

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

FINANCIAL STATEMENT AND  
FEDERAL SINGLE AUDIT REPORT  
OF

TOWN OF LYONS  
GREENE COUNTY, INDIANA

January 1, 2010 to December 31, 2011



**FILED**  
05/18/2012



## TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials .....	2
Independent Auditor's Report .....	3-4
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards .....	5-6
Financial Statements:	
Statements of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis .....	8-9
Notes to Financial Statements .....	10-13
Supplementary Information:	
Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis .....	16-21
Supplemental Audit of Federal Awards:	
Independent Auditor's Report on Compliance With Requirements That Could Have a Direct and Material Effect on Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133 .....	24-25
Schedule of Expenditures of Federal Awards .....	28
Note to Schedule of Expenditures of Federal Awards.....	29
Schedule of Findings and Questioned Costs .....	30
Auditee Prepared Schedule:	
Summary Schedule of Prior Audit Findings .....	31
Exit Conference.....	32

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Kim Flynn	01-01-08 to 12-31-15
President of the Town Council	Scott Powers	01-01-08 to 12-31-12



**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](http://www.in.gov/sboa)

INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE TOWN OF LYONS, GREENE COUNTY, INDIANA

We have audited the accompanying financial statements of the Town of Lyons (Town), for the years ended December 31, 2010 and 2011. These financial statements are the responsibility of the Town's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note 1, the Town prepares its financial statements on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The basis of accounting noted above is a different basis than that used in the prior year.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the Town for the years ended December 31, 2010 and 2011, on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued a report dated April 9, 2012, on our consideration of the Town's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

INDEPENDENT AUDITOR'S REPORT  
(Continued)

Our audit was conducted for the purpose of forming an opinion on the Town's financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Our audit was conducted for the purpose of forming an opinion on the Town's financial statements. The Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis are presented for additional analysis and are not required parts of the financial statements. They have not been subjected to the auditing procedures applied by us in the audit of the financial statements and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the Town's management, Town Council, others within the entity, federal awarding agencies, and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

April 9, 2012



**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](http://www.in.gov/sboa)

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

TO: THE OFFICIALS OF THE TOWN OF LYONS, GREENE COUNTY, INDIANA

We have audited the financial statements of the Town of Lyons (Town), for the years ended December 31, 2010 and 2011, and have issued our report thereon dated April 9, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS  
(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of the Town's management, Town Council, others within the entity, federal awarding agencies, and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

April 9, 2012

## FINANCIAL STATEMENTS

The financial statements and accompanying notes were approved by management of the Town. The financial statements and notes are presented as intended by the Town.

TOWN OF LYONS  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For The Year Ended December 31, 2010

Fund	Cash and Investments 01-01-10	Receipts	Disbursements	Cash and Investments 12-31-10
General	\$ 73,507	\$ 131,769	\$ 134,667	\$ 70,609
Motor Vehicle Highway	94,661	28,168	12,657	110,172
Local Road And Street	14,280	3,334	505	17,109
Federal Grants # 1	100	-	-	100
Unsafe Building	14,555	-	2,659	11,896
Riverboat	5,171	4,681	-	9,852
Parks And Recreation	(494)	10,618	5,282	4,842
Federal Grants # 2	-	1,470,595	1,346,254	124,341
Building Rental	2,359	8,841	8,150	3,050
Law Enforcement Continuing Education	737	508	45	1,200
Levy Excess	-	242	-	242
Cumulative Capital Improvements	26,163	2,190	8,000	20,353
Payroll	-	93,666	93,666	-
Wastewater Utility-Operating	24,303	159,757	140,561	43,499
Wastewater Utility-Bond And Interest	115,208	48,509	31,639	132,078
Wastewater Utility-Depreciation/Improvement	80,426	24,143	28,704	75,865
Water Utility-Operating	132,478	326,740	338,629	120,589
Water Utility-Bond And Interest	73,339	143,405	136,503	80,241
Water Utility-Depreciation/Improvement	88,269	16,969	-	105,238
Water Utility-Customer Deposit	20,958	3,075	2,763	21,270
Water Utility-Construction	1,552	-	-	1,552
Water Utility-Debt Reserve	32,933	14,555	-	47,488
Totals	<u>\$ 800,505</u>	<u>\$ 2,491,765</u>	<u>\$ 2,290,684</u>	<u>\$ 1,001,586</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF LYONS  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For The Year Ended December 31, 2011

