

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

EXAMINATION REPORT
OF
LAKE TOWNSHIP
NEWTON COUNTY, INDIANA
January 1, 2008 to December 31, 2009



FILED
04/14/2010

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OFFICIALS

Office

Official

Term

Trustee

Nikki K. Hanger

01-01-01 to 12-31-10

Chairman of the
Township Board

Jerome W. Koutny

01-01-08 to 12-31-10



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the financial information presented herein of Lake Township (Township), for the period of January 1, 2008 to December 31, 2009. The Township's management is responsible for the financial information presented herein. Our responsibility is to express an opinion 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 information presented herein and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the financial information referred to above presents fairly, in all material respects, the financial information of the Township for the years ended December 31, 2008 and 2009, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The Schedule of Long-Term Debt, as listed in the Table of Contents, is presented for additional analysis and is not a required part of the basic financial information. It has not been subjected to the examination procedures applied to the basic financial information and, accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

February 24, 2010

LAKE TOWNSHIP, NEWTON COUNTY
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

The Township was established under the laws of the State of Indiana. The Township provides the following services: public safety, health and social services, culture and recreation, and general administrative services.

Note 2. Fund Accounting

The Township uses funds to report on its cash and investments and the results of its operations on a cash basis. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities.

Note 3. Budgets

The operating budget is initially prepared and approved at the local level. In addition, funds for which property taxes are levied are subject to final approval by the Indiana Department of Local Government Finance.

Note 4. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the Township in June and December. 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% 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 become delinquent if not paid by May 10 and November 10, respectively. All property taxes collected by the County Treasurer and available for distribution were distributed to the Township on or prior to December 31 of the year collected.

Note 5. Deposits and Investments

Deposits, made in accordance with Indiana Code 5-13, with financial institutions in the State of Indiana at year end were 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 statute (IC 5-13-9) authorizes 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.

LAKE TOWNSHIP, NEWTON COUNTY
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 December 31, 2009

The Township has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:		
Capital leases:		
2004 Kenworth 3000 Gallon Tanker	\$ 85,894	\$ 23,453
Total governmental activities debt	<u>\$ 85,894</u>	<u>\$ 23,453</u>

LAKE TOWNSHIP, NEWTON COUNTY
EXAMINATION RESULTS AND COMMENTS

OLD OUTSTANDING CHECKS

Our review of the bank reconcilements as of December 31, 2009, revealed 6 checks outstanding in excess of two years in the amount of \$2,416.66.

IC 5-11-10.5-2 states in part: "All warrants or checks drawn upon public funds of a political subdivision that are outstanding and unpaid for a period of two (2) or more years as of the last day of December of each year are void."

IC 5-11-10.5-3 states in part:

"Not later than March 1 of each year, the treasurer of each political subdivision shall prepare or cause to be prepared a list in triplicate of all warrants or checks that have been outstanding for a period of two (2) or more years as of December 31 of the preceding year. The original copy of each list shall be filed with the: (1) board of finance of the political subdivision; or (2) the fiscal body of a city or town. The duplicate copy shall be transmitted to the disbursing officer of the political subdivision. The triplicate copy of each list shall be filed in the office of the treasurer of the political subdivision. If the treasurer serves also as the disbursing officer of the political subdivision, only two (2) copies of each list need be prepared or caused to be prepared by the treasurer."

IC 5-11-10.5-5 states:

"(a) Upon the preparation and transmission of the copies of the list of the outstanding warrants or checks, the treasurer of the political subdivision shall enter the amounts so listed as a receipt into the fund or funds from which they were originally drawn and shall also remove the warrants or checks from the record of outstanding warrants or checks. (b) If the disbursing officer does not serve also as treasurer of the political subdivision, the disbursing officer shall also enter the amounts so listed as a receipt into the fund or funds from which the warrants or checks were originally drawn. If the fund from which the warrant or check was originally drawn is not in existence, or cannot be ascertained, the amount of the outstanding warrant or check shall be receipted into the general fund of the political subdivision."

FEDERAL AND STATE AGENCIES - COMPLIANCE REQUIREMENTS

The Township did not report to the Internal Revenue Service 2008 Township Trustee office rent paid to Nikki K. Hanger, Trustee (\$3,660); cemetery care paid to Judy Armstrong (\$4,987.50); Lake Village park maintenance paid to Joel Hanger (\$3,780); and Sumara Resorts park maintenance paid to Dennis Strail (\$925).

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)

LAKE TOWNSHIP, NEWTON COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

Each governmental unit is responsible for compliance with all rules, regulations, guidelines, and directives of the Internal Revenue Service and the Indiana Department of Revenue. All questions concerning taxes should be directed to these agencies. (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. Failure to pay claims or remit taxes in a timely manner could be an indicator of serious financial problems which should be investigated by the governmental unit.

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)

CAPITAL ASSET RECORDS

The Township capital asset records were not adequately maintained. A similar comment was in the prior Report B31895.

