

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

EXAMINATION REPORT
OF
TOWN OF LIZTON
HENDRICKS COUNTY, INDIANA
January 1, 2004 to December 31, 2005



FILED
11/17/2006

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OFFICIALS

Office

Official

Term

Clerk-Treasurer

Deborah Tucker
Tonya Perry

01-01-04 to 06-30-05
07-01-05 to 12-31-07

President of the Town Council

Lise Crouch

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 LIZTON, HENDRICKS COUNTY, INDIANA

We have examined the schedules of receipts, disbursements, and cash and investment balances of the Town of Lizton (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 schedules 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.

The Schedule of Debt has not been subjected to the examination procedures applied by us in the examination of the schedules referred to above and, accordingly, we express no opinion on it.

STATE BOARD OF ACCOUNTS

October 12, 2006

TOWN OF LIZTON
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	\$ 235,447	\$ 146,162	\$ 102,567	\$ 279,042
Motor Vehicle Highway	50,793	12,044	12,020	50,817
Local Road and Street	74,867	12,007	-	86,874
Law Enforcement Continuing Education	2,011	953	16	2,948
Riverboat	2,352	2,346	-	4,698
Cumulative Capital Improvement	3,785	8,793	-	12,578
Cumulative Capital Development	(6,167)	-	-	(6,167)
County Economic Development Income Tax CEDIT	64,266	36,156	23,333	77,089
Comprehensive Plan Grant	4,260	-	-	4,260
Police Vest Donation	1	-	-	1
Police Trauma Donation	201	-	-	201
Police Uniform Donation	(323)	-	-	(323)
Levy Excess	1,770	-	-	1,770
Build Indiana Grant	25,439	38	-	25,477
Police Department Camera	120	1	-	121
Sidewalk Donation	15,896	30,222	-	46,118
Proprietary Funds:				
Wastewater Utility - Operating	104,237	161,846	149,945	116,138
Wastewater Utility - Bond and Interest	39,482	71,055	64,020	46,517
Wastewater Utility - Depreciation	61,953	5,499	-	67,452
Wastewater Utility - Improvement	6,957	136,350	42,735	100,572
Fiduciary Fund:				
Payroll	394	58,657	58,657	394
Totals	<u>\$ 687,741</u>	<u>\$ 682,129</u>	<u>\$ 453,293</u>	<u>\$ 916,577</u>

The accompanying notes are an integral part of the schedules.

TOWN OF LIZTON
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
(Continued)

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds:				
General	\$ 279,042	\$ 138,015	\$ 99,642	\$ 317,415
Motor Vehicle Highway	50,817	12,561	15,078	48,300
Local Road and Street	86,874	11,767	65,887	32,754
Law Enforcement Continuing Education	2,948	1,115	331	3,732
Riverboat	4,698	2,346	-	7,044
Cumulative Capital Improvement	12,578	4,287	4,491	12,374
Cumulative Capital Development	(6,167)	6,167	-	-
County Economic Development Income Tax CEDIT	77,089	15,284	33,542	58,831
Comprehensive Plan Grant	4,260	-	-	4,260
Police Vest Donation	1	-	1	-
Police Trauma Donation	201	-	201	-
Police Uniform Donation	(323)	332	-	9
Levy Excess	1,770	-	-	1,770
Build Indiana Grant	25,477	-	25,477	-
Police Department Camera	121	3,509	3,630	-
Sidewalk Donation	46,118	231	-	46,349
Proprietary Funds:				
Wastewater Utility - Operating	116,138	163,068	165,933	113,273
Wastewater Utility - Bond and Interest	46,517	71,256	-	117,773
Wastewater Utility - Depreciation	67,452	6,325	-	73,777
Wastewater Utility - Improvement	100,572	707,778	807,762	588
Fiduciary Fund:				
Payroll	394	65,191	65,218	367
Totals	<u>\$ 916,577</u>	<u>\$ 1,209,232</u>	<u>\$ 1,287,193</u>	<u>\$ 838,616</u>

The accompanying notes are an integral part of the schedules.