Fund	Cash and Investments 01-01-11	Receipts	Disbursements	Cash and Investments 12-31-11
General	\$ 70,609	\$ 136,770	\$ 137,608	\$ 69,771
Motor Vehicle Highway	110,172	27,190	13,915	123,447
Local Road And Street	17,109	4,377	1,217	20,269
Unsafe Building	11,896	-	-	11,896
Riverboat	9,852	4,681	-	14,533
Parks And Recreation	4,842	10,211	7,762	7,291
Levy Excess	242	-	242	-
Federal Grants # 1	100	-	-	100
Federal Grants # 2	124,341	30,000	154,341	-
Building Rental	3,050	15,157	10,215	7,992
Law Enforcement Continuing Education	1,200	225	75	1,350
Cumulative Capital Improvements	20,353	2,148	-	22,501
Payroll	-	112,562	112,562	-
Wastewater Utility-Operating	43,499	243,089	216,385	70,203
Wastewater Utility-Bond And Interest	132,078	47,017	110,435	68,660
Wastewater Utility-Depreciation/Improvement	75,865	12,084	31,296	56,653
Water Utility-Operating	120,589	319,386	289,854	150,121
Water Utility-Bond And Interest	80,241	143,376	136,313	87,304
Water Utility-Depreciation/Improvement	105,238	16,966	-	122,204
Water Utility-Customer Deposit	21,270	3,200	2,618	21,852
Water Utility-Construction	1,552	123,000	-	124,552
Water Utility-Debt Reserve	47,488	14,510	-	61,998
Totals	<u>\$ 1,001,586</u>	<u>\$ 1,265,949</u>	<u>\$ 1,224,838</u>	<u>\$ 1,042,697</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF LYONS  
NOTES TO FINANCIAL STATEMENTS

**Note 1. Summary of Significant Accounting Policies**

*A. Reporting Entity*

The Town was established under the laws of the State of Indiana. The Town operates under a Town Council form of government and provides some or all of the following services: public safety (police and fire), highways and streets, health and social services, culture and recreation, public improvements, planning and zoning, general administrative services, water, wastewater, electric, gas, storm water, trash, aviation, and urban redevelopment and housing.

The accompanying financial statements present the financial information for the Town (primary government), and does not include financial information for any of the Town's legally separate component units, which accounting principles generally accepted in the United States of America require to be reported with the financial information of the Town (primary government).

*B. Basis of Accounting*

The financial statements are reported on a regulatory basis of accounting prescribed by the State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when received and disbursements are recorded when paid.

The regulatory basis of accounting differs from accounting principles generally accepted in the United States of America in that receipts are recognized when received in cash, rather than when earned, and disbursements are recognized when paid, rather than when a liability is incurred.

*C. Cash and Investments*

Investments are stated at cost. Any changes in fair value of the investments are reported as receipts in the year of the sale of the investment.

*D. Receipts*

Receipts are presented in the aggregate on the face of the financial statements. The aggregate receipts may include, but are not limited to, the following sources:

Taxes which can include one or more of the following: property taxes, certified shares (local option tax), property tax replacement credit (local option tax), county option income tax, wheel tax, innkeepers tax, food and beverage tax, county economic development income tax, boat and trailer excise tax, county adjusted gross income tax, and other taxes that are set by the Town.

Licenses and permits which include amounts received from businesses, occupations, or nonbusinesses that must be licensed before doing business within the government's jurisdiction or permits levied according to the benefits presumably conferred by the permit. Examples of licenses and permits include: peddler licenses, dog tax licenses, auctioneer license, building and planning permits, demolition permits, electrical permits, sign permits, and gun permits.

TOWN OF LYONS  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Intergovernmental receipts which include receipts from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of this type of receipts include, but are not limited to: federal grants, state grants, cigarette tax distributions received from the state, motor vehicle highway distribution received from the state, local road and street distribution received from the state, financial institution tax received from the state, auto excise surtax received from the state, commercial vehicle excise tax received from the state, major moves distributions received from the state, and riverboat receipts received from the county.

Charges for services which can include, but are not limited to the following: planning commission charges, building department charges, copies of public records, copy machine charges, accident report copies, gun permit applications, 911 telephone services, recycling fees, dog pound fees, emergency medical service fees, park rental fees, swimming pool receipts, cable tv receipts, ordinance violations, fines and fees, bond forfeitures, court costs, and court receipts.

Utility fees which are comprised mostly of charges for current services.

