

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

FINANCIAL STATEMENT EXAMINATION REPORT

OF

TOWN OF LAKEVILLE

ST. JOSEPH COUNTY, INDIANA

November 1, 2009 to December 31, 2010



FILED
11/15/2011

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Casey Grove	01-01-08 to 11-09-09
	(Vacant)	11-10-09 to 11-15-09
	Darla Perkins	11-16-09 to 12-31-11
President of the Town Council	John Kuhn	01-01-09 to 12-31-11



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF LAKEVILLE, ST. JOSEPH COUNTY, INDIANA

We were engaged to examine the financial statement of the Town of Lakeville (Town), for the period of November 1, 2009 to December 31, 2010. The Town's management is responsible for the financial statement.

The Town did not properly maintain accounting records. The Town's records do not permit the application of other examination procedures to ascertain if the financial statement is fairly stated.

Since the Town did not properly maintain accounting records and we were not able to apply other examination procedures to satisfy ourselves as to whether the financial statement is fairly stated, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on this financial statement.

The Combining Schedule of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis 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 financial statement. They have not been subjected to the examination procedures applied to the financial statement and, accordingly, we express no opinion on them.

The Town's response to the Examination Results and Comments identified in our examination is described in the accompanying section of the report entitled Official Response. We did not examine the Town's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Town's management, the Town Council, 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

September 14, 2011

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FINANCIAL STATEMENT

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

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

	Cash and Investments 11-01-09	Receipts	Disbursements	Cash and Investments 12-31-10
General	\$ (61,477)	\$ 273,164	\$ 181,996	\$ 29,691
Motor Vehicle Highway	9,969	93,248	103,627	(410)
Local Road And Street	35,639	4,537	2,055	38,121
Donation	2,302	5,915	-	8,217
Police Block Grant	-	5,527	5,617	(90)
Rainy Day	15,643	4,382	-	20,025
O.P.O Grant	47	739	935	(149)
Major Moves	9,404	-	1	9,403
L.E.C.E.	642	1,451	62	2,031
Police LOIT	-	19,325	23,362	(4,037)
Local Road Project	693	-	-	693
C.E.D.I.T	24,577	33,331	9,714	48,194
Cum Cap Development	22,492	7,738	-	30,230
Cum Cap. Improvement	3,670	1,680	-	5,350
Payroll	(5,091)	104,585	150,586	(51,092)
Sewer Operating	80,094	213,288	136,895	156,487
Sewer Bond And Interest	27,423	27,583	66,875	(11,869)
Sewer Depreciation	103,184	-	1	103,183
Sewer Construction	36,782	239,358	131,293	144,847
Sewer Debt Reserve	39,689	1	-	39,690
Trash And Garbage Pickup	5,174	48,975	43,170	10,979
Water Operating	69,515	159,052	224,193	4,374
Water Bond And Interest 'A'	86,677	21,403	14,075	94,005
Water Depreciation 'A'	54,811	-	503	54,308
Water Utility-Customer Deposit	27,376	5,270	5,195	27,451
Totals	<u>\$ 589,235</u>	<u>\$ 1,270,552</u>	<u>\$ 1,100,155</u>	<u>\$ 759,632</u>

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

TOWN OF LAKEVILLE
NOTES TO FINANCIAL STATEMENT

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), highways and streets, health and social services, culture and recreation, public improvements, planning and zoning, general administrative services, water, wastewater, trash, and urban redevelopment and housing.

The accompanying financial statement presents 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 statement is 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 statement. 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 LAKEVILLE
NOTES TO FINANCIAL STATEMENT
(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.

Fines and forfeits which include receipts derived from fines and penalties imposed for the commission of statutory offenses, violation of lawful administrative rules and regulations (fines), and for the neglect of official duty and monies derived from confiscating deposits held as performance guarantees (forfeitures).

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 statement. 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.

TOWN OF LAKEVILLE
NOTES TO FINANCIAL STATEMENT
(Continued)

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.

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 LAKEVILLE
NOTES TO FINANCIAL STATEMENT
(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 statement. 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 and replacement items purchased.

SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the Town's Annual Report can be found on the Indiana Transparency Portal website: www.in.gov/itp/annual_reports/.

Differences may be noted between the financial information presented in the financial statement contained in this report and the financial information presented in the Annual Report of the Town which is 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 supplementary information presented was approved by management of the Town. It is presented as intended by the Town.

