

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

EXAMINATION REPORT
OF
TOWN OF LYNNVILLE
WARRICK COUNTY, INDIANA
January 1, 2006 to December 31, 2007



FILED
08/21/2008

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OFFICIALS

Office

Official

Term

Clerk-Treasurer

Alan Harter
Sheridan Jones

01-01-04 to 12-31-07
01-01-08 to 12-31-11

President of the Town Council

Catherine Wilson

01-01-06 to 12-31-08



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF LYNNVILLE, WARRICK COUNTY, INDIANA

We have examined the financial information presented herein of the Town of Lynnville (Town), for the period of January 1, 2006 to December 31, 2007. 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, 2006 and 2007, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The Schedule of Long-Term Debt, as listed in the Table of Contents, is presented for additional analysis and is not a required part of the basic financial information. It has not been subjected to the examination procedures applied to the basic financial information and, accordingly, we express no opinion on it.

STATE BOARD OF ACCOUNTS

July 2, 2008

TOWN OF LYNNVILLE
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, 2006 And 2007

	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
Governmental Funds:				
General	\$ 47,892	\$ 73,434	\$ 69,776	\$ 51,550
Motor Vehicle Highway	69,552	38,854	8,084	100,322
Local Road and Street	45,408	8,387	4,281	49,514
Park and Recreation	70,938	104,096	91,313	83,721
Community Center	6,381	-	6,381	-
Rainy Day	4,986	-	-	4,986
Ballpark Donation	240	-	-	240
Park Donation	540	-	-	540
IHFA Housing	9,057	7,126	-	16,183
Fire Department	3,276	-	3,276	-
Cumulative Capital Improvement	19,395	2,790	2,130	20,055
Cumulative Capital Development	31,502	16,890	15,261	33,131
Sewer Ban	53,275	288	28,529	25,034
Proprietary Funds:				
Water Utility - Operating	17,060	180,514	186,459	11,115
Water Utility - Bond and Interest	1,748	9,600	9,877	1,471
Water Utility - Depreciation	35,500	25,200	20,169	40,531
Water Utility - Customer Deposit	34,598	3,400	2,632	35,366
Water Utility - Debt Service	27,400	900	-	28,300
Wastewater Utility - Operating	37,746	210,743	177,217	71,272
Wastewater Utility - Bond and Interest	73,943	2,250	27,400	48,793
Wastewater Utility - Depreciation	7,289	28,800	2,421	33,668
Wastewater Utility - Tecumseh School Line	350	-	-	350
Wastewater Utility - Debt Service	43,800	150	-	43,950
Wastewater Utility - Sewer Ban	18,000	2,000	-	20,000
Fiduciary Fund:				
Payroll	-	120,204	120,204	-
Totals	<u>\$ 659,876</u>	<u>\$ 835,626</u>	<u>\$ 775,410</u>	<u>\$ 720,092</u>

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Governmental Funds:				
General	\$ 51,550	\$ 71,330	\$ 72,011	\$ 50,869
Motor Vehicle Highway	100,322	38,253	85,078	53,497
Local Road and Street	49,514	8,407	24,000	33,921
Park and Recreation	83,721	103,950	93,571	94,100
Rainy Day	4,986	743	-	5,729
Ballpark Donation	240	-	-	240
Park Donation	540	-	-	540
IHFA Housing	16,183	8,500	8,500	16,183
Fire Department	-	-	-	-
Cumulative Capital Improvement	20,055	2,743	-	22,798
Cumulative Capital Development	33,131	17,889	15,066	35,954
Sewer Ban	25,034	99	25,133	-
Proprietary Funds:				
Water Utility - Operating	11,115	192,718	183,508	20,325
Water Utility - Bond and Interest	1,471	9,600	9,324	1,747
Water Utility - Depreciation	40,531	25,200	5,038	60,693
Water Utility - Customer Deposit	35,366	3,700	2,775	36,291
Water Utility - Debt Service	28,300	-	-	28,300
Wastewater Utility - Operating	71,272	360,546	335,975	95,843
Wastewater Utility - Bond and Interest	48,793	1,300	26,700	23,393
Wastewater Utility - Depreciation	33,668	26,400	39,026	21,042
Wastewater Utility - Tecumseh School Line	350	-	-	350
Wastewater Utility - Debt Service	43,950	-	-	43,950
Wastewater Utility - Sewer Ban	20,000	-	20,000	-
Fiduciary Fund:				
Payroll	-	145,243	145,243	-
Totals	<u>\$ 720,092</u>	<u>\$ 1,016,621</u>	<u>\$ 1,090,948</u>	<u>\$ 645,765</u>

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

TOWN OF LYNNVILLE
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, public improvements, general administrative services, water, wastewater and urban redevelopment.

