

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

FINANCIAL STATEMENTS EXAMINATION REPORT

OF

TOWN OF LACONIA

HARRISON COUNTY, INDIANA

January 1, 2011 to December 31, 2014



FILED
04/22/2016

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Independent Accountant's Report.....	3
Financial Statements and Accompanying Notes:	
Statements of Receipts, Disbursements, and Cash and Investment	
Balances - Regulatory Basis	6-7
Notes to Financial Statements.....	8-11
Other Information - Unaudited:	
Combining Schedules of Receipts, Disbursements, and Cash and	
Investment Balances - Regulatory Basis	14-17
Other Reports.....	18

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Paige L. Baker	02-06-10 to 12-31-19
President of the Town Council	Thomas L. Huckaby	01-01-11 to 12-31-16



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF LACONIA, HARRISON COUNTY, INDIANA

We have examined the accompanying financial statements of the Town of Laconia (Town), for the period of January 1, 2011 to December 31, 2014. The financial statements are the responsibility of the Town's management. Our responsibility is to express an opinion on the financial statements 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 statements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

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 Indiana 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 effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position and results of operations of the Town for the period of January 1, 2011 to December 31, 2014.

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 period of January 1, 2011 to December 31, 2014, on the basis of accounting described in Note 1.

Our examination 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, as listed in the Table of Contents, is presented for additional analysis and are not required parts of the financial statements. They have not been subjected to the examination procedures applied to the financial statements and, accordingly, we express no opinion on them.

Paul D. Joyce
Paul D. Joyce, CPA
State Examiner

February 3, 2016

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FINANCIAL STATEMENTS AND ACCOMPANYING NOTES

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 LACONIA
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended December 31, 2011 and 2012

Fund	Cash and Investments 01-01-11	Receipts	Disbursements	Cash and Investments 12-31-11	Receipts	Disbursements	Cash and Investments 12-31-12
General	\$ 5,680	\$ 3,656	\$ 8,568	\$ 768	\$ 21,069	\$ 3,484	\$ 18,353
Motor Vehicle Highway	8,283	773	-	9,056	1,092	9,500	648
Local Road And Street	2,633	176	950	1,859	204	1,800	263
Riverboat	80,986	39,593	36,919	83,660	41,219	30,938	93,941
County Economic Development Income Tax	3,598	207	-	3,805	257	3,500	562
Cummulative Capital Improvement	367	94	-	461	133	-	594
Wastewater Utility-Operating	2,847	42,661	43,720	1,788	17,011	15,964	2,835
Totals	<u>\$ 104,394</u>	<u>\$ 87,160</u>	<u>\$ 90,157</u>	<u>\$ 101,397</u>	<u>\$ 80,985</u>	<u>\$ 65,186</u>	<u>\$ 117,196</u>

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

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TOWN OF LACONIA
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended December 31, 2013 and 2014

Fund	Cash and Investments 01-01-13	Receipts	Disbursements	Cash and Investments 12-31-13	Receipts	Disbursements	Cash and Investments 12-31-14
General	\$ 18,353	\$ 5,899	\$ 13,437	\$ 10,815	\$ 27,999	\$ 34,638	\$ 4,176
Motor Vehicle Highway	648	1,431	-	2,079	1,764	-	3,843
Local Road And Street	263	220	-	483	222	-	705
Riverboat	93,941	25,996	7,142	112,795	25,872	15,567	123,100
County Economic Development Income Tax	562	233	-	795	244	-	1,039
Cumulative Capital Improvement	594	134	-	728	132	-	860
Wastewater Utility-Operating	2,835	25,540	23,368	5,007	21,556	23,724	2,839
Totals	<u>\$ 117,196</u>	<u>\$ 59,453</u>	<u>\$ 43,947</u>	<u>\$ 132,702</u>	<u>\$ 77,789</u>	<u>\$ 73,929</u>	<u>\$ 136,562</u>

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

TOWN OF LACONIA
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.

B. Basis of Accounting

The financial statements are reported on a regulatory basis of accounting prescribed by the Indiana 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. The basis of accounting involves the reporting of only cash and investments and the changes therein resulting from cash inflows (receipts) and cash outflows (disbursements) reported in the period in which they occurred.

