

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

FINANCIAL STATEMENT EXAMINATION REPORT

OF

PLEASANT TOWNSHIP

PORTER COUNTY, INDIANA

January 1, 2010 to December 31, 2012



FILED
05/29/2013

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Jean Oehlman	01-01-07 to 12-31-14
Chairman of the Township Board	David Overholt	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 PLEASANT TOWNSHIP, PORTER COUNTY, INDIANA

We have examined the accompanying financial statement of Pleasant 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 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 statement referred to above presents 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.

INDEPENDENT ACCOUNTANT'S REPORT
(Continued)

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 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 statements and, accordingly, we express no opinion on them.

The Township'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 Township's response and, accordingly, we express no opinion on it.



Bruce Hartman
State Examiner

March 12, 2013

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.

PLEASANT 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	\$ 30,860	\$ 65,700	\$ 86,284	\$ 10,276
Park And Recreation	56,781	128,737	116,594	68,924
Township Assistance	53,512	10,464	12,372	51,604
Fire Fighting	9,467	48,267	47,961	9,773
Levy Excess	-	608	-	608
Cumulative Fire	175,659	20,123	-	195,782
Payroll Withholdings	(56)	12,881	12,845	(20)
Cemetery Donation Fund	4,800	-	-	4,800
Fire Debt	5,892	-	-	5,892
Totals	\$ 336,915	\$ 286,780	\$ 276,056	\$ 347,639

Fund	Cash and Investments 01-01-11	Receipts	Disbursements	Cash and Investments 12-31-11
Township	\$ 10,276	\$ 103,385	\$ 89,285	\$ 24,376
Park And Recreation	68,924	84,357	92,206	61,075
Township Assistance	51,604	10,874	11,116	51,362
Fire Fighting	9,773	48,578	49,260	9,091
Levy Excess	608	-	-	608
Cumulative Fire	195,782	20,071	195,000	20,853
Payroll Withholdings	(20)	12,681	12,699	(38)
Cemetery Donation Fund	4,800	-	-	4,800
Fire Debt	5,892	-	-	5,892
Totals	\$ 347,639	\$ 279,946	\$ 449,566	\$ 178,019

Fund	Cash and Investments 01-01-12	Receipts	Disbursements	Cash and Investments 12-31-12
Township	\$ 24,376	\$ 93,251	\$ 90,040	\$ 27,587
Park And Recreation	61,075	113,095	111,845	62,325
Township Assistance	51,362	11,674	10,365	52,671
Fire Fighting	9,091	50,851	51,423	8,519
Levy Excess	608	-	-	608
Cumulative Fire	20,853	19,960	16,387	24,426
Payroll Withholdings	(38)	12,862	12,659	165
Cemetery Donation Fund	4,800	-	-	4,800
Fire Debt	5,892	-	-	5,892
Totals	\$ 178,019	\$ 301,693	\$ 292,719	\$ 186,993

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

PLEASANT 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), health and social services (township assistance), culture and recreation (parks and/or community centers).

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. 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 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.

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

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

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.

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 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.

PLEASANT TOWNSHIP, PORTER COUNTY
NOTES TO FINANCIAL STATEMENT
(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 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.

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

	Township	Park And Recreation	Township Assistance	Fire Fighting	Levy Excess	Cumulative Fire	Payroll Withholdings	Cemetery Donation Fund	Fire Debt	Totals
Cash and investments - beginning	\$ 30,860	\$ 56,781	\$ 53,512	\$ 9,467	\$ -	\$ 175,659	\$ (56)	\$ 4,800	\$ 5,892	\$ 336,915
Receipts:										
Taxes	56,953	86,667	9,228	44,778	-	18,668	-	-	-	216,294
Intergovernmental	4,667	7,102	756	3,489	-	1,455	-	-	-	17,469
Charges for services	3,925	33,904	-	-	-	-	-	-	-	37,829
Other receipts	155	1,064	480	-	608	-	12,881	-	-	15,188
Total receipts	65,700	128,737	10,464	48,267	608	20,123	12,881	-	-	286,780
Disbursements:										
Personal services	64,742	34,254	-	-	-	-	-	-	-	98,996
Supplies	779	24,691	-	-	-	-	-	-	-	25,470
Other services and charges	19,763	26,399	12,372	42,000	-	-	-	-	-	100,534
Capital outlay	1,000	31,250	-	5,961	-	-	-	-	-	38,211
Other disbursements	-	-	-	-	-	-	12,845	-	-	12,845
Total disbursements	86,284	116,594	12,372	47,961	-	-	12,845	-	-	276,056
Excess (deficiency) of receipts over disbursements	(20,584)	12,143	(1,908)	306	608	20,123	36	-	-	10,724
Cash and investments - ending	\$ 10,276	\$ 68,924	\$ 51,604	\$ 9,773	\$ 608	\$ 195,782	\$ (20)	\$ 4,800	\$ 5,892	\$ 347,639