TOWN OF LIZTON
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. All property taxes collected by the County Treasurer and available for distribution were distributed to the Town on or prior to December 31 of the year collected.

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. Long-Term Debt

The Town has entered into a capital lease for the purchase of police cars. The outstanding principal at December 31, 2005, was \$30,299. The Town also issued general obligation bonds for the renovation of the town hall building. The outstanding principal at December 31, 2005, was \$138,100.

The Wastewater Utility issued various general obligation bonds for the construction, renovation and installation of sewer line infrastructure for a wastewater treatment plant. The outstanding principal at December 31, 2005, was \$1,420,000.

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

CAPITAL LEASES

The Town has entered into the following capital leases:

Description of Asset	Present Value of Net Minimum Lease Payments	Ending Balance	Due Within One Year
Police Car Lease	\$ 30,299	\$ 30,299	\$ 8,643
	<u>Ending Balance</u>	<u>Due Within One Year</u>	
Governmental activities:			
General obligation bonds:			
Town Hall Building Corporation First Mortgage Bond, Series 2003	\$ 138,100	\$ 8,000	
Business-type activities:			
Wastewater Utility			
Revenue bonds:			
Sewage Works Revenue Bonds of 1973	\$ 111,000	\$ 11,000	
Sewage Works Revenue Bonds of 1998	973,000	3,000	
Sewage Works Revenue Bonds of 2003 (Not drawn from SRF until 2005)	260,000	10,000	
Sewage Works Revenue Bonds of 2004	76,000	-	
Total Wastewater Utility	1,420,000	24,000	
Total business-type activities	\$ 1,420,000	\$ 24,000	

TOWN OF LIZTON
EXAMINATION RESULTS AND COMMENTS

LIST OF EMPLOYEES NOT FILED WITH COUNTY TREASURER

A list of Town officials and employees for the period January 1, 2005 to December 31, 2005, that had money due from the Town was not certified to the County Treasurer.

Indiana Code 6-1.1-22-14(a) states in part: "On or before June 1 and December 1 of each year . . . the disbursing officer of each political subdivision . . . shall certify the names and addresses of each person who has money due from the political subdivision to the treasurer of each county in which the political subdivision is located."

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 year 2005.

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."

ISSUANCE OF RECEIPTS AND TIMELY DEPOSITS

In numerous instances, receipts were not issued upon receipt of funds and funds received were deposited later than the next business day during 2004. Monthly checks from the State of Indiana for local road and street, motor vehicle highway and alcohol gallonage tax funds were deposited one to three months after the check was written. Ten out of thirty-four checks from the State of Indiana were posted to the fund ledger between fifty and ninety-one days after the date on the check.

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."

Receipts shall be issued and recorded at the time of the transaction; for example, when cash or a check is received, a receipt is to be immediately prepared and given to the person making payment. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TOWN OF LIZTON
EXAMINATION RESULTS AND COMMENTS
(Continued)

OVERDRAWN CASH BALANCES

The cash balance of the Cumulative Capital Development Fund, and Police Uniform Donation Fund were overdrawn as of December 31, 2004, in the amount of \$6,167.62 and \$322.83, respectively.

The cash 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)

SALES TAX PAID ON PURCHASES

A review of the claims for 2005 revealed sales tax was paid on several purchases.

Governmental funds generally are exempt from the payment of sales tax on qualifying purchases. Respective tax agencies should always be contacted concerning tax exemptions and payments. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

CAPITAL ASSET RECORDS

The Town and the Wastewater Utility do not maintain a complete inventory of all capital assets. A detailed listing of capital asset additions, retirements and capital asset costs is not maintained by the unit.

Every governmental unit should have a complete inventory of all capital assets owned which reflect their acquisition value. Such inventory should be recorded in the Capital Assets Ledger. 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)

TOWN OF LIZTON
EXIT CONFERENCE

The contents of this report were discussed on October 23, 2006, with Tonya Perry, Clerk-Treasurer. The official concurred with our findings.