Ph. (317) 233-4162

Funding Policy and Annual Pension Cost

The contribution requirements of the plan members for PERF are established by the Board of Trustees of PERF.

Note 7. Long-Term Debt

The Town has entered into various debts such as bonds for Waterworks Improvement, a loan for ozone equipment, a loan for renovation of the Utility office, and a Tax Anticipation Warrant to generate Local Road and Street funds. The outstanding principal at December 31, 2005, was \$492,000, \$46,000, \$48,632, \$2,174, respectively.

TOWN OF LEWISVILLE  
EXAMINATION RESULTS AND COMMENTS

ANNUAL REPORT

An annual report for 2004 was not presented for audit.

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 . . ."

COMPENSATION AND BENEFITS

Water and Electric Utility employees received a "Year End Bonus" during the years 2003 and 2005. These bonuses were not included on the salary ordinance or resolution.

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, resolution or salary schedule adopted by the governing body unless otherwise authorized by statute. Compensation should be made in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

CUSTOMER DEPOSIT REGISTER

The detailed customer deposit register does not reconcile with the customer deposit amount recorded on the general ledger for both Water and Electric Utilities.

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)

ERRORS ON CLAIMS

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

- (1) Claims were not prepared for all disbursements.

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;

TOWN OF LEWISVILLE  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

- (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."

PENALTIES, INTEREST AND OTHER CHARGES

Interest totaling \$13.87 was paid to the Internal Revenue Service on December 9, 2005, for the period December 31, 2003.

Officials and employees have the duty to pay claims and remit taxes in a timely fashion.

Additionally officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

OVERDRAWN FUND BALANCES

The Payroll Fund was overdrawn in 2005.

The fund balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TOWN OF LEWISVILLE  
EXIT CONFERENCE

The contents of this report were discussed on June 20, 2006, with Catherine Sue Saunders, Clerk-Treasurer; and Jeffery Meeker, President of the Town Council. The officials concurred with our findings.