

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

FINANCIAL STATEMENTS AUDIT REPORT

OF

PLEASANT TOWNSHIP

LAPORTE COUNTY, INDIANA

January 1, 2014 to December 31, 2017



FILED

09/06/2018

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Susan Cable	01-01-11 to 12-31-18
Chairman of the Township Board	Edward Burek	01-01-14 to 12-31-18



INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF PLEASANT TOWNSHIP, LAPORTE COUNTY, INDIANA

Report on the Financial Statements

We have audited the accompanying financial statements of Pleasant Township (Township), which comprise the financial position and results of operations for the period of January 1, 2014 to December 31, 2017, and the related notes to the financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6). Management is responsible for and has determined that the regulatory basis of accounting, as established by the Indiana State Board of Accounts, is an acceptable basis of presentation. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Township's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As discussed in Note 1 to the financial statements, 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 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 the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance 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, 2014 to December 31, 2017.


Opinion on Regulatory Basis of Accounting

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, 2014 to December 31, 2017, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

Other Matters

Other Information

Our audit 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 Leases and Debt, 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 auditing procedures applied by us in the audit of the financial statements and, accordingly, we express no opinion on them.


Paul D. Joyce, CPA
State Examiner

August 17, 2018

FINANCIAL STATEMENTS AND ACCOMPANYING NOTES

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.

PLEASANT TOWNSHIP, LAPORTE COUNTY
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH
 AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Years Ended December 31, 2014 and 2015

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Fund	Cash and Investments 01-01-14	Receipts	Disbursements	Cash and Investments 12-31-14	Receipts	Disbursements	Cash and Investments 12-31-15
Township	\$ 12,352	\$ 48,371	\$ 19,158	\$ 41,565	\$ 31,029	\$ 17,640	\$ 54,954
Township Assistance	36,830	3,381	1,858	38,353	4	657	37,700
Fire Fighting	158,342	189,100	55,673	291,769	125,404	47,488	369,685
rainy day fund	33,263	5,541	-	38,804	8,852	-	47,656
Cumulative Fire	74,301	27,257	-	101,558	35,062	29,673	106,947
Fire Debt	<u>(34,455)</u>	<u>120,736</u>	<u>48,360</u>	<u>37,921</u>	<u>33,236</u>	<u>48,360</u>	<u>22,797</u>
Totals	<u>\$ 280,633</u>	<u>\$ 394,386</u>	<u>\$ 125,049</u>	<u>\$ 549,970</u>	<u>\$ 233,587</u>	<u>\$ 143,818</u>	<u>\$ 639,739</u>

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

PLEASANT TOWNSHIP, LAPORTE COUNTY
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH
 AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Years Ended December 31, 2016 and 2017

Fund	Cash and Investments 01-01-16	Receipts	Disbursements	Cash and Investments 12-31-16	Receipts	Disbursements	Cash and Investments 12-31-17
Township	\$ 54,954	\$ 28,522	\$ 15,614	\$ 67,862	\$ 30,186	\$ 22,026	\$ 76,022
Township Assistance	37,700	-	654	37,046	-	3,063	33,983
Fire Fighting	369,685	102,698	55,285	417,098	107,032	85,324	438,806
rainy day fund	47,656	16,583	-	64,239	8,884	-	73,123
Levy Excess	-	2,806	-	2,806	-	-	2,806
Cumulative Fire	106,947	31,465	51,959	86,453	33,650	3,742	116,361
Fire Debt	<u>22,797</u>	<u>-</u>	<u>24,162</u>	<u>(1,365)</u>	<u>174,619</u>	<u>75,507</u>	<u>97,747</u>
Totals	<u>\$ 639,739</u>	<u>\$ 182,074</u>	<u>\$ 147,674</u>	<u>\$ 674,139</u>	<u>\$ 354,371</u>	<u>\$ 189,662</u>	<u>\$ 838,848</u>

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

PLEASANT TOWNSHIP, LAPORTE 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. Amounts received from one or more of the following: property tax, certified shares (local option tax), property tax replacement credit (local option tax), county option income tax, wheel tax, innkeeper's 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. Amounts received from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of intergovernmental receipts include, but are not limited to, the following: federal grants, state grants, cigarette tax distributions received from the state, motor vehicle highway distributions received from the state, local road and street distributions 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.

