

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

FINANCIAL STATEMENTS EXAMINATION REPORT

OF

LAKE TOWNSHIP

ALLEN COUNTY, INDIANA

January 1, 2010 to December 31, 2012



**FILED**  
01/24/2014



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Daniel Linnemeier	01-01-07 to 12-31-14
Chairman of the Township Board	John Banet	01-01-10 to 12-31-13



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF LAKE TOWNSHIP, ALLEN COUNTY, INDIANA

We have examined the accompanying financial statements of Lake Township (Township), for the period of January 1, 2010 to December 31, 2012. The financial statements are the responsibility of the Township'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 Township 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. 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 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 Township for the period of January 1, 2010 to December 31, 2012.

In our opinion, the financial statements 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 statements. The Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis 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 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

December 12, 2013

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## FINANCIAL STATEMENTS

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

LAKE TOWNSHIP, ALLEN COUNTY  
 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
Township	\$ 8,014	\$ 31,342	\$ 35,187	\$ 4,169
Township Assistance	1,346	21,928	16,871	6,403
Firefighting	3,009	26,331	26,000	3,340
Cumulative Fire	132,965	14,449	49,975	97,439
Park And Recreation	8,327	3,562	6,193	5,696
Levy Excess	-	235	-	235
Rainy Day	917	1,926	-	2,843
Totals	<u>\$ 154,578</u>	<u>\$ 99,773</u>	<u>\$ 134,226</u>	<u>\$ 120,125</u>

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

LAKE TOWNSHIP, ALLEN COUNTY  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For The Years Ended December 31, 2011 And 2012

Fund	Cash and Investments 12-31-10	Receipts	Disbursements	Cash and Investments 12-31-11	Receipts	Disbursements	Cash and Investments 12-31-12
Township	\$ 4,169	\$ 39,173	\$ 36,298	\$ 7,044	\$ 39,081	\$ 37,613	\$ 8,512
Park And Recreation	5,696	2,785	1,911	6,570	4,064	5,711	4,923
Township Assistance	6,403	13,836	17,366	2,873	16,777	11,813	7,837
Firefighting	3,340	24,053	26,000	1,393	24,946	26,000	339
Rainy Day	2,843	-	1,038	1,805	11,620	917	12,508
Levy Excess	235	-	-	235	-	235	-
Cumulative Fire	<u>97,439</u>	<u>13,542</u>	<u>40,506</u>	<u>70,475</u>	<u>12,939</u>	<u>27,401</u>	<u>56,013</u>
Totals	<u>\$ 120,125</u>	<u>\$ 93,389</u>	<u>\$ 123,119</u>	<u>\$ 90,395</u>	<u>\$ 109,427</u>	<u>\$ 109,690</u>	<u>\$ 90,132</u>

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

LAKE TOWNSHIP, ALLEN COUNTY  
NOTES TO FINANCIAL STATEMENTS

**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), health and social services (township assistance), culture and recreation (parks and/or community centers), and general administrative services (weed and dog control).

The accompanying financial statements present the financial information for the Township.

*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 Township.

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.

LAKE TOWNSHIP, ALLEN COUNTY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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.

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 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.

*G. 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.

LAKE TOWNSHIP, ALLEN COUNTY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

**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.

**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 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 Township 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 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 statements. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks.

## 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/](http://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 statements 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 statements 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.