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 LYNNVILLE
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 December 31, 2007

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Business-type Activities:		
Water Utility		
Revenue bonds:		
1990 Revenue Bonds	\$ 26,000	\$ 9,764
Total Water Utility	<u>26,000</u>	<u>9,764</u>
Wastewater Utility		
Revenue bonds:		
2007 Revenue Bonds	595,000	5,164
1996 Revenue Bonds A	152,000	10,410
1996 Revenue Bonds B	71,000	4,461
1981 Revenue Bonds	<u>240,000</u>	<u>27,000</u>
Total Wastewater Utility	<u>1,058,000</u>	<u>47,035</u>
Total business-type activities debt	<u>\$ 1,084,000</u>	<u>\$ 56,799</u>

TOWN OF LYNNVILLE
EXAMINATION RESULTS AND COMMENTS

ANNUAL REPORT

An annual report for 2007 was not compiled until June 2008, not complete, and not published as required.

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 . . ."

CAPITAL ASSET RECORDS (Applies to Town, Water, and Wastewater Utilities)

The Town and the Utilities do not maintain sufficient detailed records of capital assets. Upon purchase, the costs of some capital assets are added to the records. However, records providing historical costs for some of the Town and the Utilities' capital assets are not available, and records classifying and summarizing the Town and Utilities' capital assets are incomplete. Deletions or disposals of capital assets are not recorded. A similar comment was contained in several prior reports.

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)

CUSTOMER DEPOSIT REGISTER (Applies to Water Utility)

The detailed customer deposit register does not reconcile with the customer deposit amount recorded on the Simplified Cash Journal. A similar comment was contained in several prior reports.

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)

DEPOSITS (Applies to Water and Wastewater Utilities)

In numerous instances, receipts were deposited later than the next business day.

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."

TOWN OF LYNNVILLE
EXAMINATION RESULTS AND COMMENTS
(Continued)

ORDINANCES AND RESOLUTIONS (Applies to Water Utility)

The Water Utility has an ordinance concerning customer deposits. However, several Water Utility customers did not have a deposit listed in the Guarantee Deposit Register.

Each governmental unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

SUBSEQUENT EVENTS - CONDITION OF RECORDS
(Applies to Town, Water, and Wastewater Utilities)

For the current period beginning January 1, 2008, no ledgers have been maintained for the Town or the Utilities. This resulted in many claims being paid from the wrong accounts. As of June 2008, no bank reconcilements have been prepared for the Town or the Utilities.

At all times, the manual and/or 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)

Indiana Code 5-11-1-21 states: "All public officers shall adopt and use the books, forms, records, and systems of accounting and reporting adopted by the state board of accounts, when directed so to do by the board, and all forms, books, and records shall be purchased by those officers in the manner provided by law. An officer who refuses to provide such books, forms, or records, fails to use them, or fails to keep the accounts of his office as directed by the board commits a Class C infraction and forfeits his office."

SUBSEQUENT EVENTS - ORDINANCES AND RESOLUTIONS
(Applies to Water and Wastewater Utilities)

The Utilities have rate ordinances concerning the application of penalties for late payment of utility bills. However, during 2008, no penalties have been applied to any late bills.

Each governmental unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TOWN OF LYNNVILLE
EXIT CONFERENCE

The contents of this report were discussed on July 2, 2008, with Sheridan Jones, Clerk-Treasurer; Catherine Wilson, President of the Town Council; and Judith Writsel, Council member. The officials concurred with our findings. A separate telephone exit conference was held July 2, 2008, with Bruce Clark, Council member.