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

	General	Motor Vehicle Highway	Local Road And Street	Donation	Police Block Grant	Rainy Day	O.P.O Grant
Cash and investments - beginning	\$ (61,477)	\$ 9,969	\$ 35,639	\$ 2,302	\$ -	\$ 15,643	\$ 47
Receipts:							
Taxes	103,071	-	-	-	-	-	-
Intergovernmental	35,337	92,604	2,625	-	5,527	4,382	739
Charges for services	6	-	-	-	-	-	-
Fines and forfeits	2,630	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	132,120	644	1,912	5,915	-	-	-
Total receipts	<u>273,164</u>	<u>93,248</u>	<u>4,537</u>	<u>5,915</u>	<u>5,527</u>	<u>4,382</u>	<u>739</u>
Disbursements:							
Personal services	68,760	38,957	-	-	5,617	-	935
Supplies	17,606	17,452	-	-	-	-	-
Other services and charges	51,193	18,560	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	3,846	18,224	2,055	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	40,591	10,434	-	-	-	-	-
Total disbursements	<u>181,996</u>	<u>103,627</u>	<u>2,055</u>	<u>-</u>	<u>5,617</u>	<u>-</u>	<u>935</u>
Excess (deficiency) of receipts over disbursements	<u>91,168</u>	<u>(10,379)</u>	<u>2,482</u>	<u>5,915</u>	<u>(90)</u>	<u>4,382</u>	<u>(196)</u>
Cash and investments - ending	<u>\$ 29,691</u>	<u>\$ (410)</u>	<u>\$ 38,121</u>	<u>\$ 8,217</u>	<u>\$ (90)</u>	<u>\$ 20,025</u>	<u>\$ (149)</u>

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

	Major Moves	L.E.C.E.	Police Loit	Local Road Project	C.E.D.I.T	Cum Cap Development	Cum Cap. Improvement
Cash and investments - beginning	\$ 9,404	\$ 642	\$ -	\$ 693	\$ 24,577	\$ 22,492	\$ 3,670
Receipts:							
Taxes	-	-	-	-	33,331	729	-
Intergovernmental	-	-	19,325	-	-	7,009	1,680
Charges for services	-	40	-	-	-	-	-
Fines and forfeits	-	1,306	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	-	105	-	-	-	-	-
Total receipts	-	1,451	19,325	-	33,331	7,738	1,680
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	62	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	23,362	-	9,714	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	1	-	-	-	-	-	-
Total disbursements	1	62	23,362	-	9,714	-	-
Excess (deficiency) of receipts over disbursements	(1)	1,389	(4,037)	-	23,617	7,738	1,680
Cash and investments - ending	\$ 9,403	\$ 2,031	\$ (4,037)	\$ 693	\$ 48,194	\$ 30,230	\$ 5,350

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

	Payroll	Sewer Operating	Sewer Bond And Interest	Sewer Depreciation	Sewer Construction	Sewer Debt Reserve
Cash and investments - beginning	\$ (5,091)	\$ 80,094	\$ 27,423	\$ 103,184	\$ 36,782	\$ 39,689
Receipts:						
Taxes	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	6,466	24,519	-	-	-
Penalties	-	3,111	-	-	-	-
Other receipts	104,585	203,711	3,064	-	239,358	1
Total receipts	<u>104,585</u>	<u>213,288</u>	<u>27,583</u>	<u>-</u>	<u>239,358</u>	<u>1</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	400	-	91,010	-
Capital outlay	-	33,993	-	-	40,283	-
Utility operating expenses	-	67,199	66,475	-	-	-
Other disbursements	150,586	35,703	-	1	-	-
Total disbursements	<u>150,586</u>	<u>136,895</u>	<u>66,875</u>	<u>1</u>	<u>131,293</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(46,001)</u>	<u>76,393</u>	<u>(39,292)</u>	<u>(1)</u>	<u>108,065</u>	<u>1</u>
Cash and investments - ending	<u>\$ (51,092)</u>	<u>\$ 156,487</u>	<u>\$ (11,869)</u>	<u>\$ 103,183</u>	<u>\$ 144,847</u>	<u>\$ 39,690</u>

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

	Trash And Garbage Pickup	Water Operating	Water Bond And Interest 'A'	Water Depreciation 'A'	Water Utility-Customer Deposit	Totals
Cash and investments - beginning	\$ 5,174	\$ 69,515	\$ 86,677	\$ 54,811	\$ 27,376	\$ 589,235
Receipts:						
Taxes	-	-	-	-	-	137,131
Intergovernmental	-	-	-	-	-	169,228
Charges for services	-	-	-	-	-	46
Fines and forfeits	-	-	-	-	-	3,936
Utility fees	48,975	151,142	-	-	-	231,102
Penalties	-	750	-	-	-	3,861
Other receipts	-	7,160	21,403	-	5,270	725,248
Total receipts	<u>48,975</u>	<u>159,052</u>	<u>21,403</u>	<u>-</u>	<u>5,270</u>	<u>1,270,552</u>
Disbursements:						
Personal services	-	-	-	-	-	114,269
Supplies	-	-	-	-	-	35,058
Other services and charges	-	-	-	-	-	69,815
Debt service - principal and interest	-	-	8,075	503	-	99,988
Capital outlay	-	-	-	-	5,195	136,672
Utility operating expenses	43,170	134,645	6,000	-	-	317,489
Other disbursements	-	89,548	-	-	-	326,864
Total disbursements	<u>43,170</u>	<u>224,193</u>	<u>14,075</u>	<u>503</u>	<u>5,195</u>	<u>1,100,155</u>
Excess (deficiency) of receipts over disbursements	<u>5,805</u>	<u>(65,141)</u>	<u>7,328</u>	<u>(503)</u>	<u>75</u>	<u>170,397</u>
Cash and investments - ending	<u>\$ 10,979</u>	<u>\$ 4,374</u>	<u>\$ 94,005</u>	<u>\$ 54,308</u>	<u>\$ 27,451</u>	<u>\$ 759,632</u>

