

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, 2007 to December 31, 2009



FILED
08/18/2010

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OFFICIALS

Office

Official

Term

Clerk-Treasurer

Jane Harris

01-01-04 to 12-31-11

President of the
Town Council

Roger Ecker
Lorraine Dove

01-01-07 to 12-31-07
01-01-08 to 12-31-10



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, 2007 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, 2007, 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

July 26, 2010

TOWN OF LAPAZ
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, 2007, 2008 And 2009

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Governmental Funds:				
General	\$ 47,402	\$ 170,525	\$ 155,683	\$ 62,244
Motor Vehicle Highway	4,115	25,955	9,254	20,816
Local Road and Street	16,283	2,679	1,000	17,962
Park and Recreation	7,678	1,412	4,640	4,450
Law Enforcement Continuing Education	385	220	-	605
Police Grant	-	3,810	2,535	1,275
Rainy Day	20,693	23,810	35,000	9,503
Donation	349	1	30	320
Cumulative Capital Improvement	6,028	1,718	818	6,928
Cumulative Capital Development	42,950	7,110	4,566	45,494
Storm Drain	10,887	9,239	-	20,126
Proprietary Funds:				
Wastewater Utility - Operating	195,944	260,324	297,911	158,357
Wastewater Utility - Bond and Interest	75,100	50,518	48,981	76,637
Wastewater Utility - Depreciation	44,500	12,000	-	56,500
Wastewater Utility - Debt Service Reserve	3,274	1,637	-	4,911
Totals	\$ 475,588	\$ 570,958	\$ 560,418	\$ 486,128

	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
Governmental Funds:				
General	\$ 62,244	\$ 238,722	\$ 256,175	\$ 44,791
Motor Vehicle Highway	20,816	33,537	36,296	18,057
Local Road and Street	17,962	2,533	2,678	17,817
Park and Recreation	4,450	6,391	7,232	3,609
Law Enforcement Continuing Education	605	150	-	755
Police Grant	1,275	1,000	1,996	279
Rainy Day	9,503	102,483	59,259	52,727
Donation	320	-	320	-
Cumulative Capital Improvement	6,928	1,590	-	8,518
Cumulative Capital Development	45,494	6,784	-	52,278
Storm Drain	20,126	9,472	-	29,598
Proprietary Funds:				
Wastewater Utility - Operating	158,357	254,851	262,762	150,446
Wastewater Utility - Bond and Interest	76,637	48,845	47,949	77,533
Wastewater Utility - Depreciation	56,500	12,000	-	68,500
Wastewater Utility - Debt Service Reserve	4,911	1,637	-	6,548
Totals	\$ 486,128	\$ 719,995	\$ 674,667	\$ 531,456

	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
Governmental Funds:				
General	\$ 44,791	\$ 194,065	\$ 168,358	\$ 70,498
Motor Vehicle Highway	18,057	17,939	20,893	15,103
Local Road and Street	17,817	2,381	-	20,198
Park and Recreation	3,609	1,300	1,094	3,815
Law Enforcement Continuing Education	755	310	-	1,065
Police Grant	279	3,362	3,629	12
Rainy Day	52,727	-	-	52,727
Cumulative Capital Improvement	8,518	1,500	-	10,018
Cumulative Capital Development	52,278	5,795	-	58,073
Storm Drain	29,598	9,507	-	39,105
Proprietary Funds:				
Wastewater Utility - Operating	150,446	255,078	235,600	169,924
Wastewater Utility - Bond and Interest	77,533	46,985	46,918	77,600
Wastewater Utility - Depreciation	68,500	12,000	-	80,500
Wastewater Utility - Debt Service Reserve	6,548	1,637	-	8,185
Fiduciary Fund:				
Payroll	-	140,908	137,180	3,728
Totals	\$ 531,456	\$ 692,767	\$ 613,672	\$ 610,551

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, culture and recreation, wastewater treatment 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 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.

Note 7. Subsequent Event

In July 2010, the Town of LaPaz was notified that they will be receiving a Community Development Block Grant through the Indiana Office of Community and Rural Affairs. The grant of \$972,771 will be used for a storm water improvement project.

TOWN OF LAPAZ
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 December 31, 2009

Capital assets are reported at actual or estimated historical cost.

General infrastructure assets are not reported.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 109,600
Buildings	39,000
Machinery and equipment	34,000
Transportation equipment	<u>32,000</u>
 Total governmental activities, capital assets not being depreciated	 <u>\$ 214,600</u>

<u>Primary Government</u>	<u>Ending Balance</u>
Business-type activities:	
Wastewater Utility:	
Capital assets, not being depreciated:	
Land	\$ 50,603
Buildings and improvements	106,318
Improvements other than buildings	3,761,429
Machinery and equipment	141,332
Transportation equipment	<u>26,480</u>
 Total business-type activities capital assets	 <u>\$ 4,086,162</u>

TOWN OF LAPAZ
 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
Business-type activities:		
Wastewater Utility:		
Revenue bonds:		
2005 Refunding	\$ 485,000	\$ 45,827

TOWN OF LAPAZ
EXIT CONFERENCE

The contents of this report were discussed on July 26, 2010, with Jane Harris, Clerk-Treasurer; and Donella J. Emmons, Council Member. Our examination disclosed no material items that warrant comment at this time.