

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

EXAMINATION REPORT
OF
TOWN OF LEWISVILLE
HENRY COUNTY, INDIANA
January 1, 2008 to December 31, 2009



FILED
01/04/2011

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Catherine Sue Saunders	01-01-08 to 12-31-11
President of the Town Council	Jeffery Meeker Richard Craig	01-01-08 to 07-06-10 07-07-10 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 LEWISVILLE, HENRY COUNTY, INDIANA

We have examined the financial information presented herein of the Town of Lewisville (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

November 3, 2010

TOWN OF LEWISVILLE
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	\$ 3,448	\$ 57,086	\$ 53,685	\$ 6,849
Motor Vehicle Highway	24,680	17,836	33,824	8,692
Local Road and Street	5,567	2,268	361	7,474
Community Development	524	13,283	13,676	131
Riverboat	2,871	2,478	345	5,004
Rainy Day	5,460	-	-	5,460
Donation	455	787	90	1,152
Sanitation	10,236	26,304	32,060	4,480
Cumulative Capital Improvement	1,764	1,285	-	3,049
Proprietary Funds:				
Water Utility - Operating	37,757	139,016	157,395	19,378
Water Utility - Bond and Interest	7,735	50,056	56,808	983
Water Utility - Depreciation	15,594	-	-	15,594
Water Utility - Customer Deposit	7,436	1,110	330	8,216
Water Utility - Improvement	47,222	-	-	47,222
Water Utility - Improvement Rural Debt	7,366	-	-	7,366
Electric Utility - Operating	84,877	252,118	283,428	53,567
Electric Utility - Customer Deposit	8,699	1,470	490	9,679
Fiduciary Fund:				
Payroll	418	78,653	70,243	8,828
Totals	<u>\$ 272,109</u>	<u>\$ 643,750</u>	<u>\$ 702,735</u>	<u>\$ 213,124</u>
	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
Governmental Funds:				
General	\$ 6,849	\$ 60,732	\$ 55,985	\$ 11,596
Motor Vehicle Highway	8,692	14,882	19,237	4,337
Local Road and Street	7,474	2,157	4,101	5,530
Cemetery Operating	-	7,074	6,061	1,013
Community Development	131	11,568	11,394	305
Sanitation	5,004	2,472	2,250	5,226
Riverboat	5,460	1,333	-	6,793
Rainy Day	1,152	-	-	1,152
Donation	4,480	26,005	26,647	3,838
Trash and Garbage Deposit	-	480	144	336
Cumulative Capital Improvement	3,049	1,211	3,000	1,260
Proprietary Funds:				
Water Utility - Operating	19,378	152,643	141,259	30,762
Water Utility - Bond and Interest	983	42,421	42,489	915
Water Utility - Depreciation	15,594	7,366	6,872	16,088
Water Utility - Customer Deposit	8,216	2,050	2,580	7,686
Water Utility - Construction	47,222	-	-	47,222
Water Utility - Improvement	7,366	-	7,366	-
Electric Utility - Operating	53,567	266,546	258,738	61,375
Electric Utility - Bond and Interest	9,679	2,050	2,729	9,000
Fiduciary Fund:				
Payroll	8,828	75,423	73,999	10,252
Totals	<u>\$ 213,124</u>	<u>\$ 676,413</u>	<u>\$ 664,851</u>	<u>\$ 224,686</u>

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

TOWN OF LEWISVILLE
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: roads and streets, public safety, health and social services, culture and recreation, general administrative services and water and electric utility 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.

TOWN OF LEWISVILLE
NOTES TO FINANCIAL INFORMATION
(Continued)

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. 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 LEWISVILLE
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 have been omitted.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 37,300
Buildings	755,700
Improvements other than buildings	6,384
Machinery and equipment	<u>37,417</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 836,801</u>

<u>Primary Government</u>	<u>Ending Balance</u>
Business-type activities:	
Water Utility:	
Capital assets, not being depreciated:	
Land	\$ 1,500
Capital assets, being depreciated:	
Buildings	572,443
Improvements other than buildings	41,142
Machinery and equipment	<u>2,043,157</u>
Total Water Utility capital assets	<u>2,658,242</u>
Electric Utility:	
Capital assets, not being depreciated:	
Land	1,175
Capital assets, being depreciated:	
Buildings	36,282
Improvements other than buildings	3,150
Machinery and equipment	<u>97,509</u>
Total Electric Utility capital assets	<u>138,116</u>
Total business-type activities capital assets	<u>\$ 2,796,358</u>

TOWN OF LEWISVILLE
 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:		
Notes and loans payable:		
Mowers	\$ 18,962	\$ 8,504
Business-type activities:		
Water Utility:		
Notes and loans payable:		
Ozone equipment	\$ 18,816	\$ 8,604
Backhoe	55,656	15,522
Revenue bonds:		
2002 Waterworks Improvements	354,000	30,195
2003 Waterworks Improvements	31,000	5,543
Total business-type activities debt	<u>\$ 459,472</u>	<u>\$ 59,864</u>

TOWN OF LEWISVILLE
EXAMINATION RESULTS AND COMMENTS

DISPOSITION OF ASSETS

In February of 2009, the Town of Lewisville sold one used backhoe for \$4,000. No information presented for examination would indicate the sale was advertised.

