

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

EXAMINATION REPORT
OF
TOWN OF LAPAZ
MARSHALL COUNTY, INDIANA
January 1, 2005 to December 31, 2006



FILED
10/29/2007

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Jane Harris	01-01-04 to 12-31-07
President of the Town Council	Roger Ecker	01-01-05 to 12-31-07



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF LAPAZ, MARSHALL COUNTY, INDIANA

We have examined the financial information presented herein of the Town of LaPaz (Town), for the period of January 1, 2005 to December 31, 2006. 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, 2005 and 2006, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The 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 basic financial information. They have not been subjected to the examination procedures applied to the basic financial information, and accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

September 13, 2007

TOWN OF LAPAZ
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL AND PROPRIETARY FUND TYPES
As Of And For The Years Ended December 31, 2005 And 2006

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds:				
General	\$ 63,842	\$ 158,743	\$ 171,922	\$ 50,663
Motor Vehicle Highway	25,620	22,037	32,002	15,655
Local Road and Street	17,411	2,714	1,200	18,925
Park and Recreation	8,072	1,252	866	8,458
Law Enforcement Continuing Education	529	210	339	400
Rainy Day	3,778	17,990	-	21,768
Donation	347	1	-	348
Cumulative Capital Improvement	4,264	1,511	119	5,656
Cumulative Capital Development	30,064	6,389	-	36,453
Storm Drain	-	951	-	951
Proprietary Funds:				
Wastewater Utility - Operating	264,133	230,751	252,119	242,765
Wastewater Utility - Bond and Interest	52,746	636,734	613,088	76,392
Wastewater Utility - Depreciation	-	32,500	-	32,500
Totals	<u>\$ 470,806</u>	<u>\$ 1,111,783</u>	<u>\$ 1,071,655</u>	<u>\$ 510,934</u>

	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
Governmental Funds:				
General	\$ 50,663	\$ 161,963	\$ 165,224	\$ 47,402
Motor Vehicle Highway	15,655	23,536	35,076	4,115
Local Road and Street	18,925	2,652	5,294	16,283
Park and Recreation	8,458	3,117	3,897	7,678
Law Enforcement Continuing Education	400	200	215	385
Rainy Day	21,768	-	1,075	20,693
Donation	348	1	-	349
Cumulative Capital Improvement	5,656	1,747	1,375	6,028
Cumulative Capital Development	36,453	6,497	-	42,950
Storm Drain	951	9,936	-	10,887
Proprietary Funds:				
Wastewater Utility - Operating	242,765	252,018	298,839	195,944
Wastewater Utility - Bond and Interest	76,392	54,123	55,415	75,100
Wastewater Utility - Depreciation	32,500	12,000	-	44,500
Wastewater Utility - Debt Service	-	3,274	-	3,274
Totals	<u>\$ 510,934</u>	<u>\$ 531,064</u>	<u>\$ 566,410</u>	<u>\$ 475,588</u>

The accompanying notes are an integral part of the financial information.

TOWN OF LAPAZ
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, highways and streets, culture and recreation, general administrative services, and wastewater treatment.

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.

TOWN OF LAPAZ
NOTES TO FINANCIAL INFORMATION
(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.

TOWN OF LAPAZ
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS

For The Year Ended December 31, 2006

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 are not reported.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land and land rights	\$ 109,600
Buildings	39,000
Machinery and equipment	26,000
Transportation equipment	<u>32,000</u>
 Total governmental activities, capital assets not being depreciated	 <u>\$ 206,600</u>

<u>Primary Government</u>	
Business-type activities:	
Wastewater Utility:	
Capital assets, not being depreciated:	
Land and land rights	\$ 50,603
Buildings	106,318
Improvements other than buildings	3,712,989
Machinery and equipment	167,398
Transportation equipment	<u>26,480</u>
 Total wastewater utility capital assets not being depreciated	 <u>\$ 4,063,788</u>

TOWN OF LAPAZ
SUPPLEMENTARY INFORMATION
SCHEDULE OF LONG-TERM DEBT

For The Year Ended December 31, 2006

<u>Description of Asset</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Proprietary Funds: Wastewater Utility Refunding revenue bonds of 2005	<u>\$ 560,000</u>	<u>\$ 25,000</u>

TOWN OF LAPAZ
EXAMINATION RESULT AND COMMENT

ANNUAL REPORT, CTAR-1

The Annual City and Town Financial Report, CTAR-1, for 2005 and for 2006 included some errors and parts of the eleven part report were not completed as required.

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)

TOWN OF LAPAZ
EXIT CONFERENCE

The contents of this report were discussed on September 13, 2007, with Roger Ecker, President of the Town Council; Linda Tyler, Town Council member; and Jane Harris, Clerk-Treasurer.