TOWN OF LAKEVILLE
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 December 31, 2010

The Town has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Business-type activities:		
Water Utility:		
Revenue bonds:		
1996 Water facility additions and improvements	\$ 317,000	\$ 21,850
Wastewater Utility:		
Revenue note:		
2009 General revenue note	256,050	38,897
Revenue bonds:		
2000 Wastewater facility additions and improvements	300,000	36,250
Total Wastewater Utility debt	556,050	75,147
Total business-type activities debt	\$ 873,050	\$ 96,997

TOWN OF LAKEVILLE
EXAMINATION RESULTS AND COMMENTS

UTILITY CUSTOMER DEPOSIT REGISTER

A reconciliation of the customer deposit register to the customer deposit amount recorded on the general ledger has not been performed since December 2007. The difference between the customer deposit register and the customer deposit amount recorded in the general ledger at December 31, 2010, was \$5,078. The Customer Deposit Fund did not have sufficient funds to cover the liability recorded in the customer deposit register.

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)

CAPITAL ASSET RECORDS

The Town does not maintain sufficient detailed records of capital assets. Records providing historical costs for the capital assets of the Town and its Utilities are either not available or are incomplete. This comment also appeared in the prior Report B35756.

Every governmental unit should have a complete inventory of all capital assets owned which reflects 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)

CERTIFIED REPORT NOT FILED

The Town did not file a certified report of compensation of officers and employees (Form 100-R or its equivalent) with the State Board of Accounts for the year 2010.

Indiana Code 5-11-13-1 states in part:

"Every state, county, city, town, township, or school official . . . shall during the month of January of each year prepare, make, and sign a written or printed certified report, correctly and completely showing the names and business addresses of each and all officers, employees, and agents . . . and the respective duties and compensation of each, and shall forthwith file said report in the office of the state examiner of the state board of accounts."

BANK ACCOUNT RECONCILIATIONS

Depository reconciliations of the fund balances to the bank account balances were not performed during the examination period.

A comparison of the balances reported on the Annual Report to the adjusted bank account balances at December 31, 2010, indicated cash necessary to balance of \$74,484.28.

TOWN OF LAKEVILLE
EXAMINATION RESULTS AND COMMENTS
(Continued)

Indiana Code 5-13-6-1(e) states:

"All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

At all times, the manual and/or 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)

TRANSACTION RECORDING

A number of items, such as some checks written and receipts issued, were not posted in the funds ledger during the examination period. In some cases, incorrect dates were entered which caused the receipt or check to not be posted by the computer system in the appropriate time period. We noted \$148,471.75 of unposted and/or wrongly dated receipts and \$99,741.56 of unposted checks for the examination period.

All financial transactions pertaining to the governmental unit should be recorded in the records of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

PENALTIES, INTEREST, AND OTHER CHARGES

Penalties and interest totaling \$6,785.24 were paid to the Indiana Department of Revenue during the examination period for late filing of state withholding tax returns and sales tax returns from 2009 and 2010. In addition, a collection agency's fees of \$2,800.04 were paid on these amounts. The Town also paid interest charges of \$78.50 to the Internal Revenue Service for late federal withholding tax returns.

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 LAKEVILLE
EXAMINATION RESULTS AND COMMENTS
(Continued)

FINANCIAL REPORT OPINION MODIFICATIONS

Financial records for the examination period were incomplete and not reflective of the Town's funds as described above. The records presented did not provide sufficient information to examine or establish beginning balances, receipts, disbursements, ending balances, or the accuracy or correctness of transactions. Therefore, the State Board of Accounts was unable to provide an unqualified opinion on the Independent Auditors' Report for the financial statements.

Accounting records and other public records must be maintained in a manner that will support accurate financial statements. Anything other than an unqualified opinion on the Independent Auditors' Report on the financial statements may have adverse financial consequences with the possibility of an increase in interest rate cost to the taxpayers of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TOWN OF LAKEVILLE
EXIT CONFERENCE

The contents of this report were discussed on September 14, 2011, with Darla Perkins, Clerk-Treasurer, and John Kuhn, President of the Town Council. The Official Response has been made a part of this report and may be found on page 21.

TOWN OF LAKEVILLE

Office of the Clerk-Treasurer
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PHONE: (574) 784-8311
FAX: (574) 784-2999

* * * * *

September 21, 2011

State Board of Accounts;

We are aware of the problems with the audit. Some of the issues have already been corrected and we continue to work on the rest of them to resolve this matter.

Darla Perkins
Clerk-Treasurer

