

B37271

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

EXAMINATION REPORT
OF
TOWN OF LIZTON
HENDRICKS COUNTY, INDIANA
January 1, 2008 to December 31, 2009



FILED
07/26/2010

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Officials	2
Independent Accountant's Report.....	3
Financial Information:	
Schedules of Receipts, Disbursements, and Cash and Investment Balances	4
Notes to Financial Information	5
Supplementary Information:	
Schedule of Capital Assets.....	6
Schedule of Long-Term Debt	7
Examination Results and Comments:	
List of Employees Not Filed With County Treasurer	8
Old Outstanding Checks (Warrants).....	8
Optical Images of Warrants	9
Deposits Not Timely	9
Exit Conference.....	10

OFFICIALS

Office

Official

Term

Clerk-Treasurer

Tonya Perry

01-01-08 to 12-31-11

President of the Town Council

Brett Boyer

01-01-08 to 12-31-11



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

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 financial information presented herein of the Town of Lizton (Town), for the period of January 1, 2008 to December 31, 2009. 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, 2008 and 2009, 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

June 9, 2010

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, 2008 And 2009

	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
Governmental Funds:				
General	\$ 293,615	\$ 144,925	\$ 167,541	\$ 270,999
Motor Vehicle Highway	41,912	9,861	25,399	26,374
Local Road and Street	38,164	10,848	20,843	28,169
Law Enforcement Continuing Education	2,341	2,215	-	4,556
Riverboat	3,339	2,334	-	5,673
Cumulative Capital Improvement	13,685	1,350	7,273	7,762
Community Development	-	28,744	28,744	-
County Economic Development Income Tax Cedit	60,057	18,783	16,719	62,121
Comprehensive Plan Grant	4,260	-	-	4,260
Police Uniform Donation	9	-	-	9
Levy Excess	1,770	-	-	1,770
Sidewalk Donation	46,816	520	60	47,276
Proprietary Funds:				
Water Utility - Escrow	28,017	104	2,700	25,421
Wastewater Utility - Operating	7,369	185,045	171,759	20,655
Wastewater Utility - Bond and Interest	106,690	51,296	88,849	69,136
Wastewater Utility - Debt Service Reserve	82,388	65	-	82,453
Fiduciary Fund:				
Payroll	422	82,417	82,471	368
Totals	<u>\$ 730,854</u>	<u>\$ 538,506</u>	<u>\$ 612,358</u>	<u>\$ 657,002</u>
	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
Governmental Funds:				
General	\$ 270,999	\$ 176,333	\$ 173,062	\$ 274,270
Motor Vehicle Highway	26,374	10,415	35,848	940
Local Road and Street	28,169	15,548	24,838	18,879
Law Enforcement Continuing Education	4,556	501	250	4,807
Riverboat	5,673	2,328	-	8,001
Cumulative Capital Improvement	7,762	1,208	8,820	150
County Economic Development Income Tax Cedit	62,121	17,992	39,025	41,088
Comprehensive Plan Grant	4,260	-	-	4,260
Police Uniform Donation	9	-	-	9
Levy Excess	1,770	-	-	1,770
Sidewalk Donation	47,276	286	-	47,562
Proprietary Funds:				
Water Utility - Escrow	25,421	33	7,650	17,804
Wastewater Utility - Operating	20,655	191,510	212,165	0
Wastewater Utility - Bond and Interest	69,136	84,733	83,066	70,804
Wastewater Utility - Debt Service Reserve	82,453	-	16,613	65,840
Fiduciary Fund:				
Payroll	368	108,467	108,467	368
Totals	<u>\$ 657,002</u>	<u>\$ 609,355</u>	<u>\$ 709,805</u>	<u>\$ 556,552</u>

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

TOWN OF LIZTON
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, 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.

TOWN OF LIZTON
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 For The Year Ended December 31, 2009

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 (those reported by governmental activities) are included regardless of their acquisition date or amount. The government was able to estimate the historical cost for the initial reporting of these assets through backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year.) As the government constructs or acquires additional capital assets each period, including infrastructure assets, they are reported at historical cost.