PLEASANT TOWNSHIP, PORTER 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	Fire Fighting	Levy Excess	Cumulative Fire	Payroll Withholdings	Cemetery Donation Fund	Fire Debt	Totals
Cash and investments - beginning	\$ 10,276	\$ 68,924	\$ 51,604	\$ 9,773	\$ 608	\$ 195,782	\$ (20)	\$ 4,800	\$ 5,892	\$ 347,639
Receipts:										
Taxes	90,702	45,245	9,771	44,464	-	18,371	-	-	-	208,553
Intergovernmental	8,202	4,091	884	4,114	-	1,700	-	-	-	18,991
Charges for services	3,750	32,751	-	-	-	-	-	-	-	36,501
Other receipts	731	2,270	219	-	-	-	12,681	-	-	15,901
Total receipts	<u>103,385</u>	<u>84,357</u>	<u>10,874</u>	<u>48,578</u>	<u>-</u>	<u>20,071</u>	<u>12,681</u>	<u>-</u>	<u>-</u>	<u>279,946</u>
Disbursements:										
Personal services	67,353	31,288	-	-	-	-	-	-	-	98,641
Supplies	1,005	24,115	-	-	-	-	-	-	-	25,120
Other services and charges	20,927	27,804	11,116	43,260	-	-	-	-	-	103,107
Capital outlay	-	8,999	-	6,000	-	195,000	-	-	-	209,999
Other disbursements	-	-	-	-	-	-	12,699	-	-	12,699
Total disbursements	<u>89,285</u>	<u>92,206</u>	<u>11,116</u>	<u>49,260</u>	<u>-</u>	<u>195,000</u>	<u>12,699</u>	<u>-</u>	<u>-</u>	<u>449,566</u>
Excess (deficiency) of receipts over disbursements	<u>14,100</u>	<u>(7,849)</u>	<u>(242)</u>	<u>(682)</u>	<u>-</u>	<u>(174,929)</u>	<u>(18)</u>	<u>-</u>	<u>-</u>	<u>(169,620)</u>
Cash and investments - ending	<u>\$ 24,376</u>	<u>\$ 61,075</u>	<u>\$ 51,362</u>	<u>\$ 9,091</u>	<u>\$ 608</u>	<u>\$ 20,853</u>	<u>\$ (38)</u>	<u>\$ 4,800</u>	<u>\$ 5,892</u>	<u>\$ 178,019</u>

PLEASANT TOWNSHIP, PORTER 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	Fire Fighting	Levy Excess	Cumulative Fire	Payroll Withholdings	Cemetery Donation Fund	Fire Debt	Totals
Cash and investments - beginning	\$ 24,376	\$ 61,075	\$ 51,362	\$ 9,091	\$ 608	\$ 20,853	\$ (38)	\$ 4,800	\$ 5,892	\$ 178,019
Receipts:										
Taxes	78,855	66,276	10,559	46,247	-	18,153	-	-	-	220,090
Intergovernmental	8,396	7,347	1,115	4,604	-	1,807	-	-	-	23,269
Charges for services	6,000	33,921	-	-	-	-	-	-	-	39,921
Other receipts	-	5,551	-	-	-	-	12,862	-	-	18,413
Total receipts	<u>93,251</u>	<u>113,095</u>	<u>11,674</u>	<u>50,851</u>	<u>-</u>	<u>19,960</u>	<u>12,862</u>	<u>-</u>	<u>-</u>	<u>301,693</u>
Disbursements:										
Personal services	70,013	32,285	-	-	-	-	-	-	-	102,298
Supplies	427	20,964	-	-	-	-	-	-	-	21,391
Other services and charges	19,600	28,012	10,365	45,423	-	-	-	-	-	103,400
Capital outlay	-	30,528	-	6,000	-	16,387	-	-	-	52,915
Other disbursements	-	56	-	-	-	-	12,659	-	-	12,715
Total disbursements	<u>90,040</u>	<u>111,845</u>	<u>10,365</u>	<u>51,423</u>	<u>-</u>	<u>16,387</u>	<u>12,659</u>	<u>-</u>	<u>-</u>	<u>292,719</u>
Excess (deficiency) of receipts over disbursements	<u>3,211</u>	<u>1,250</u>	<u>1,309</u>	<u>(572)</u>	<u>-</u>	<u>3,573</u>	<u>203</u>	<u>-</u>	<u>-</u>	<u>8,974</u>
Cash and investments - ending	<u>\$ 27,587</u>	<u>\$ 62,325</u>	<u>\$ 52,671</u>	<u>\$ 8,519</u>	<u>\$ 608</u>	<u>\$ 24,426</u>	<u>\$ 165</u>	<u>\$ 4,800</u>	<u>\$ 5,892</u>	<u>\$ 186,993</u>

PLEASANT 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.