Other receipts which include amounts received from various sources which can include, but are not limited to the following: net proceeds from borrowings; interfund loan activity; transfers authorized by statute, ordinance, resolution or court order; internal service receipts; and fiduciary receipts.

*E. Disbursements*

Disbursements are presented in the aggregate on the face of the financial statements. The aggregate disbursements may include, but are not limited to, the following uses:

Personal services include outflows for salaries, wages, and related employee benefits provided for all persons employed. In those units where sick leave, vacation leave, overtime compensation, and other such benefits are appropriated separately, such payments would also be included.

Supplies which include articles and commodities that are entirely consumed and materially altered when used and/or show rapid depreciation after use for a short period of time. Examples of supplies include office supplies, operating supplies, and repair and maintenance supplies.

Other services and charges which include, but are not limited to: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

Debt service principal and interest which include fixed obligations resulting from financial transactions previously entered into by the Town. It includes all expenditures for the reduction of the principal and interest of the Town's general obligation indebtedness.

Capital outlay which include all outflows for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

Utility operating expenses which include all outflows for operating the utilities.

TOWN OF LYONS  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Other disbursements which include, but are not limited to the following: interfund loan payments, loans made to other funds, internal service disbursements, and transfers out that are authorized by statute, ordinance, resolution, or court order.

*F. Interfund Transfers*

The Town may, from time to time, transfer money from one fund to another. These transfers, if any, are included as a part of the receipts and disbursements of the affected funds and as a part of total receipts and disbursements. The transfers are used for cash flow purposes as provided by various statutory provisions.

*G. Fund Accounting*

Separate funds are established, maintained, and reported by the Town. Each fund is used to account for money received from and used for specific sources and uses as determined by various regulations. Restrictions on some funds are set by statute while other funds are internally restricted by the Town. The money accounted for in a specific fund may only be available for use for certain, legally restricted purposes. Additionally, some funds are used to account for assets held by the Town in a trustee capacity as an agent of individuals, private organizations, other funds, or other governmental units and therefore the funds cannot be used for any expenditures of the unit itself.

**Note 2. Budgets**

The operating budget is initially prepared and approved at the local level. The fiscal officer of the Town submits a proposed operating budget to the governing board for the following calendar year. The budget is advertised as required by law. Prior to adopting the budget, the governing board conducts public hearings and obtains taxpayer comments. Prior to November 1, the governing board approves the budget for the next year. The budget for funds for which property taxes are levied or highway use taxes are received is subject to final approval by the Indiana Department of Local Government Finance.

**Note 3. Property Taxes**

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the Town in June and December; however, situations can arise which would delay the distributions. 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 percent 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 normally become delinquent if not paid by May 10 and November 10, respectively.

TOWN OF LYONS  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

**Note 4. *Deposits and Investments***

Deposits, made in accordance with state statute (IC 5-13), with financial institutions in the State of Indiana at year end should be 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 statutes authorize 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 5. *Risk Management***

The Town may be exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents; and natural disasters.

These risks can be mitigated through the purchase of insurance, establishment of a self-insurance fund, and/or participation in a risk pool. The purchase of insurance transfers the risk to an independent third party. The establishment of a self-insurance fund allows the Town to set aside money for claim settlements. The self-insurance fund would be included in the financial statements. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks. These risks may also be mitigated by the Town by recording as a disbursement any replacement items purchased.

(This page intentionally left blank.)

## SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the Town's 2010 Annual Report can be found on the Indiana Transparency Portal website: [www.in.gov/itp/annual\\_reports/](http://www.in.gov/itp/annual_reports/).

For additional financial information, the Town's 2011 Annual Report information can be found on the Gateway website: <https://gateway.ifionline.org/>.

Differences may be noted between the financial information presented in the financial statements contained in this report and the financial information presented in the Annual Reports of the Town which are referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the audit. This is a common occurrence in any financial statement audit. The financial information presented in this report is audited information, and the accuracy of such information can be determined by reading the opinion given in the Independent Auditor's Report.

The supplementary information presented was approved by management of the Town. It is presented as intended by the Town.

