

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

FINANCIAL STATEMENT EXAMINATION REPORT

OF

BOONE TOWNSHIP

PORTER COUNTY, INDIANA

January 1, 2010 to December 31, 2012



FILED
04/17/2013

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Russell Franzman	01-01-07 to 12-31-14
Chairman of the Township Board	Jeff Patz	01-01-10 to 12-31-13



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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

INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF BOONE TOWNSHIP, PORTER COUNTY, INDIANA

We have examined the accompanying financial statement of Boone Township (Township), for the period of January 1, 2010 to December 31, 2012. The financial statement is the responsibility of the Township's management. Our responsibility is to express an opinion on the financial statement 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 statement 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 Township prepares its financial statement 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 effects on the financial statement 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. The basis noted above is a different basis than that used in the prior period.

In our opinion, because of the matter discussed in the preceding paragraph, the financial statement referred to above does 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 Township for the period of January 1, 2010 to December 31, 2012.

In our opinion, the financial statement referred to above present fairly, in all material respects, the financial position and results of operations of the Township for the period of January 1, 2010 to December 31, 2012, on the basis of accounting described in Note 1.

Our examination was conducted for the purpose of forming an opinion on the Township's financial statement. The Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, Schedule of Leases and Debt, and Schedule of Capital Assets, 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.

STATE BOARD OF ACCOUNTS

February 7, 2013

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FINANCIAL STATEMENT

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

BOONE TOWNSHIP, PORTER COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS

For the Years Ended December 31, 2010, 2011, and 2012

Fund	Cash and Investments 01-01-10	Receipts	Disbursements	Cash and Investments 12-31-10
Township	\$ 92,575	\$ 84,578	\$ 68,007	\$ 109,146
Township Assistance	76,980	34,134	24,618	86,496
Fire Fighting	54,101	36,688	30,000	60,789
Rainy Day	21,023	10,000	4,660	26,363
Levy Excess	-	482	-	482
Cumulative Fire	18,517	19,449	22,156	15,810
Payroll Deduction Fund	96	-	-	96
Totals	<u>\$ 263,292</u>	<u>\$ 185,331</u>	<u>\$ 149,441</u>	<u>\$ 299,182</u>

Fund	Cash and Investments 01-01-11	Receipts	Disbursements	Cash and Investments 12-31-11
Township	\$ 109,146	\$ 81,120	\$ 63,535	\$ 126,731
Township Assistance	86,496	33,738	22,891	97,343
Fire Fighting	60,789	35,802	35,000	61,591
Rainy Day	26,363	-	10,000	16,363
Levy Excess	482	-	482	-
Cumulative Fire	15,810	18,455	15,000	19,265
Payroll Deduction Fund	96	10,560	10,560	96
Totals	<u>\$ 299,182</u>	<u>\$ 179,675</u>	<u>\$ 157,468</u>	<u>\$ 321,389</u>

Fund	Cash and Investments 01-01-12	Receipts	Disbursements	Cash and Investments 12-31-12
Township	\$ 126,731	\$ 70,965	\$ 67,341	\$ 130,355
Township Assistance	97,343	42,818	37,881	102,280
Fire Fighting	61,591	35,670	38,968	58,293
Rainy Day	16,363	15,000	-	31,363
Levy Excess	-	-	-	-
Cumulative Fire	19,265	16,876	14,968	21,173
Payroll Deduction Fund	96	10,561	10,561	96
Totals	<u>\$ 321,389</u>	<u>\$ 191,889</u>	<u>\$ 169,718</u>	<u>\$ 343,560</u>

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

BOONE TOWNSHIP, PORTER COUNTY
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The Township was established under the laws of the State of Indiana. The Township operates under a township trustee/township board form of government and provides some or all of the following services: public safety (fire) and health and social services (township assistance).

The accompanying financial statement presents the financial information for the Township.

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. Receipts

Receipts are presented in the aggregate on the face of the financial statement. 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 Township.

Intergovernmental receipts which include receipts from other governments in the form of payments in lieu of taxes. Examples of this type of receipts include, but are not limited to: 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.

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.

D. Disbursements

Disbursements are presented in the aggregate on the face of the financial statement. The aggregate disbursements include the following uses:

BOONE TOWNSHIP, PORTER COUNTY
NOTES TO FINANCIAL STATEMENT
(Continued)

Personal services include outflows for salaries, wages, and related employee benefits provided for all persons employed.

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.

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.

E. Interfund Transfers

The Township 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.

F. Fund Accounting

Separate funds are established, maintained, and reported by the Township. 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 Township. 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 Township 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 Township 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.

BOONE TOWNSHIP, PORTER COUNTY
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 3. *Property Taxes*

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the Township 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*

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.

Note 5. *Risk Management*

The Township 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 Township 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.

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SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the Township's Annual Reports for years prior to 2011 can be found on the Indiana Transparency Portal website: www.in.gov/itp/annual_reports/.

For additional financial information, the Township'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 statement contained in this report and the financial information presented in the Annual Reports of the Township 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 supplementary information presented was approved by management of the Township. It is presented as intended by the Township.