PLEASANT TOWNSHIP, LAPORTE COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

Other receipts. Amounts received from various sources, including, but 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. Amounts disbursed 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. Amounts disbursed for 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, but are not limited to, the following: office supplies, operating supplies, and repair and maintenance supplies.

Other services and charges. Amounts disbursed for services including, but not limited to, the following: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

Debt service - principal and interest. Amounts disbursed for fixed obligations resulting from financial transactions previously entered into by the Township. It includes all expenditures for the reduction of the principal and interest of the Township's general obligation indebtedness.

Capital outlay. Amounts disbursed for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

Other disbursements. Amounts disbursed for various other purposes including, but 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, make transfers 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 amounts 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 amounts accounted for in a specific fund may

PLEASANT TOWNSHIP, LAPORTE COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

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 lien date (March 1 in a year ending before January 1, 2016 and January 1 in a year beginning after December 31, 2015) 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, the following: 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.

PLEASANT TOWNSHIP, LAPORTE COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

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OTHER INFORMATION - UNAUDITED

The Township's Annual Financial Reports information can be found on the Indiana Gateway for Government Units 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 Township's Annual Financial Reports referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the audit. This is a common occurrence in any financial statement audit. The financial information presented in this report is audited information, and the accuracy of such information can be determined by reading the opinion given in the Independent Auditor's Report.

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

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PLEASANT TOWNSHIP, LAPORTE COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014

	Township	Township Assistance	Fire Fighting	rainy day fund	Cumulative Fire	Fire Debt	Totals
Cash and investments - beginning	\$ 12,352	\$ 36,830	\$ 158,342	\$ 33,263	\$ 74,301	\$ (34,455)	\$ 280,633
Receipts:							
Taxes	33,997	-	143,279	-	22,853	105,087	305,216
Intergovernmental receipts	14,374	3,381	45,420	5,541	4,404	15,649	88,769
Other receipts	-	-	401	-	-	-	401
Total receipts	<u>48,371</u>	<u>3,381</u>	<u>189,100</u>	<u>5,541</u>	<u>27,257</u>	<u>120,736</u>	<u>394,386</u>
Disbursements:							
Personal services	9,633	-	-	-	-	-	9,633
Supplies	1,164	-	2,473	-	-	-	3,637
Other services and charges	7,060	1,858	53,200	-	-	-	62,118
Debt service - principal and interest	-	-	-	-	-	48,360	48,360
Other disbursements	1,301	-	-	-	-	-	1,301
Total disbursements	<u>19,158</u>	<u>1,858</u>	<u>55,673</u>	<u>-</u>	<u>-</u>	<u>48,360</u>	<u>125,049</u>
Excess (deficiency) of receipts over disbursements	<u>29,213</u>	<u>1,523</u>	<u>133,427</u>	<u>5,541</u>	<u>27,257</u>	<u>72,376</u>	<u>269,337</u>
Cash and investments - ending	<u>\$ 41,565</u>	<u>\$ 38,353</u>	<u>\$ 291,769</u>	<u>\$ 38,804</u>	<u>\$ 101,558</u>	<u>\$ 37,921</u>	<u>\$ 549,970</u>

PLEASANT TOWNSHIP, LAPORTE COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015

	Township	Township Assistance	Fire Fighting	rainy day fund	Cumulative Fire	Fire Debt	Totals
Cash and investments - beginning	\$ 41,565	\$ 38,353	\$ 291,769	\$ 38,804	\$ 101,558	\$ 37,921	\$ 549,970
Receipts:							
Taxes	21,409	-	96,429	-	32,244	30,020	180,102
Intergovernmental receipts	8,517	4	16,534	8,852	2,818	3,216	39,941
Other receipts	1,103	-	12,441	-	-	-	13,544
Total receipts	31,029	4	125,404	8,852	35,062	33,236	233,587
Disbursements:							
Personal services	10,895	-	-	-	-	-	10,895
Supplies	290	-	4,356	-	-	-	4,646
Other services and charges	6,455	507	42,539	-	-	-	49,501
Debt service - principal and interest	-	-	-	-	-	48,360	48,360
Capital outlay	-	-	593	-	29,673	-	30,266
Other disbursements	-	150	-	-	-	-	150
Total disbursements	17,640	657	47,488	-	29,673	48,360	143,818
Excess (deficiency) of receipts over disbursements	13,389	(653)	77,916	8,852	5,389	(15,124)	89,769
Cash and investments - ending	\$ 54,954	\$ 37,700	\$ 369,685	\$ 47,656	\$ 106,947	\$ 22,797	\$ 639,739

