

**STATE BOARD OF ACCOUNTS**  
**302 West Washington Street**  
**Room E418**  
**INDIANAPOLIS, INDIANA 46204-2765**

EXAMINATION REPORT

OF

TOWN OF LYNNVILLE

WARRICK COUNTY, INDIANA

January 1, 2004 to December 31, 2005



**FILED**

08/23/2006



TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Officials .....	2
Independent Accountant's Report .....	3
Schedules of Receipts, Disbursements, and Cash and Investment Balances.....	4
Notes to Schedules .....	5
Examination Results and Comments:	
Capital Asset Records .....	6
Fire Hydrant Ordinance.....	6
Customer Deposit Register.....	6
Penalties, Interest and Other Charges .....	6
Exit Conference.....	7

OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Alan Harter	01-01-04 to 12-31-07
President of the Town Council	Catherine Wilson	01-01-04 to 12-31-06



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

---

STATE BOARD OF ACCOUNTS  
302 WEST WASHINGTON STREET  
ROOM E418  
INDIANAPOLIS, INDIANA 46204-2765

Telephone: (317) 232-2513  
Fax: (317) 232-4711  
Web Site: [www.in.gov/sboa](http://www.in.gov/sboa)

INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the schedules of receipts, disbursements, and cash and investment balances of the Town of Lynnville (Town), for the period of January 1, 2004 to December 31, 2005. The Town's management is responsible for the schedules. 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 schedule of receipts, disbursements, and cash and investment balances 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 schedules referred to above present fairly, in all material respects, the cash transactions of the Town for the years ended December 31, 2004 and 2005, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

July 20, 2006

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, 2004 And 2005

	Cash and Investments 01-01-04	Receipts	Disbursements	Cash and Investments 12-31-04
Governmental Funds:				
General	\$ 47,116	\$ 67,898	\$ 75,007	\$ 40,007
Motor Vehicle Highway	82,642	35,069	6,324	111,387
Local Road and Street	31,728	8,447	-	40,175
Park and Recreation	64,944	103,108	101,149	66,903
Firearms Training	258	-	258	-
Community Center	2,169	14,655	10,959	5,865
Rainy Day	-	4,986	4,000	986
Park Donation	1,055	-	845	210
IHFA Housing	2,534	6,523	9,000	57
Fire Department	-	31,535	23,074	8,461
Cumulative Capital Improvement	16,195	2,915	-	19,110
Cumulative Capital Development	30,408	15,412	14,554	31,266
Proprietary Funds:				
Water Utility - Operating	54,037	187,734	212,278	29,493
Water Utility - Bond and Interest	25,737	9,600	21,561	13,776
Water Utility - Depreciation	25,396	25,200	13,664	36,932
Water Utility - Customer Deposit	33,998	3,400	3,400	33,998
Water Utility - Debt Service	5,800	10,800	-	16,600
Wastewater Utility - Operating	47,966	171,614	199,685	19,895
Wastewater Utility - Bond and Interest	73,643	27,000	26,650	73,993
Wastewater Utility - Depreciation	22,967	28,800	30,761	21,006
Wastewater Utility - Tecumseh School Line	350	-	-	350
Wastewater Utility - Debt Service	40,200	1,800	-	42,000
Fiduciary Fund:				
Payroll	-	117,636	117,636	-
Totals	<u>\$ 609,143</u>	<u>\$ 874,132</u>	<u>\$ 870,805</u>	<u>\$ 612,470</u>

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds:				
General	\$ 40,007	\$ 77,862	\$ 69,977	\$ 47,892
Motor Vehicle Highway	111,387	33,541	75,376	69,552
Local Road and Street	40,175	9,441	4,208	45,408
Park and Recreation	66,903	99,501	95,466	70,938
Community Center	5,865	13,852	13,336	6,381
Rainy Day	986	4,000	-	4,986
Ballpark Donation	-	240	-	240
Park Donation	210	880	550	540
IHFA Housing	57	9,000	-	9,057
Fire Department	8,461	31,030	36,215	3,276
Cumulative Capital Improvement	19,110	2,415	2,130	19,395
Cumulative Capital Development	31,266	14,644	14,408	31,502
Sewer Ban	-	200,609	147,334	53,275
Proprietary Funds:				
Water Utility - Operating	29,493	187,537	199,970	17,060
Water Utility - Bond and Interest	13,776	9,600	21,628	1,748
Water Utility - Depreciation	36,932	25,200	26,632	35,500
Water Utility - Customer Deposit	33,998	2,600	2,000	34,598
Water Utility - Debt Service	16,600	10,800	-	27,400
Wastewater Utility - Operating	19,895	241,288	223,437	37,746
Wastewater Utility - Bond and Interest	73,993	27,000	27,050	73,943
Wastewater Utility - Depreciation	21,006	29,063	42,780	7,289
Wastewater Utility - Tecumseh School Line	350	-	-	350
Wastewater Utility - Debt Service	42,000	1,800	-	43,800
Wastewater Utility - Sewer Ban	-	18,000	-	18,000
Fiduciary Fund:				
Payroll	-	114,251	114,251	-
Totals	<u>\$ 612,470</u>	<u>\$ 1,164,154</u>	<u>\$ 1,116,748</u>	<u>\$ 659,876</u>

The accompanying notes are an integral part of the schedules.

TOWN OF LYNNVILLE  
NOTES TO SCHEDULES

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.

Note 6. Long-Term Debt

The Town has entered into various debts such as bonds for the Water and Wastewater Utilities and a Sewage Works Bond Anticipation Note. The outstanding principal at December 31, 2005, was \$40,000, \$499,000, and \$200,000, respectively.

TOWN OF LYNNVILLE  
EXAMINATION RESULTS AND COMMENTS

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

The Town and Utilities did not maintain an inventory of capital assets owned by the Town and Utilities. A similar comment was contained in the prior audit report.

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)

FIRE HYDRANT ORDINANCE – (Applies to Town)

The Town has an ordinance concerning fire hydrant rental. However, the Town does not have record of the number of hydrants and is not paying monthly as specified in the ordinance. The Town pays the Water Utility a flat \$4,500 per year. A similar comment was contained in the prior audit report.

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)

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 the prior audit report.

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)

PENALTIES, INTEREST AND OTHER CHARGES – (Applies to Town and Water Utility)

In some cases, amounts payable to Indiana Department of Revenue for sales tax were not paid until 18 months after the due dates. Former Clerk-Treasurer Catherine Wilson has repaid \$671.94 in penalties and interest which have been paid by the Water Utility during this audit period for prior periods. A similar comment was contained in the prior audit report.

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Failure to pay claims or remit taxes in a timely manner could be an indicator of serious financial problems which should be investigated by the governmental unit.

Additionally officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the governmental unit.

Any penalties, interest or other charges paid by the governmental unit may be the personal obligation of the responsible official or employee.

(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 24, 2006, with Alan Harter, Clerk-Treasurer. The official concurred with our findings. A separate phone exit conference was held with Catherine Wilson, President of the Town Council; Bruce Clark, Board member; and Dennis Taylor, Board member.