	Ending Balance
Governmental activities:	
Capital assets, not being depreciated:	
Infrastructure	\$ 634,400
Buildings	900,700
Machinery and equipment	944,753
 Total governmental activities, capital assets not being depreciated	 \$ 2,479,853

	Ending Balance
Business-type activities:	
Wastewater Utility:	
Capital assets, not being depreciated:	
Buildings	\$ 72,000
Improvements other than buildings	2,261,011
 Total Wastewater Utility capital assets	 \$ 2,333,011

TOWN OF LIZTON
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 December 31, 2009

The Town has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:		
Capital leases:		
Police Car Lease	\$ 25,556	\$ 13,526
General obligation bonds:		
Town Hall Building Corporation First Mortgage Bond, Series 2003	<u>121,000</u>	<u>14,844</u>
Total governmental activities debt	<u>\$ 146,556</u>	<u>\$ 28,370</u>
Business-type activities:		
Wastewater Utility:		
Revenue bonds:		
Sewage Works Revenue Bonds of 1973	\$ 61,000	\$ 17,050
Sewage Works Revenue Bonds of 1998	961,000	46,245
Sewage Works Revenue Bonds of 2003	175,000	17,032
Sewage Works Revenue Bonds of 2004	<u>59,000</u>	<u>7,832</u>
Total Water Utility	<u>1,256,000</u>	<u>88,159</u>
Total business-type activities debt	<u>\$ 1,256,000</u>	<u>\$ 88,159</u>

TOWN OF LIZTON
EXAMINATION RESULTS AND COMMENTS

LIST OF EMPLOYEES NOT FILED WITH COUNTY TREASURER

As noted in prior Report B33170, a list of employees was not certified to the County Treasurer.

IC 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."

OLD OUTSTANDING CHECKS (WARRANTS)

Our review of the bank reconcilements, as of December 31, 2008 and 2009, revealed checks outstanding held in excess of two years. As of December 31, 2008, five checks were held outstanding in the amount of \$303.01. As of December 31, 2009, nine checks were held outstanding in the amount of \$568.93.

IC 5-11-10.5-2 states in part: "All warrants or checks drawn upon public funds of a political subdivision that are outstanding and unpaid for a period of two (2) or more years as of the last day of December of each year are void."

IC 5-11-10.5-3 states in part:

"Not later than March 1 of each year, the treasurer of each political subdivision shall prepare or cause to be prepared a list in triplicate of all warrants or checks that have been outstanding for a period of two (2) or more years as of December 31 of the preceding year. The original copy of each list shall be filed with the board of finance of the political subdivision or the fiscal body of a city or town. The duplicate copy shall be transmitted to the disbursing officer of the political subdivision. The triplicate copy of each list shall be filed in the office of the treasurer of the political subdivision. If the treasurer serves also as the disbursing officer of the political subdivision, only two (2) copies of each list need be prepared or caused to be prepared by the treasurer."

IC 5-11-10.5-5 states:

"(a) Upon the preparation and transmission of the copies of the list of the outstanding warrants or checks, the treasurer of the political subdivision shall enter the amounts so listed as a receipt into the fund or funds from which they were originally drawn and shall also remove the warrants or checks from the record of outstanding warrants or checks.

(b) If the disbursing officer does not serve also as treasurer of the political subdivision, the disbursing officer shall also enter the amounts so listed as a receipt into the fund or funds from which the warrants or checks were originally drawn. If the fund from which the warrant or check was originally drawn is not in existence, or cannot be ascertained, the amount of the outstanding warrant or check shall be receipted into the general fund of the political subdivision."

TOWN OF LIZTON
EXAMINATION RESULTS AND COMMENTS
(Continued)

OPTICAL IMAGES OF WARRANTS

The financial institution did not return the actual cancelled checks for the Water Escrow Fund Bank Account with the monthly bank statements, but instead returned only an optical image of the front side of the checks.

IC 5-15-6-3 concerning optical imaging of checks states in part:

"(a) . . . 'original records' . . . includes the optical image of a check or deposit document when:

- (1) the check or deposit document is recorded, copied, or reproduced by an optical imaging process . . . ; and
- (2) the drawer of the check receives an optical image of the check after the check is processed for payment . . ."

Further, IC 26-2-8-111 states in part:

"(a) If a law requires that certain records be retained, that requirement is met by retaining an electronic record of the information in the record that:

- (1) accurately reflects the information set forth in the record after it was first generated in its final form as an electronic record or otherwise; and
- (2) remains accessible for later reference."

"(e) If a law requires retention of a check, that requirement is satisfied by retention of an electronic record of the information on the front and back of the check in accordance with subsection (a)."

DEPOSITS NOT TIMELY

Many receipts for Wastewater Utility billings were deposited later than the next business day.

IC 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 LIZTON
EXIT CONFERENCE

The contents of this report were discussed on June 9, 2010, with Tonya Perry, Clerk-Treasurer. The official concurred with our findings.