

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

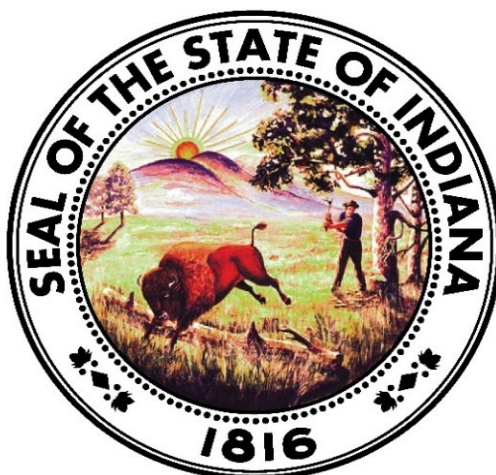
FINANCIAL STATEMENTS REVIEW REPORT

OF

TOWN OF CLEAR LAKE

STEBEN COUNTY, INDIANA

January 1, 2018 to December 31, 2021



FILED

12/20/2022

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Kay Kummer	01-01-18 to 12-31-18
	Jessica Swander	01-01-19 to 12-31-22
President of the Town Council	Roger Dammeier	01-01-18 to 12-31-18
	Darin Thorp	01-01-19 to 12-31-19
	Molly Weber	01-01-20 to 02-03-20
	(Vacant)	02-04-20 to 06-04-20
	Darin Thorp	06-05-20 to 12-31-22



INDEPENDENT ACCOUNTANT'S REVIEW REPORT

TO: THE OFFICIALS OF THE TOWN OF CLEAR LAKE, STEUBEN COUNTY, INDIANA

We have reviewed the accompanying financial statements of the Town of Clear Lake (Town), for the period of January 1, 2018 to December 31, 2021. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the Town's management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibilities for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with a regulatory 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. This includes determining that the basis of accounting the Town uses is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatements whether due to fraud or error.

Accountant's Responsibilities

Our responsibility is to conduct the review engagement in accordance with *Statements on Standards for Accounting and Review Services* promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with the prescribed basis of accounting described in Note 1. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our reviews.

INDEPENDENT ACCOUNTANT'S REVIEW REPORT
(Continued)

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements for them to be in accordance with the prescribed basis of accounting described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with 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. Our conclusion is not modified with respect to this matter.



Beth Kelley, CPA, CFE
Deputy State Examiner

November 30, 2022

FINANCIAL STATEMENTS AND ACCOMPANYING NOTES

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

TOWN OF CLEAR LAKE
 STATEMENT OF RECEIPTS, DISBURSEMENTS,
 AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Years Ended December 31, 2018 and 2019

Fund	Cash and Investments 01-01-18	Receipts	Disbursements	Cash and Investments 12-31-18	Receipts	Disbursements	Cash and Investments 12-31-19
GENERAL FUND	\$ 85,949	\$ 281,685	\$ 264,212	\$ 103,422	\$ 346,019	\$ 295,933	\$ 153,508
MOTOR VEHICLE HIGHWAY	65,153	142,401	108,322	99,232	175,337	176,563	98,006
LOCAL ROAD & STREET	21,068	9,730	2,019	28,779	9,768	20,000	18,547
MVH - RESTRICTED	-	-	-	-	7,295	-	7,295
SANITATION	36,620	82,988	109,197	10,411	97,017	96,272	11,156
LAW ENFORCE CONT. ED	1,288	342	-	1,630	198	-	1,828
RAINY DAY	123,403	17,000	130,000	10,403	25,000	-	35,403
ECONOMIC DEVELOPMENT	63,899	19,963	34,635	49,227	23,382	1,500	71,109
MAJOR MOVES	99,633	-	-	99,633	-	-	99,633
CUM CAP IMPROV - CIG TAX	3,018	792	-	3,810	775	-	4,585
CUM CAP DEVELOPMENT	242,717	158,363	111,103	289,977	145,498	22,481	412,994
LIT - PUBLIC SAFETY	30,918	40,351	32,818	38,451	49,584	41,248	46,787
CONTRACTOR BONDS	2,000	6,000	5,000	3,000	4,000	5,000	2,000
RADAR SIGNS AND SUPPLIES	-	-	-	-	6,000	5,849	151
POLICE DEPARTMENT MARINE PATROL	-	-	-	-	940	-	940
CLEAR LAKE ASSOCIATION	-	3,000	2,746	254	-	254	-
L.ROAD/BRIDGE MATCH GRANT	(50,693)	106,493	97,904	(42,104)	167,602	-	125,498
HANNA NATURE PRESERVE	350	-	-	350	-	-	350
PAYROLL	-	269,034	269,034	-	291,752	291,752	-
SEWER - OPERATING FUND	25,569	532,279	478,075	79,773	492,546	523,528	48,791
SEWER - UTL DEPRECIATION	71,843	66,077	96,762	41,158	289,405	138,169	192,394
SEWER - BOND & INTEREST	-	339,125	339,125	-	319,255	319,255	-
SEWER - DEBT SERV RESERVE	155,000	-	-	155,000	-	155,000	-
Totals	<u>\$ 977,735</u>	<u>\$ 2,075,623</u>	<u>\$ 2,080,952</u>	<u>\$ 972,406</u>	<u>\$ 2,451,373</u>	<u>\$ 2,092,804</u>	<u>\$ 1,330,975</u>