	Ending Balance
Governmental activities:	
Land	\$ 75,000
Infrastructure	337,475
Buildings	91,666
Improvements other than buildings	43,450
Total governmental activities	547,591
Total capital assets	\$ 547,591

PLEASANT TOWNSHIP, PORTER COUNTY
EXAMINATION RESULTS AND COMMENTS

CONTROLS OVER CONCESSIONS

Pleasant Township operated a concession stand at the Township pool. The Township sold candy, ice cream, soft drinks, hot dogs, and other items. In 2010, 2011, and 2012, the Township lost money on the sale of concessions as displayed in the table below.

<u>Years</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Loss</u>
2010	\$9,797.33	\$ 11,520.25	\$(1,722.92)
2011	7,281.22	12,741.38	(5,460.16)
2012	8,584.24	10,255.58	(1,671.34)

Internal controls over vending operations, concessions or other sales should include, at a minimum, a regular reconciliation of the beginning inventory, purchases, distributions, items sold and ending inventory to the amount received. Any discrepancies noted should be immediately documented in writing to proper officials. The reconciliation should provide an accurate accounting.

Persons with access to vending should be properly designated and access should be limited to those designated. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

RECEIPT ISSUANCE

Receipts were not issued for property tax distributions received from the County. We also noted bank deposits and revenue posted to the general ledger, in which we could not trace to receipts issued. Therefore, we concluded that the Township failed to issue receipts for all collections received by the Township, including pool admissions, memberships, and concessions.

Receipts shall be issued and recorded at the time of the transaction; for example, when cash or a check is received, a receipt is to be immediately prepared and given to the person making payment. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

SUPPORTING DOCUMENTATION

Disbursements totaling \$9,347.11 were paid to the following vendors without adequate supporting documentation, such as receipts, invoices, and other public records:

<u>Date</u>	<u>Check #</u>	<u>Vendor</u>	<u>Amount</u>
04-25-11	7580	MG Handyman	\$2,500.00
05-25-11	7602	Sam's Club	2,211.33
09-21-11	7793	Jean Oehlman	488.26
10-05-11	7804	Randy Kloss	500.00
12-31-11	7876	Lorraine Vocke	154.32
08-01-12	8090	Cozy Days	3,343.20
12-18-12	8241	Zebulon Oehlman	150.00
Total			<u>\$9,347.11</u>

PLEASANT TOWNSHIP, PORTER COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

Due to the lack of supporting information, the validity and accountability for these disbursements could not be established.

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for audit to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

SALES TAX CALCULATION AND REMITTANCE

The Trustee filed annual sales tax returns with the Indiana Department of Revenue for each year of our examination. These returns reported zero sales each year. However, when we abstracted the total concession sales at the pool for these years, we noted total sales of \$9,797, \$7,281, and \$8,584, respectively, for the years ended December 31, 2010, 2011, and 2012. These sales amounts would have included sales tax. Sales tax not reported or remitted for these years is calculated to be \$641, \$476, and \$562, respectively. Documentation was not provided to demonstrate that the sales of concessions (pop, candy, and ice cream, etc.) to the general public, was exempt from the collection of sales tax.

A state agency or local unit of government that sells tangible personal property and collects sales tax on those transactions is required to register as a retail merchant and remit the sales tax collected to the Department. For example, the sale of key chains or license cases by a license branch is taxable. The state may purchase any property to be resold exempt from tax, but it must collect the tax from the purchaser at the point of sale. The following are other examples of proprietary activities that require the state agency or local unit of government to collect tax from the purchaser:

- Sales of tangible personal property from college bookstores, sales and rentals in state parks, food services, and concessions and similar activities;
- The rental of tangible personal property to the public;
- Sales of the byproducts of sewage disposal plants; or
- Any other activity customarily considered as being competitive with private enterprise.

(Indiana Department of Revenue, Information Bulletin #4, Sales Tax, September, 2011, page 3)

Political subdivisions are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings, and filing requirements concerning reports and other procedural matters of federal and state agencies, including opinions of the Attorney General of the State of Indiana, and court decisions. Governmental units should file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. 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 Townships, Chapter 13)

PLEASANT TOWNSHIP, PORTER COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

PRESCRIBED FORMS

Receipt books used for the collections of admissions, pool memberships, and concessions at the pool were not approved for use.

