

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

EXAMINATION REPORT
OF
TOWN OF LYONS
GREENE COUNTY, INDIANA
January 1, 2004 to December 31, 2005



FILED
12/29/2006

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OFFICIALS

Office

Official

Term

Clerk-Treasurer

Kim Flynn

01-01-04 to 12-31-07

President of the Town Council

Scott Powers

01-01-04 to 12-31-06



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF LYONS, GREENE COUNTY, INDIANA

We have examined the financial information presented herein of the Town of Lyons (Town), for the period of January 1, 2004 to December 31, 2005. 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, 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

November 16, 2006

TOWN OF LYONS
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	\$ (21,880)	\$ 150,524	\$ 172,125	\$ (43,481)
Motor Vehicle Highway	51,608	31,160	4,717	78,051
Local Road and Street	25,836	4,477	4,227	26,086
Park and Recreation	(1,081)	8,112	7,480	(449)
Law Enforcement Continuing Education	1,447	307	130	1,624
Riverboat	4,730	4,717	-	9,447
Fire Truck Grant	(4,120)	-	-	(4,120)
Abuse Task Force	113	-	-	113
Cumulative Capital Improvement	47,454	2,791	-	50,245
Proprietary Funds:				
Water Utility - Operating	(27,728)	151,556	120,171	3,657
Water Utility - Customer Deposit	34,757	3,300	3,569	34,488
Water Utility - Improvement	(1,732)	15,412	13,151	529
Wastewater Utility - Operating	48,416	145,771	168,656	25,531
Wastewater Utility - Bond and Interest	94,120	46,448	31,572	108,996
Wastewater Utility - Improvement	32,782	12,524	3,026	42,280
Fiduciary Fund:				
Payroll	-	85,780	85,780	-
Totals	<u>\$ 284,722</u>	<u>\$ 662,879</u>	<u>\$ 614,604</u>	<u>\$ 332,997</u>
	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds:				
General	\$ (43,481)	\$ 259,810	\$ 189,240	\$ 27,089
Motor Vehicle Highway	78,051	31,117	57,712	51,456
Local Road and Street	26,086	3,668	24,206	5,548
Park and Recreation	(449)	15,466	6,425	8,592
Law Enforcement Continuing Education	1,624	161	-	1,785
Riverboat	9,447	4,717	12,790	1,374
Fire Truck Grant	(4,120)	-	-	(4,120)
Abuse Task Force	113	-	-	113
Cumulative Capital Improvement	50,245	3,415	2,736	50,924
Federal Grant Operating	-	6,464	7,434	(970)
Proprietary Funds:				
Water Utility - Operating	3,657	152,075	118,873	36,859
Water Utility - Customer Deposit	34,488	5,225	11,781	27,932
Water Utility - Improvement	529	16,843	-	17,372
Wastewater Utility - Operating	25,531	180,096	171,975	33,652
Wastewater Utility - Bond and Interest	108,996	44,568	31,352	122,212
Wastewater Utility - Improvement	42,280	12,176	14,810	39,646
Fiduciary Funds:				
Excess Levy	-	172	-	172
Payroll	-	89,816	89,816	-
Totals	<u>\$ 332,997</u>	<u>\$ 825,789</u>	<u>\$ 739,150</u>	<u>\$ 419,636</u>

The accompanying notes are an integral part of the schedules.

TOWN OF LYONS
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 (police and fire), highways and streets, culture and recreation, public improvements, general administrative services, water and wastewater.

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.

TOWN OF LYONS
NOTES TO FINANCIAL INFORMATION
(Continued)

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 various debts such as bonds for wastewater works improvements, a loan for waterworks improvements, and a loan for wastewater works improvements. The outstanding principal at December 31, 2005, was \$186,000, \$28,247, and \$41,393, respectively.

Note 7. Subsequent Events

On November 11, 2005, the Town received notification from the Indiana Department of Commerce that they were approved for a \$432,900 Community Focus Fund Grant for the construction of a new fire station. The project, CF-05-223, began on July 24, 2006, with a total budgeted cost of \$556,059.

On January 26, 2006, the Town received notification from the Indiana Housing Authority that they were approved for a \$300,000 Community Development Block Grant for housing rehabilitation. The project, HD-005-016, began in March 2006.

TOWN OF LYONS
EXAMINATION RESULTS AND COMMENTS

CUSTOMER DEPOSIT REGISTER

The detailed customer deposit register does not reconcile with the customer deposit amount recorded on the general ledger. It was also noted that the Guarantee Deposit Register, Form 310, or any approved form maintaining the customer deposits accounts, was not available for review.

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)

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)

OVERDRAWN CASH BALANCES

The cash balance of the General Fund, Park and Recreation Fund and Fire Truck Grant Fund were overdrawn at December 31, 2004. The cash balance of the Fire Truck Grant Fund was overdrawn at December 31, 2005.

A similar comment appeared in a prior report.

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)

TOWN OF LYONS
EXIT CONFERENCE

The contents of this report were discussed on November 16, 2006, with Kim Flynn, Clerk-Treasurer; and James Heaver, Town Councilman. The officials concurred with our findings.