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

	Township	Township Assistance	Firefighting	Cumulative Fire	Park And Recreation	Levy Excess	Rainy Day	Totals
Cash and investments - beginning	\$ 8,014	\$ 1,346	\$ 3,009	\$ 132,965	\$ 8,327	\$ -	\$ 917	\$ 154,578
Receipts:								
Taxes	31,129	21,928	26,331	14,449	3,562	235	1,926	99,560
Other receipts	213	-	-	-	-	-	-	213
Total receipts	<u>31,342</u>	<u>21,928</u>	<u>26,331</u>	<u>14,449</u>	<u>3,562</u>	<u>235</u>	<u>1,926</u>	<u>99,773</u>
Disbursements:								
Personal services	19,923	-	-	-	-	-	-	19,923
Supplies	1,499	-	-	-	-	-	-	1,499
Other services and charges	12,370	16,871	26,000	-	6,193	-	-	61,434
Capital outlay	1,395	-	-	49,975	-	-	-	51,370
Other disbursements	-	-	-	-	-	-	-	-
Total disbursements	<u>35,187</u>	<u>16,871</u>	<u>26,000</u>	<u>49,975</u>	<u>6,193</u>	<u>-</u>	<u>-</u>	<u>134,226</u>
Excess (deficiency) of receipts over disbursements	<u>(3,845)</u>	<u>5,057</u>	<u>331</u>	<u>(35,526)</u>	<u>(2,631)</u>	<u>235</u>	<u>1,926</u>	<u>(34,453)</u>
Cash and investments - ending	<u>\$ 4,169</u>	<u>\$ 6,403</u>	<u>\$ 3,340</u>	<u>\$ 97,439</u>	<u>\$ 5,696</u>	<u>\$ 235</u>	<u>\$ 2,843</u>	<u>\$ 120,125</u>

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

	Township	Park And Recreation	Township Assistance	Firefighting	Rainy Day	Levy Excess	Cumulative Fire	Totals
Cash and investments - beginning	\$ 4,169	\$ 5,696	\$ 6,403	\$ 3,340	\$ 2,843	\$ 235	\$ 97,439	\$ 120,125
Receipts:								
Taxes	28,369	2,058	12,887	22,555	-	-	12,698	78,567
Intergovernmental	10,192	727	949	1,498	-	-	844	14,210
Other receipts	612	-	-	-	-	-	-	612
Total receipts	<u>39,173</u>	<u>2,785</u>	<u>13,836</u>	<u>24,053</u>	<u>-</u>	<u>-</u>	<u>13,542</u>	<u>93,389</u>
Disbursements:								
Personal services	20,243	-	-	-	-	-	-	20,243
Supplies	1,451	-	128	-	-	-	-	1,579
Other services and charges	14,204	1,911	17,238	26,000	-	-	-	59,353
Capital outlay	400	-	-	-	-	-	40,506	40,906
Other disbursements	-	-	-	-	1,038	-	-	1,038
Total disbursements	<u>36,298</u>	<u>1,911</u>	<u>17,366</u>	<u>26,000</u>	<u>1,038</u>	<u>-</u>	<u>40,506</u>	<u>123,119</u>
Excess (deficiency) of receipts over disbursements	<u>2,875</u>	<u>874</u>	<u>(3,530)</u>	<u>(1,947)</u>	<u>(1,038)</u>	<u>-</u>	<u>(26,964)</u>	<u>(29,730)</u>
Cash and investments - ending	<u>\$ 7,044</u>	<u>\$ 6,570</u>	<u>\$ 2,873</u>	<u>\$ 1,393</u>	<u>\$ 1,805</u>	<u>\$ 235</u>	<u>\$ 70,475</u>	<u>\$ 90,395</u>