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

SALARY RESOLUTION

Wages paid to seasonal employees were not approved by the Township Board.

Indiana Code 36-6-6-10(b) states:

"The township legislative body shall fix the:

- (1) Salaries;
- (2) Wages
- (3) Rates of hourly pay; and
- (4) Remuneration other than statutory allowances; of all officers and employees of the township."

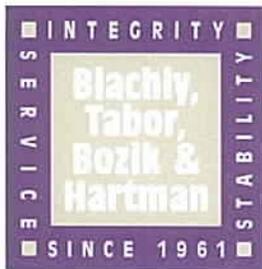
1099 MISCELLANEOUS ISSUANCE

Payments were made to Raderstorf Mowing in 2011 and to MG Handyman in 2011 and 2012 that exceeded \$600. Federal Internal Revenue Service regulations require payments to individuals or unincorporated companies to receive a 1099 Miscellaneous Income for payments in excess of \$600 annually. The Township failed to issue the required 1099 Miscellaneous Income report.

Political subdivisions are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings, and filing requirements concerning reports and other procedural matters of federal and state agencies, including opinions of the Attorney General of the State of Indiana, and court decisions. Governmental units should file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

PLEASANT TOWNSHIP, PORTER COUNTY
EXIT CONFERENCE

The contents of this report were discussed on March 12, 2013, with Jean Oehlman, Trustee; Jeff Press, Township Board member; and Patrick Lyp, Township Attorney. The Official Response has been made a part of this report and may be found on pages 20 and 21.



BLACHLY, TABOR, BOZIK & HARTMAN, LLC

March 21, 2013

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**Via Facsimile (317) 232-4711
and Regular Mail**

State of Indiana
State Board of Accounts
Attn: Jane E. Elder
302 West Washington Street, Room E418
Indianapolis, Indiana 46204-2765

Re: State Board of Accounts Audit of Pleasant Township 2010-2012

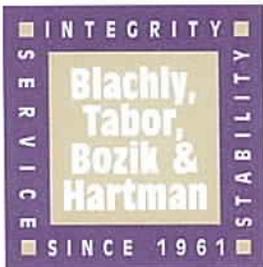
Dear Ms. Elder:

Please consider this the formal written response of the Pleasant Township Trustee and Advisory Board to the audit conducted by your office on the financial records of the Pleasant Township for the years 2010-2012.

1. **Concessions:** The Trustee and Board recognize and acknowledge past problems relating to the operation of the concession stand at the pool facility. As to the identified yearly losses from concession stand operations, I did indicate that some of the expenses attributable to the concession stand were cleaning supplies and other non-food items. That was specifically the case in 2011. As such, although losses were incurred in all three years, the amount was less than reported. In addition, losses in 2011 were suffered due to an ongoing electrical problem that resulted in food spoilage. This matter was corrected in 2012. Finally, it should be noted that at no point did the Trustee exceed her budget for concession stand operations in any of the audited years.

2. **Receipt issuance:** The Trustee and Board recognize the importance of having standard receipts and documentation for all deposit/withdrawal. Tax distributions made to Pleasant Township are direct deposited and in the past no written receipt was issued. This will change going forward. As to pool receipts, although receipts were issued, the appropriate form was not used. Going forward, the appropriate receipt book will be purchased and used.

3. **Supporting Documentation for Expenses:** It is not unusual for the Trustee to need to retrieve receipts and other documents that are attached to the Township's claim register. Occasionally a Board member may have a



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question or the Trustee needs to verify information. The Trustee acknowledges that in certain instances those receipts, although in the possession of the Trustee, were not properly affixed back to the claim register. Going forward, a better process will be instituted to ensure supporting documentation remains with the claim register.

4. **Sales tax:** The Trustee and Board, based upon conversations with other units of government, believed it was handling Indiana sales tax properly. In reviewing certain items, corrected Indiana sale tax information will be filed with the Indiana Department of Revenue and sales tax will be collected going forward.

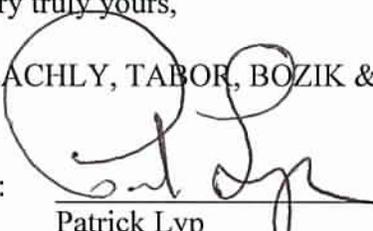
5. **Prescribed Forms:** The Trustee and Board understand the need for continuity in the use of forms and the appropriate state approved forms will be purchased and used.

6 **Salary resolution:** Although the Board was aware of the use of seasonal part-time employees and their rate of pay, going forward reference will be included in the Township's Salary Ordinance.

Very truly yours,

BLACHLY, TABOR, BOZIK & HARTMAN, LLC

By:


Patrick Lyp
plyp@btbhlaw.com

PL/lmb