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

TOWN OF CLEAR LAKE
 STATEMENT OF RECEIPTS, DISBURSEMENTS,
 AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Years Ended December 31, 2020 and 2021

Fund	Cash and Investments			Cash and Investments			Cash and Investments		
	01-01-20	Receipts	Disbursements	12-31-20	Receipts	Disbursements	12-31-21		
GENERAL FUND	\$ 153,508	\$ 358,157	\$ 272,018	\$ 239,647	\$ 356,485	\$ 298,181	\$ 297,951		
MOTOR VEHICLE HIGHWAY	98,006	121,167	114,975	104,198	129,818	75,371	158,645		
LOCAL ROAD & STREET	18,547	9,448	20,000	7,995	10,373	5,000	13,368		
MVH - RESTRICTED	7,295	6,150	-	13,445	7,111	-	20,556		
SANITATION	11,156	97,987	98,404	10,739	95,315	98,846	7,208		
LAW ENFORCE CONT. ED	1,828	450	-	2,278	12	-	2,290		
RAINY DAY	35,403	25,000	-	60,403	-	-	60,403		
ECONOMIC DEVELOPMENT	71,109	26,290	30,000	67,399	25,567	-	92,966		
MAJOR MOVES	99,633	-	-	99,633	-	-	99,633		
CUM CAP IMPROV - CIG TAX	4,585	735	952	4,368	697	-	5,065		
CUM CAP DEVELOPMENT	412,994	146,127	160,955	398,166	149,297	149,588	397,875		
RADAR SIGNS AND SUPPLIES	151	114	-	265	45	140	170		
LIT - PUBLIC SAFETY	46,787	57,629	43,822	60,594	53,841	42,681	71,754		
CONTRACTOR BONDS	2,000	6,000	3,000	5,000	7,000	9,000	3,000		
CARES ACT PAYROLL FUND	-	11,193	11,193	-	1,120	1,120	-		
ARP - AMERICAN RESCUE PLAN	-	-	-	-	38,833	-	38,833		
POLICE DEPARTMENT MARINE PATROL	940	-	-	940	115	-	1,055		
L.ROAD/BRIDGE MATCH GRANT	125,498	387,185	46,184	466,499	-	296,864	169,635		
HANNA NATURE PRESERVE	350	-	-	350	-	-	350		
PAYROLL	-	291,451	291,451	-	282,247	282,247	-		
SEWER - OPERATING FUND	48,791	487,690	482,138	54,343	688,396	677,592	65,147		
SEWER - UTL DEPRECIATION	192,394	342,670	146,514	388,550	330,857	690,817	28,590		
Totals	<u>\$ 1,330,975</u>	<u>\$ 2,375,443</u>	<u>\$ 1,721,606</u>	<u>\$ 1,984,812</u>	<u>\$ 2,177,129</u>	<u>\$ 2,627,447</u>	<u>\$ 1,534,494</u>		

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

TOWN OF CLEAR LAKE
NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The Town was established under the laws of the State of Indiana. The Town operates under a Town Council form of government and provides some or all of the following services: public safety (police and fire), highways and streets, health and social services, culture and recreation, public improvements, planning and zoning, general administrative services, water, wastewater, electric, gas, storm water, trash, aviation, and urban redevelopment and housing.

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

B. Basis of Accounting

The financial statements are reported on a regulatory basis of accounting prescribed by the Indiana State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The basis of accounting involves the reporting of only cash and investments and the changes therein resulting from cash inflows (receipts) and cash outflows (disbursements) reported in the period in which they occurred.

The regulatory basis of accounting differs from accounting principles generally accepted in the United States of America, in that receipts are recognized when received in cash, rather than when earned, and disbursements are recognized when paid, rather than when a liability is incurred.

C. Cash and Investments

Investments are stated at cost. Any changes in fair value of the investments are reported as receipts in the year of the sale of the investment.

D. Receipts

Receipts are presented in the aggregate on the face of the financial statements. The aggregate receipts include the following sources:

Taxes. Amounts received from one or more of the following: property 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 Town.

Licenses and permits. 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 the following: peddler licenses, animal licenses, auctioneer licenses, building and planning permits, demolition permits, electrical permits, sign permits, and gun permits.

TOWN OF CLEAR LAKE
NOTES TO FINANCIAL STATEMENTS
(Continued)

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: local income tax, 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.

Charges for services. Amounts received for services including, but not limited to, the following: planning commission charges, building department charges, copies of public records, copy machines 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. Amounts received 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. Amounts received from charges for current services.