Every governmental unit should have a complete inventory of all capital assets owned which reflects their acquisition value. Such inventory should be recorded on the applicable Capital Asset Ledger. A complete inventory should be taken at least every two years for good internal control and for verifying account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

PERSONAL EXPENSES

The Township purchased items from Sam's Club, Best Buy, and Farm & Fleet (laptop, safe, TV's, digital camcorder, DVD recorder, arm chairs, USB's, I-tunes cards, sound dock, work light, charger, Wii system, Nikon, and portable generator) for gift drawings for the Annual Fire Appreciation Dinner (\$2,366.67 in 2008 and \$5,214.13 in 2009).

Public funds may not be used to pay for personal items or for expenses which do not relate to the functions and purposes of the governmental unit. Any personal expenses paid by the governmental entity may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

Governmental funds should not be donated or given to other organizations, individuals, or governmental units unless specifically authorized by statute. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

LAKE TOWNSHIP, NEWTON COUNTY
EXIT CONFERENCE

The contents of this report were discussed on February 24, 2010, with Nikki K. Hanger, Trustee. The official response has been made a part of this report and may be found on pages 10 through 12.

BLANEY & WALTON
ATTORNEYS AT LAW

DANIEL C. BLANEY
dblaney@blaneyandwalton.com

JESSICA L. HOOVER
jhoover@blaneyandwalton.com
TIMOTHY J. LEMON
tlemon@blaneyandwalton.com

124 EAST STATE STREET
P.O. BOX 500
MOROCCO, INDIANA 47963
(219) 285-2008
(219) 987-4321

EARL D. WALTON (Retired)
ROBERT S. NESBITT (1943-1989)

FACSIMILE
(219) 285-6899

March 4, 2010

State Board of Accounts
Brenda S. Urbin, Field Examiner
302 West Washington Street, Room E 418
Indianapolis, IN 46204-2765

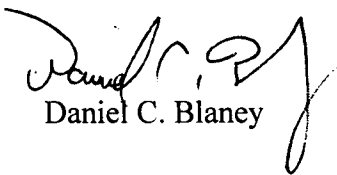
RE: OFFICIAL RESPONSE
Nikki Hanger, Lake Township Trustee, Newton County, Indiana

Dear Ms. Urbin:

Please find enclosed the comments that I've assisted Trustee Nikki Hanger in filing in response to your recent audit.

If any further documentation is necessary, please feel free to contact myself or Mrs. Hanger.

Sincerely,


Daniel C. Blaney

encl/

DCB/gz

cc: Nikki Hanger, Lake Township Trustee

**LAKE TOWNSHIP TRUSTEE
NIKKI HANGER
2932 W 883 N
LAKE VILLAGE, IN 46349
TEL: (219) 992-9116**

March 4, 2010

State Board of Accounts
302 West Washington Street, Room E 418
Indianapolis, IN 46204-2765

RE: OFFICIAL RESPONSE TO EXIT AUDIT OF LAKE TOWNSHIP, NEWTON COUNTY,
INDIANA

I would offer the following comments:

1. Donations:

The donations through my office involved charitable work and assistance to less fortunate people within our township. These funds are not government funds as they were donated through landfill tipping fees and they are non-tax dollars. I believe that I've given a complete record of the amount of the donations and how the donations were spent. These donations were reviewed and approved by my township board prior to disbursement.

2. Disbursement Documentation:

I feel that I had furnished you with complete receipts for bills that had been paid through my office. These bills sometimes simply stated were statements, i.e., Ceres Solutions, this amount was for ice removal, chemicals and solutions so that we can have a safe entranceway to our township building. Anytime building supplies were listed the same was strictly used for our township building. Several times there were checks written and it stated on the check what it was for, i.e., there were some repairs needed to our township fire brush truck, and it stated on the check that it was made out to Schepel GM Dealer, and was for repairs on the brush truck.

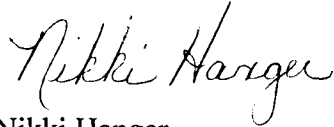
It was also noted that my mileage claims did not have appropriate documentation. I've been keeping track of my mileage for several years in this manner and had not been noted in previous audits that I was doing it improperly. I noted where I started, township office and then to the point of destination and advised what it was for.

It was noted that I did not have receipts, canceled checks, tickets, invoices, bills, contracts, and other public records, but I did. I believe that the Auditor misstated the same. I have contacted the businesses for detailed statements.

3. Personal Expenses:

For the past several years the township has provided through its donation fund the Annual Fire Appreciation Dinner that is put on for the volunteers in our fire department. Gifts were given which we purchased from Sam's Club, Best Buy, Farm & Fleet, etcetera. As noted all amounts for this appreciation dinner were from landfill funds. There were no public funds used for our Annual Appreciation Dinner. In addition it should be noted that Lake Township does not provide any type of personal clothing allowance for all firefighters which is often done in other townships with volunteer fire departments. The Annual Fire Appreciation Dinner is our way of saying thank you.

Respectfully submitted:



Nikki Hanger
Lake Township Trustee