TOWN OF LYONS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2010

	General	Motor Vehicle Highway	Local Road And Street	Federal Grants # 1	Unsafe Building	Riverboat	Parks And Recreation	Federal Grants # 2
Cash and investments - beginning	\$ 73,507	\$ 94,661	\$ 14,280	\$ 100	\$ 14,555	\$ 5,171	\$ (494)	\$ -
Receipts:								
Taxes	59,640	-	-	-	-	-	7,412	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	61,080	28,168	3,334	-	-	4,681	1,055	1,470,595
Charges for services	9,992	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-
Other receipts	1,057	-	-	-	-	-	2,151	-
Total receipts	131,769	28,168	3,334	-	-	4,681	10,618	1,470,595
Disbursements:								
Personal services	79,697	2,815	-	-	-	-	-	-
Supplies	7,721	9,842	-	-	39	-	-	-
Other services and charges	47,161	-	505	-	2,620	-	5,282	-
Debt service - principal and interest	-	-	-	-	-	-	-	-
Capital outlay	88	-	-	-	-	-	-	1,346,254
Utility operating expenses	-	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-	-
Total disbursements	134,667	12,657	505	-	2,659	-	5,282	1,346,254
Excess (deficiency) of receipts over disbursements	(2,898)	15,511	2,829	-	(2,659)	4,681	5,336	124,341
Cash and investments - ending	\$ 70,609	\$ 110,172	\$ 17,109	\$ 100	\$ 11,896	\$ 9,852	\$ 4,842	\$ 124,341

TOWN OF LYONS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2010  
 (Continued)

	Building Rental	Law Enforcement Continuing Education	Levy Excess	Cumulative Capital Improvements	Payroll	Wastewater Utility-Operating	Wastewater Utility-Bond And Interest	Wastewater Utility-Depreciation/ Improvement
Cash and investments - beginning	\$ 2,359	\$ 737	\$ -	\$ 26,163	\$ -	\$ 24,303	\$ 115,208	\$ 80,426
Receipts:								
Taxes	-	-	242	-	-	-	-	-
Licenses and permits	-	490	-	-	-	-	-	-
Intergovernmental	-	-	-	2,190	-	-	-	-
Charges for services	-	18	-	-	-	-	-	-
Utility fees	-	-	-	-	-	125,677	-	-
Other receipts	8,841	-	-	-	93,666	34,080	48,509	24,143
Total receipts	8,841	508	242	2,190	93,666	159,757	48,509	24,143
Disbursements:								
Personal services	-	-	-	-	-	-	-	-
Supplies	1,437	-	-	8,000	-	-	-	-
Other services and charges	6,713	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	37,420	-	-
Capital outlay	-	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	40,526	-	-
Other disbursements	-	45	-	-	93,666	62,615	31,639	28,704
Total disbursements	8,150	45	-	8,000	93,666	140,561	31,639	28,704
Excess (deficiency) of receipts over disbursements	691	463	242	(5,810)	-	19,196	16,870	(4,561)
Cash and investments - ending	\$ 3,050	\$ 1,200	\$ 242	\$ 20,353	\$ -	\$ 43,499	\$ 132,078	\$ 75,865

TOWN OF LYONS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2010  
 (Continued)

	Water Utility-Operating	Water Utility-Bond And Interest	Water Utility-Depreciation/ Improvement	Water Utility-Customer Deposit	Water Utility-Construction	Water Utility-Debt Reserve	Totals
Cash and investments - beginning	\$ 132,478	\$ 73,339	\$ 88,269	\$ 20,958	\$ 1,552	\$ 32,933	\$ 800,505
Receipts:							
Taxes	-	-	-	-	-	-	67,294
Licenses and permits	-	-	-	-	-	-	490
Intergovernmental	-	-	-	-	-	-	1,571,103
Charges for services	-	-	-	-	-	-	10,010
Utility fees	280,086	-	-	-	-	-	405,763
Other receipts	46,654	143,405	16,969	3,075	-	14,555	437,105
Total receipts	326,740	143,405	16,969	3,075	-	14,555	2,491,765
Disbursements:							
Personal services	-	-	-	-	-	-	82,512
Supplies	-	-	-	-	-	-	27,039
Other services and charges	-	-	-	-	-	-	62,281
Debt service - principal and interest	-	136,503	-	-	-	-	173,923
Capital outlay	-	-	-	-	-	-	1,346,342
Utility operating expenses	38,810	-	-	2,763	-	-	82,099
Other disbursements	299,819	-	-	-	-	-	516,488
Total disbursements	338,629	136,503	-	2,763	-	-	2,290,684
Excess (deficiency) of receipts over disbursements	(11,889)	6,902	16,969	312	-	14,555	201,081
Cash and investments - ending	\$ 120,589	\$ 80,241	\$ 105,238	\$ 21,270	\$ 1,552	\$ 47,488	\$ 1,001,586