PLEASANT TOWNSHIP, LAPORTE COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	Township	Township Assistance	Fire Fighting	rainy day fund	Levy Excess	Cumulative Fire	Fire Debt	Totals
Cash and investments - beginning	\$ 54,954	\$ 37,700	\$ 369,685	\$ 47,656	\$ -	\$ 106,947	\$ 22,797	\$ 639,739
Receipts:								
Taxes	19,327	-	84,800	3,370	2,806	28,296	-	138,599
Intergovernmental receipts	8,518	-	17,846	13,213	-	3,169	-	42,746
Other receipts	677	-	52	-	-	-	-	729
Total receipts	28,522	-	102,698	16,583	2,806	31,465	-	182,074
Disbursements:								
Personal services	8,724	-	-	-	-	-	-	8,724
Supplies	465	-	13,275	-	-	-	-	13,740
Other services and charges	6,425	654	42,010	-	-	-	-	49,089
Debt service - principal and interest	-	-	-	-	-	-	24,162	24,162
Capital outlay	-	-	-	-	-	51,959	-	51,959
Total disbursements	15,614	654	55,285	-	-	51,959	24,162	147,674
Excess (deficiency) of receipts over disbursements	12,908	(654)	47,413	16,583	2,806	(20,494)	(24,162)	34,400
Cash and investments - ending	\$ 67,862	\$ 37,046	\$ 417,098	\$ 64,239	\$ 2,806	\$ 86,453	\$ (1,365)	\$ 674,139

PLEASANT TOWNSHIP, LAPORTE COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2017

	Township	Township Assistance	Fire Fighting	rainy day fund	Levy Excess	Cumulative Fire	Fire Debt	Totals
Cash and investments - beginning	\$ 67,862	\$ 37,046	\$ 417,098	\$ 64,239	\$ 2,806	\$ 86,453	\$ (1,365)	\$ 674,139
Receipts:								
Taxes	26,091	-	97,757	-	-	28,490	147,540	299,878
Intergovernmental receipts	3,057	-	9,275	8,884	-	2,983	15,437	39,636
Other receipts	1,038	-	-	-	-	2,177	11,642	14,857
Total receipts	30,186	-	107,032	8,884	-	33,650	174,619	354,371
Disbursements:								
Personal services	13,060	-	-	-	-	-	-	13,060
Supplies	475	-	-	-	-	-	-	475
Other services and charges	8,491	3,063	85,324	-	-	-	-	96,878
Debt service - principal and interest	-	-	-	-	-	-	75,507	75,507
Capital outlay	-	-	-	-	-	3,742	-	3,742
Total disbursements	22,026	3,063	85,324	-	-	3,742	75,507	189,662
Excess (deficiency) of receipts over disbursements	8,160	(3,063)	21,708	8,884	-	29,908	99,112	164,709
Cash and investments - ending	\$ 76,022	\$ 33,983	\$ 438,806	\$ 73,123	\$ 2,806	\$ 116,361	\$ 97,747	\$ 838,848

PLEASANT TOWNSHIP, LAPORTE COUNTY
SCHEDULE OF LEASES AND DEBT
December 31, 2017

Description of Debt		Ending	Principal and
Type	Purpose	Principal	Interest Due
		Balance	Within One
			Year
Governmental activities:			
Notes and loans payable	Purchase of Fire Truck	<u>\$ 641,606</u>	<u>\$ 127,732</u>

OTHER REPORTS

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