BOONE TOWNSHIP, PORTER COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010

	Township	Township Assistance	Fire Fighting	Rainy Day	Levy Excess	Cumulative Fire	Payroll Deduction Fund	Totals
Cash and investments - beginning	\$ 92,575	\$ 76,980	\$ 54,101	\$ 21,023	\$ -	\$ 18,517	\$ 96	\$ 263,292
Receipts:								
Taxes	76,469	31,007	33,777	-	482	17,903	-	159,638
Intergovernmental	7,587	3,127	2,911	-	-	1,546	-	15,171
Other receipts	522	-	-	10,000	-	-	-	10,522
Total receipts	<u>84,578</u>	<u>34,134</u>	<u>36,688</u>	<u>10,000</u>	<u>482</u>	<u>19,449</u>	<u>-</u>	<u>185,331</u>
Disbursements:								
Personal services	40,584	-	-	-	-	-	-	40,584
Supplies	929	1,115	-	-	-	-	-	2,044
Other services and charges	15,793	-	30,000	4,660	-	-	-	50,453
Capital outlay	700	-	-	-	-	22,156	-	22,856
Other disbursements	10,000	23,503	-	-	-	-	-	33,503
Total disbursements	<u>68,007</u>	<u>24,618</u>	<u>30,000</u>	<u>4,660</u>	<u>-</u>	<u>22,156</u>	<u>-</u>	<u>149,441</u>
Excess (deficiency) of receipts over disbursements	<u>16,571</u>	<u>9,516</u>	<u>6,688</u>	<u>5,340</u>	<u>482</u>	<u>(2,707)</u>	<u>-</u>	<u>35,890</u>
Cash and investments - ending	<u>\$ 109,146</u>	<u>\$ 86,496</u>	<u>\$ 60,789</u>	<u>\$ 26,363</u>	<u>\$ 482</u>	<u>\$ 15,810</u>	<u>\$ 96</u>	<u>\$ 299,182</u>

BOONE TOWNSHIP, PORTER COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011

	Township	Township Assistance	Fire Fighting	Rainy Day	Levy Excess	Cumulative Fire	Payroll Deduction Fund	Totals
Cash and investments - beginning	\$ 109,146	\$ 86,496	\$ 60,789	\$ 26,363	\$ 482	\$ 15,810	\$ 96	\$ 299,182
Receipts:								
Taxes	72,244	30,387	32,796	-	-	16,905	-	152,332
Intergovernmental	7,967	3,351	3,006	-	-	1,550	-	15,874
Other receipts	909	-	-	-	-	-	10,560	11,469
Total receipts	81,120	33,738	35,802	-	-	18,455	10,560	179,675
Disbursements:								
Personal services	40,584	-	-	-	-	-	-	40,584
Supplies	589	253	-	-	-	-	-	842
Other services and charges	21,662	22,638	-	10,000	-	-	-	54,300
Capital outlay	700	-	35,000	-	-	15,000	-	50,700
Other disbursements	-	-	-	-	482	-	10,560	11,042
Total disbursements	63,535	22,891	35,000	10,000	482	15,000	10,560	157,468
Excess (deficiency) of receipts over disbursements	17,585	10,847	802	(10,000)	(482)	3,455	-	22,207
Cash and investments - ending	\$ 126,731	\$ 97,343	\$ 61,591	\$ 16,363	\$ -	\$ 19,265	\$ 96	\$ 321,389

BOONE TOWNSHIP, PORTER COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2012

	Township	Township Assistance	Fire Fighting	Rainy Day	Levy Excess	Cumulative Fire	Payroll Deduction Fund	Totals
Cash and investments - beginning	\$ 126,731	\$ 97,343	\$ 61,591	\$ 16,363	\$ -	\$ 19,265	\$ 96	\$ 321,389
Receipts:								
Taxes	63,280	38,406	32,598	-	-	15,423	-	149,706
Intergovernmental	7,270	4,413	3,072	-	-	1,453	-	16,208
Other receipts	415	-	-	15,000	-	-	10,561	25,975
Total receipts	70,965	42,818	35,670	15,000	-	16,876	10,561	191,889
Disbursements:								
Personal services	40,584	-	-	-	-	-	-	40,584
Supplies	632	1,283	-	-	-	-	-	1,915
Other services and charges	20,549	26,598	-	-	-	-	-	47,147
Capital outlay	577	-	38,968	-	-	14,968	-	54,512
Other disbursements	5,000	10,000	-	-	-	-	10,561	25,561
Total disbursements	67,341	37,881	38,968	-	-	14,968	10,561	169,718
Excess (deficiency) of receipts over disbursements	3,624	4,937	(3,298)	15,000	-	1,908	-	22,171
Cash and investments - ending	\$ 130,355	\$ 102,280	\$ 58,293	\$ 31,363	\$ -	\$ 21,173	\$ 96	\$ 343,560

BOONE TOWNSHIP, PORTER COUNTY
 SCHEDULE OF LEASES AND DEBT
 December 31, 2012

Description of Debt		Ending Principal Balance	Principal and Interest Due Within One Year
Type	Purpose		
Governmental activities:			
Notes and loans payable	Purchase new fire engine	\$ 239,868	\$ 53,935
Totals		<u>\$ 239,868</u>	<u>\$ 53,935</u>

BOONE TOWNSHIP, PORTER COUNTY
SCHEDULE OF CAPITAL ASSETS
December 31, 2012

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

	<u>Ending Balance</u>
Governmental activities:	
Land	\$ 120,000
Machinery, equipment and vehicles	<u>541,331</u>
Total governmental activities	<u>661,331</u>
Total capital assets	<u><u>\$ 661,331</u></u>

BOONE TOWNSHIP, PORTER COUNTY
EXIT CONFERENCE

The contents of this report were discussed on February 7, 2013, with Russell Franzman, Trustee, and Jeff Patz, Chairman of the Township Board. Our examination disclosed no material items that warrant comment at this time.