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 include 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.

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.

TOWN OF LACONIA
NOTES TO FINANCIAL STATEMENTS
(Continued)

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 include 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.

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.

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.

TOWN OF LACONIA
NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

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.

TOWN OF LACONIA
NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

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OTHER INFORMATION - UNAUDITED

The Town's Annual Reports for years prior to 2011 can be found on the Indiana Transparency Portal website: www.in.gov/itp/annual_reports/.

The Town's Annual Report information for years 2011 and later 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 examination. This is a common occurrence in any financial statement examination. The financial information presented in this report is examined information, and the accuracy of such information can be determined by reading the opinion given in the Independent Accountant's Report.

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

TOWN OF LACONIA
 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	Riverboat	County Economic Development Income Tax	Cummulative Capital Improvement	Wastewater Utility-Operating	Totals
Cash and investments - beginning	\$ 5,680	\$ 8,283	\$ 2,633	\$ 80,986	\$ 3,598	\$ 367	\$ 2,847	\$ 104,394
Receipts:								
Taxes	207	-	-	-	-	-	-	207
Intergovernmental	446	773	176	21,484	207	94	-	23,180
Utility fees	-	-	-	-	-	-	22,661	22,661
Other receipts	3,003	-	-	18,109	-	-	20,000	41,112
Total receipts	<u>3,656</u>	<u>773</u>	<u>176</u>	<u>39,593</u>	<u>207</u>	<u>94</u>	<u>42,661</u>	<u>87,160</u>
Disbursements:								
Personal services	1,515	-	-	3,810	-	-	-	5,325
Supplies	140	-	-	-	-	-	-	140
Other services and charges	1,975	-	-	1,615	-	-	-	3,590
Capital outlay	-	-	950	-	-	-	-	950
Utility operating expenses	-	-	-	-	-	-	33,720	33,720
Other disbursements	4,938	-	-	31,494	-	-	10,000	46,432
Total disbursements	<u>8,568</u>	<u>-</u>	<u>950</u>	<u>36,919</u>	<u>-</u>	<u>-</u>	<u>43,720</u>	<u>90,157</u>
Excess (deficiency) of receipts over disbursements	<u>(4,912)</u>	<u>773</u>	<u>(774)</u>	<u>2,674</u>	<u>207</u>	<u>94</u>	<u>(1,059)</u>	<u>(2,997)</u>
Cash and investments - ending	<u>\$ 768</u>	<u>\$ 9,056</u>	<u>\$ 1,859</u>	<u>\$ 83,660</u>	<u>\$ 3,805</u>	<u>\$ 461</u>	<u>\$ 1,788</u>	<u>\$ 101,397</u>

TOWN OF LACONIA
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2012

	General	Motor Vehicle Highway	Local Road And Street	Riverboat	County Economic Development Income Tax	Cummulative Capital Improvement	Wastewater Utility-Operating	Totals
Cash and investments - beginning	\$ 768	\$ 9,056	\$ 1,859	\$ 83,660	\$ 3,805	\$ 461	\$ 1,788	\$ 101,397
Receipts:								
Taxes	1,056	-	-	-	-	-	-	1,056
Intergovernmental	738	1,092	204	26,249	257	-	-	28,540
Charges for services	4,475	-	-	-	-	-	-	4,475
Utility fees	-	-	-	-	-	-	17,011	17,011
Other receipts	14,800	-	-	14,970	-	133	-	29,903
Total receipts	<u>21,069</u>	<u>1,092</u>	<u>204</u>	<u>41,219</u>	<u>257</u>	<u>133</u>	<u>17,011</u>	<u>80,985</u>
Disbursements:								
Personal services	1,145	-	-	-	-	-	1,108	2,253
Supplies	87	-	-	272	-	-	-	359
Other services and charges	1,816	-	-	30,341	-	-	-	32,157
Utility operating expenses	-	-	-	-	-	-	4,792	4,792
Other disbursements	436	9,500	1,800	325	3,500	-	10,064	25,625
Total disbursements	<u>3,484</u>	<u>9,500</u>	<u>1,800</u>	<u>30,938</u>	<u>3,500</u>	<u>-</u>	<u>15,964</u>	<u>65,186</u>
Excess (deficiency) of receipts over disbursements	<u>17,585</u>	<u>(8,408)</u>	<u>(1,596)</u>	<u>10,281</u>	<u>(3,243)</u>	<u>133</u>	<u>1,047</u>	<u>15,799</u>
Cash and investments - ending	<u>\$ 18,353</u>	<u>\$ 648</u>	<u>\$ 263</u>	<u>\$ 93,941</u>	<u>\$ 562</u>	<u>\$ 594</u>	<u>\$ 2,835</u>	<u>\$ 117,196</u>