TOWN OF LYONS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2011

	General	Motor Vehicle Highway	Local Road And Street	Unsafe Building	Riverboat	Parks And Recreation	Levy Excess	Federal Grants # 1
Cash and investments - beginning	\$ 70,609	\$ 110,172	\$ 17,109	\$ 11,896	\$ 9,852	\$ 4,842	\$ 242	\$ 100
Receipts:								
Taxes	73,946	-	-	-	-	8,590	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	55,695	27,190	4,377	-	4,681	871	-	-
Charges for services	6,055	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-
Other receipts	1,074	-	-	-	-	750	-	-
Total receipts	<u>136,770</u>	<u>27,190</u>	<u>4,377</u>	<u>-</u>	<u>4,681</u>	<u>10,211</u>	<u>-</u>	<u>-</u>
Disbursements:								
Personal services	83,586	2,783	-	-	-	-	-	-
Supplies	6,390	11,132	-	-	-	1,455	-	-
Other services and charges	47,544	-	1,217	-	-	6,307	-	-
Debt service - principal and interest	-	-	-	-	-	-	-	-
Capital outlay	88	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	242	-
Total disbursements	<u>137,608</u>	<u>13,915</u>	<u>1,217</u>	<u>-</u>	<u>-</u>	<u>7,762</u>	<u>242</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(838)</u>	<u>13,275</u>	<u>3,160</u>	<u>-</u>	<u>4,681</u>	<u>2,449</u>	<u>(242)</u>	<u>-</u>
Cash and investments - ending	<u>\$ 69,771</u>	<u>\$ 123,447</u>	<u>\$ 20,269</u>	<u>\$ 11,896</u>	<u>\$ 14,533</u>	<u>\$ 7,291</u>	<u>\$ -</u>	<u>\$ 100</u>

TOWN OF LYONS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2011  
 (Continued)

	Federal Grants # 2	Building Rental	Law Enforcement Continuing Education	Cumulative Capital Improvements	Payroll	Wastewater Utility-Operating	Wastewater Utility-Bond And Interest	Wastewater Utility-Depreciation/ Improvement
Cash and investments - beginning	\$ 124,341	\$ 3,050	\$ 1,200	\$ 20,353	\$ -	\$ 43,499	\$ 132,078	\$ 75,865
Receipts:								
Taxes	-	-	-	-	-	-	-	-
Licenses and permits	-	-	220	-	-	-	-	-
Intergovernmental	30,000	-	-	2,148	-	-	-	-
Charges for services	-	5,944	5	-	-	-	-	-
Utility fees	-	-	-	-	-	126,498	-	-
Other receipts	-	9,213	-	-	112,562	116,591	47,017	12,084
Total receipts	30,000	15,157	225	2,148	112,562	243,089	47,017	12,084
Disbursements:								
Personal services	-	-	-	-	112,562	-	-	-
Supplies	-	896	-	-	-	-	-	-
Other services and charges	-	9,319	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	37,439	-	-
Capital outlay	124,341	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	123,026	-	31,296
Other disbursements	30,000	-	75	-	-	55,920	110,435	-
Total disbursements	154,341	10,215	75	-	112,562	216,385	110,435	31,296
Excess (deficiency) of receipts over disbursements	(124,341)	4,942	150	2,148	-	26,704	(63,418)	(19,212)
Cash and investments - ending	\$ -	\$ 7,992	\$ 1,350	\$ 22,501	\$ -	\$ 70,203	\$ 68,660	\$ 56,653

TOWN OF LYONS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2011  
 (Continued)