IC 5-22-22-4(a) states in part:

"If the property to be sold is: (1) one (1) item, with an estimated value of one thousand dollars (\$1,000) or more; or (2) more than one (1) item, with an estimated total value of five thousand dollars (\$5,000) or more; the purchasing agency may engage an auctioneer licensed under IC 25-6.1 to advertise the sale and conduct a public auction." IC 5-22-22-5 states, in part: "(a) If: (1) an auctioneer is not engaged . . . or (2) the surplus property is not sold through an Internet auction site under Section 4.5 of this chapter . . . the purchasing agency shall sell the property at a public sale or by sealed bids delivered to the office of the purchasing agency before the date of sale. (b) Advertisement of the sale shall be made in accordance with IC 5-3-1. (c) All sales shall be made to the highest responsible bidder."

FUND SOURCES AND USES

In January of 2008, funds were disbursed in the amount of \$36,235.00 from the Electric Utility Operating Fund for paving in the Town Park.

Sources and uses of funds should be limited to those authorized by the enabling statute, ordinance, resolution, or grant agreement. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Payments or transfers which are not authorized by statute, ordinance or resolution must be reimbursed or transferred to the appropriate fund. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

PAYROLL FUND

We were not able to determine the correctness of balances maintained in the Payroll Fund throughout the examination period. No subsidiary record was maintained to allow for reconciliation with the control balances. The Payroll Fund had ending balances of \$8,828.78 and \$10,252.36 for the years 2008 and 2009, respectively.

At all times, the manual and computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

CUSTOMER (METER) DEPOSIT REGISTER

Some disbursements representing refunds of customer meter deposits did not agree with the amounts that customers originally deposited. For example, a customer would be refunded \$100 from the Electric Utility, when his original deposit showed he paid \$50 into the Water Utility and \$50 into the Electric Utility. The dates of the disbursements are not consistently listed, and not all customer deposits were carried forward from the old "Guarantee Deposit Register" to the new "Meter Deposit Report".

TOWN OF LEWISVILLE
EXAMINATION RESULTS AND COMMENTS
(Continued)

An analysis of the new "Meter Deposit Report" totals (subsidiary listing by customer) did not agree with the fund balances (control totals) as follows:

	Electric Utility	Water Utility
Meter Deposit Report – Subsidiary Listing	\$ 5,285.89	\$ 5,544.11
Fund Balances at 12-31-09 – Control Totals	8,699.03	7,435.65
Differences	\$ 3,413.14	\$ 1,891.54

At all times, the manual and computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

SANITATION SERVICES

No ordinance was presented which established the fees charged for sanitation services.

IC 36-9-30-21 states in part: ". . . the fiscal body of the unit owning, operating, and maintaining facilities for the collection or disposal of solid waste may, by ordinance, establish and maintain just and equitable fees for the use of and the service rendered by the facilities . . . "

STREET LIGHT POLICY

The Town has a policy concerning rates paid to the Electric Utility for street lights. Board minutes from January 2, 2008, specified that the Town would pay \$4,300 for street lighting. It was not specified if this was retroactive for the Year 2007 or for the current Year of 2008. No other setting of rates was noted in the minutes. On December 31, 2008 and December 23, 2009, \$5,000 and \$4,000 respectively, was paid to the Electric Utility for Street Lights.

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 LEWISVILLE
EXIT CONFERENCE

The contents of this report were discussed on November 3, 2010, with Catherine Sue Saunders; and Richard Craig, President of the Town Council. The official response has been made a part of this report and may be found on page 11.



Houston Brick, c. 1845

Town of Lewisville
platted Dec. 25, 1829 P.O. Box 288
Lewisville, IN 47352

765-987-7979
765-987-8801 fax

Municipally-owned Water
and Electric Utilities

November 11, 2010

Remarks regarding SBOA audit:

The payment for the paving was taken from the Lewisville Electric Utility. The Utility was repaid on 12/31/2008 and balance on 12/31/2009.

The office went to computer in 2008 for payroll. In researching the amounts we found in transferring the accounts from manual to computer there were duplicate deposits into the payroll fund. These deposits will be corrected.

In the deposit register, the office has been working on transferring all the deposits from the register into the computer in 2010.

The Town Council is in the process of adopting a written trash ordinance according to IC 36-9-30-21.

The Town Council sets the payment for street lights each year in the month of December.

Comments submitted by
Catherine Sue Saunders
Clerk Treasurer
Town of Lewisville