Penalties. Amounts received from late payment fees.

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.

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

TOWN OF CLEAR LAKE
NOTES TO FINANCIAL STATEMENTS
(Continued)

Utility operating expenses. Amounts disbursed for operating the utilities.

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 Town 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 Town. 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 Town. The amounts 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 December 31 of the year preceding the budget year or January 15 of the budget year if the Town is issuing debt after December 1 or intends on filing a shortfall appeal. These rates were based upon the assessed valuations adjusted for various tax credits from the preceding year's lien date of January 1. 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 CLEAR LAKE
NOTES TO FINANCIAL STATEMENTS
(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, 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 Town may be exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job-related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents; and natural disasters.

These risks can be mitigated through the purchase of insurance, establishment of a self-insurance fund, and/or participation in a risk pool. The purchase of insurance transfers the risk to an independent third-party. The establishment of a self-insurance fund allows the Town to set aside money for claim settlements. The self-insurance fund would be included in the financial statements. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks.

Note 6. Pension Plan

Public Employees' Retirement Fund

Plan Description

The Indiana Public Employees' Retirement Fund Defined Benefit Plan (PERF DB) is a cost-sharing multiple-employer defined benefit plan and provides retirement, disability, and survivor benefits to plan members. PERF DB is administered through the Indiana Public Retirement System (INPRS) Board in accordance with state statutes (IC 5-10.2 and IC 5-10.3) and administrative code (35 IAC 1.2), which govern most requirements of the system and give the Town authority to contribute to the plan.

The Public Employees' Hybrid Plan (PERF Hybrid) consists of two components: PERF DB, the employer-funded monthly defined benefit component, and the Public Employees' Hybrid Members Defined Contribution Account, the defined contribution component.

The Retirement Savings Plan for Public Employees (My Choice) is a multiple-employer defined contribution plan. It is administered through the INPRS Board in accordance with state statutes (IC 5-10.2 and IC 5-10.3) and administrative code (35 IAC 1.2), which govern most requirements of the system and give the Town authority to contribute to the plan.

New employees hired have a one-time election to join either the PERF Hybrid or the My Choice.

TOWN OF CLEAR LAKE
NOTES TO FINANCIAL STATEMENTS
(Continued)

Financial Report

INPRS issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

Indiana Public Retirement System
One North Capitol, Suite 001
Indianapolis, IN 46204
Ph. (844) 464-6777

Contributions

Members' contributions are set by state statute at 3 percent of compensation for both the defined contribution component of PERF Hybrid and My Choice. The employer may elect to make the contribution on behalf of the member of the defined contribution component of PERF Hybrid and My Choice members may receive additional employer contribution in lieu of the PERF DB. Contributions to the PERF DB are determined by INPRS Board based on actuarial valuation.

TOWN OF CLEAR LAKE
REVIEW RESULTS AND COMMENTS

TRAINING ON INTERNAL CONTROL STANDARDS

A similar comment also appeared in prior Report B50116, entitled *INTERNAL CONTROL TRAINING*.

Condition and Context

The Town did not provide documentation that personnel received the training over the internal control standards that were adopted.

Criteria

Indiana Code 5-11-1-27(g) states in part:

"After June 30, 2016, the legislative body of a political subdivision shall ensure that: . . .

- (2) personnel receive training concerning the internal control standards and procedures adopted by the political subdivision."

CERTIFICATION ON INTERNAL CONTROL STANDARDS

Condition and Context

The Town certified in the Indiana Gateway for Government Units financial reporting system that all personnel defined by Indiana Code 5-11-1-27(c) had received training concerning the standards adopted. However, the Town did not provide documentation to determine the accuracy of the certification.

Criteria

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every audited entity financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each fiscal year. The reports must be in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under [IC 5-14-3.8-7](#)."

TOWN OF CLEAR LAKE
REVIEW RESULTS AND COMMENTS
(Continued)

CAPITAL ASSETS

Condition and Context

The Town maintained a detailed listing of capital assets (detailed listing); however, the detailed listing did not agree with the "Machinery, equipment, and vehicles" category of the Schedule of Capital Assets, which is a part of the Annual Financial Report. In addition, the Town did not retain documentation that a complete physical inventory was conducted at least every two years.

Criteria

Every unit must have a capital assets policy that details the threshold at which an item is considered a capital asset. Every unit must have a complete detail listing of all capital assets owned which reflects their acquisition value. Capital Asset Ledger (Form 369) has been prescribed for this purpose. A complete physical inventory must be taken at least every two years, unless more stringent requirements exist, to verify account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every audited entity financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each fiscal year. The reports must be in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under [IC 5-14-3.8-7](#)."

TOWN OF CLEAR LAKE
EXIT CONFERENCE

The contents of this report were discussed on November 30, 2022, with Jessica Swander, Clerk-Treasurer; Darin Thorp, President of the Town Council; and George Schenkel, Town Council member.