	Water Utility-Operating	Water Utility-Bond And Interest	Water Utility-Depreciation/ Improvement	Water Utility-Customer Deposit	Water Utility-Construction	Water Utility-Debt Reserve	Totals
Cash and investments - beginning	\$ 120,589	\$ 80,241	\$ 105,238	\$ 21,270	\$ 1,552	\$ 47,488	\$ 1,001,586
Receipts:							
Taxes	-	-	-	-	-	-	82,536
Licenses and permits	-	-	-	-	-	-	220
Intergovernmental	-	-	-	-	123,000	-	247,962
Charges for services	-	-	-	-	-	-	12,004
Utility fees	280,023	-	-	-	-	-	406,521
Other receipts	39,363	143,376	16,966	3,200	-	14,510	516,706
Total receipts	<u>319,386</u>	<u>143,376</u>	<u>16,966</u>	<u>3,200</u>	<u>123,000</u>	<u>14,510</u>	<u>1,265,949</u>
Disbursements:							
Personal services	-	-	-	-	-	-	198,931
Supplies	-	-	-	-	-	-	19,873
Other services and charges	-	-	-	-	-	-	64,387
Debt service - principal and interest	-	136,313	-	-	-	-	173,752
Capital outlay	-	-	-	-	-	-	124,429
Utility operating expenses	115,374	-	-	-	-	-	269,696
Other disbursements	174,480	-	-	2,618	-	-	373,770
Total disbursements	<u>289,854</u>	<u>136,313</u>	<u>-</u>	<u>2,618</u>	<u>-</u>	<u>-</u>	<u>1,224,838</u>
Excess (deficiency) of receipts over disbursements	<u>29,532</u>	<u>7,063</u>	<u>16,966</u>	<u>582</u>	<u>123,000</u>	<u>14,510</u>	<u>41,111</u>
Cash and investments - ending	<u>\$ 150,121</u>	<u>\$ 87,304</u>	<u>\$ 122,204</u>	<u>\$ 21,852</u>	<u>\$ 124,552</u>	<u>\$ 61,998</u>	<u>\$ 1,042,697</u>

(This page intentionally left blank.)

SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



**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](http://www.in.gov/sboa)

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD  
HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND INTERNAL  
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

TO: THE OFFICIALS OF THE TOWN OF LYONS, GREENE COUNTY, INDIANA

Compliance

We have audited the compliance of the Town of Lyons (Town) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to its major federal program for the years ended December 31, 2010 and 2011. The Town's major federal program is identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of the Town's management. Our responsibility is to express an opinion on the Town's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Town's compliance with those requirements.

In our opinion, the Town complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the years ended December 31, 2010 and 2011.

Internal Control Over Compliance

Management of the Town is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Town's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over compliance.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD  
HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND INTERNAL  
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133  
(Continued)

A deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Town's management, Town Council, others within the entity, federal awarding agencies, and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

April 9, 2012

(This page intentionally left blank.)

#### SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The Schedule of Expenditures of Federal Awards and accompanying note presented were approved by management of the Town. The schedule and note are presented as intended by the Town.

TOWN OF LYONS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Years Ended December 31, 2010 and 2011

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 12-31-10	Total Federal Awards Expended 12-31-11
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>				
Pass-Through Indiana Office of Community and Rural Affairs				
CDBG - State Administered CDBG Cluster				
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228			
		DR2-09-016	\$ 799,187	\$ 74,413
		CF-09-115	547,067	52,933
		PL-10-015	-	30,000
Total for program			<u>1,346,254</u>	<u>157,346</u>
Total for cluster			<u>1,346,254</u>	<u>157,346</u>
Total for federal grantor agency			<u>1,346,254</u>	<u>157,346</u>
Total federal awards expended			<u>\$ 1,346,254</u>	<u>\$ 157,346</u>

The accompanying note is an integral part of the Schedule of Expenditures of Federal Awards.

TOWN OF LYONS  
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

***Basis of Presentation***

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Town of Lyons (Town) and is presented in accordance with the cash and investment basis of accounting used in the preparation of the financial statements. Accordingly, the amount of federal awards expended is based on when the disbursement related to the award occurs except when the federal award is received on a reimbursement basis. In these instances the federal awards are considered expended when the reimbursement is received.

Circular A-133 requires an annual audit of nonfederal entities expending a total amount of federal awards equal to or in excess of \$500,000 in any fiscal year unless by constitution or statute a less frequent audit is required. In accordance with Indiana Code (IC 5-11-1 et seq.), audits of towns with populations under 5,000 shall be conducted biennially. Such audits shall include both years within the biennial period.

TOWN OF LYONS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**Section I – Summary of Auditor's Results**

Financial Statements:

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
Material weaknesses identified?	no
Significant deficiency identified?	none reported
Noncompliance material to financial statements noted?	no

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	no
Significant deficiency identified?	none reported
Type of auditor's report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	no

Identification of Major Programs:

Name of Federal Program or Cluster  
CDBG - State Administered CDBG Cluster

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? yes

**Section II – Financial Statement Findings**

No matters are reportable.

**Section III – Federal Award Findings and Questioned Costs**

No matters are reportable.

TOWN OF LYONS  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

TOWN OF LYONS  
EXIT CONFERENCE

The contents of this report were discussed on April 9, 2012, with Kim Flynn, Clerk-Treasurer, and Scott Powers, President of the Town Council. Our audit disclosed no material items that warrant comment at this time.