TOWN OF LACONIA
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013

	General	Motor Vehicle Highway	Local Road And Street	Riverboat	County Economic Development Income Tax	Cumulative Capital Improvement	Wastewater Utility-Operating	Totals
Cash and investments - beginning	\$ 18,353	\$ 648	\$ 263	\$ 93,941	\$ 562	\$ 594	\$ 2,835	\$ 117,196
Receipts:								
Taxes	1,148	-	-	-	-	134	-	1,282
Intergovernmental	639	1,431	220	25,985	233	-	-	28,508
Utility fees	-	-	-	-	-	-	25,540	25,540
Other receipts	4,112	-	-	11	-	-	-	4,123
Total receipts	5,899	1,431	220	25,996	233	134	25,540	59,453
Disbursements:								
Personal services	1,144	-	-	-	-	-	831	1,975
Supplies	257	-	-	417	-	-	-	674
Other services and charges	5,673	-	-	6,725	-	-	-	12,398
Utility operating expenses	-	-	-	-	-	-	22,537	22,537
Other disbursements	6,363	-	-	-	-	-	-	6,363
Total disbursements	13,437	-	-	7,142	-	-	23,368	43,947
Excess (deficiency) of receipts over disbursements	(7,538)	1,431	220	18,854	233	134	2,172	15,506
Cash and investments - ending	\$ 10,815	\$ 2,079	\$ 483	\$ 112,795	\$ 795	\$ 728	\$ 5,007	\$ 132,702

TOWN OF LACONIA
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014

	General	Motor Vehicle Highway	Local Road And Street	Riverboat	County Economic Development Income Tax	Cumulative Capital Improvement	Wastewater Utility-Operating	Totals
Cash and investments - beginning	\$ 10,815	\$ 2,079	\$ 483	\$ 112,795	\$ 795	\$ 728	\$ 5,007	\$ 132,702
Receipts:								
Taxes	1,276	-	-	-	-	-	-	1,276
Intergovernmental	24,637	1,764	222	25,861	244	132	-	52,860
Utility fees	-	-	-	-	-	-	21,556	21,556
Other receipts	2,086	-	-	11	-	-	-	2,097
Total receipts	<u>27,999</u>	<u>1,764</u>	<u>222</u>	<u>25,872</u>	<u>244</u>	<u>132</u>	<u>21,556</u>	<u>77,789</u>
Disbursements:								
Personal services	1,144	-	-	-	-	-	1,108	2,252
Supplies	303	-	-	-	-	-	-	303
Other services and charges	29,247	-	-	15,567	-	-	-	44,814
Utility operating expenses	-	-	-	-	-	-	22,616	22,616
Other disbursements	3,944	-	-	-	-	-	-	3,944
Total disbursements	<u>34,638</u>	<u>-</u>	<u>-</u>	<u>15,567</u>	<u>-</u>	<u>-</u>	<u>23,724</u>	<u>73,929</u>
Excess (deficiency) of receipts over disbursements	<u>(6,639)</u>	<u>1,764</u>	<u>222</u>	<u>10,305</u>	<u>244</u>	<u>132</u>	<u>(2,168)</u>	<u>3,860</u>
Cash and investments - ending	<u>\$ 4,176</u>	<u>\$ 3,843</u>	<u>\$ 705</u>	<u>\$ 123,100</u>	<u>\$ 1,039</u>	<u>\$ 860</u>	<u>\$ 2,839</u>	<u>\$ 136,562</u>

OTHER REPORTS

In addition to this report, other reports may have been issued for the Town. All reports can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>.