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

	Township	Park And Recreation	Township Assistance	Firefighting	Rainy Day	Levy Excess	Cumulative Fire	Totals
Cash and investments - beginning	\$ 7,044	\$ 6,570	\$ 2,873	\$ 1,393	\$ 1,805	\$ 235	\$ 70,475	\$ 90,395
Receipts:								
Taxes	25,064	3,717	15,344	22,968	-	-	11,913	79,006
Intergovernmental	13,643	347	1,433	1,978	-	-	1,026	18,427
Other receipts	374	-	-	-	11,620	-	-	11,994
Total receipts	<u>39,081</u>	<u>4,064</u>	<u>16,777</u>	<u>24,946</u>	<u>11,620</u>	<u>-</u>	<u>12,939</u>	<u>109,427</u>
Disbursements:								
Personal services	20,023	-	-	-	-	-	-	20,023
Supplies	1,479	-	-	-	-	-	-	1,479
Other services and charges	16,111	5,711	11,813	26,000	-	-	-	59,635
Capital outlay	-	-	-	-	917	-	15,781	16,698
Other disbursements	-	-	-	-	-	235	11,620	11,855
Total disbursements	<u>37,613</u>	<u>5,711</u>	<u>11,813</u>	<u>26,000</u>	<u>917</u>	<u>235</u>	<u>27,401</u>	<u>109,690</u>
Excess (deficiency) of receipts over disbursements	<u>1,468</u>	<u>(1,647)</u>	<u>4,964</u>	<u>(1,054)</u>	<u>10,703</u>	<u>(235)</u>	<u>(14,462)</u>	<u>(263)</u>
Cash and investments - ending	<u>\$ 8,512</u>	<u>\$ 4,923</u>	<u>\$ 7,837</u>	<u>\$ 339</u>	<u>\$ 12,508</u>	<u>\$ -</u>	<u>\$ 56,013</u>	<u>\$ 90,132</u>

LAKE TOWNSHIP, ALLEN 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:	
Total governmental activities	\$ <u>4,161</u>
Total capital assets	\$ <u><u>4,161</u></u>

LAKE TOWNSHIP, ALLEN COUNTY  
EXAMINATION RESULT AND COMMENT

**OFFICIAL BOND**

The Trustee's surety bond of \$15,000 was insufficient. Per the Indiana Code, a minimum of \$30,000 is required.

Indiana Code 5-4-1-18 states in part:

"(a) Except as provided in subsection (b), the following city, town, county, or township officers and employees shall file an individual surety bond:

- (1) City judges, controllers, clerks, and clerk-treasurers.
- (2) Town judges and clerk-treasurers.
- (3) Auditors, treasurers, recorders, surveyors, sheriffs, coroners, assessors, and clerks.
- (4) Township trustees.
- (5) Those employees directed to file an individual bond by the fiscal body of a city, town, or county.
- (6) Township assessors (if any).

(b) The fiscal body of a city, town, county, or township may by ordinance authorize the purchase of a blanket bond or a crime insurance policy endorsed to include faithful performance to cover the faithful performance of all employees, commission members, and persons acting on behalf of the local government unit, including those officers described in subsection (a).

(c) Except as provided in subsections (h) and (i), the fiscal bodies of the respective units shall fix the amount of the bond of city controllers, city clerk-treasurers, town clerk-treasurers, Barrett Law fund custodians, county treasurers, county sheriffs, circuit court clerks, township trustees, and conservancy district financial clerks as follows:

- (1) The amount must equal thirty thousand dollars (\$30,000) for each one million dollars (\$1,000,000) of receipts of the officer's office during the last complete fiscal year before the purchase of the bond, subject to subdivision (2).
- (2) The amount may not be less than thirty thousand dollars (\$30,000) nor more than three hundred thousand dollars (\$300,000) unless the fiscal body approves a greater amount for the officer or employee. County auditors shall file bonds in amounts of not less than thirty thousand dollars (\$30,000), as fixed by the fiscal body of the county. The amount of the bond of any other person required to file an individual bond shall be fixed by the fiscal body of the unit at not less than fifteen thousand dollars (\$15,000).

(d) Except as provided in subsection (j), a controller of a solid waste management district established under IC 13-21 or IC 13-9.5 (before its repeal) shall file an individual surety bond in an amount:

- (1) fixed by the board of directors of the solid waste management district; and
- (2) that is at least thirty thousand dollars (\$30,000).

(e) Except as provided under subsection (d), a person who is required to file an individual surety bond by the board of directors of a solid waste management district established under IC 13-21 or IC 13-9.5 (before its repeal) shall file a bond in an amount fixed by the board of directors."

LAKE TOWNSHIP, ALLEN COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on December 12, 2013, with Daniel Linnemeier, Trustee.  
The official concurred with our audit finding.