

STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2765

EXAMINATION REPORT

OF

ADAMS TOWNSHIP

ALLEN COUNTY, INDIANA

January 1, 2004 to December 31, 2005



FILED

7/21/06

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Officials	2
Independent Accountant's Report	3
Schedules of Receipts, Disbursements, and Cash and Investment Balances.....	4
Notes to Schedules	5-6
Examination Results and Comments:	
Official Bond	7
Appropriations.....	7
Penalties, Interest, and Other Charges	8
List of Employees Not Filed With County Treasurer	8
Exit Conference	9
Official Response	

OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Herbert E. Baatz	01-01-03 to 12-31-06
Chairman of the Township Board	Henry F. Gunder	01-01-04 to 07-06-04
	Frank B. Swartzwelder	07-07-04 to 12-31-04
	Brian Yoh	01-01-05 to 12-31-05
	Frank B. Swartzwelder	01-01-06 to 12-31-06



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2765

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

INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the schedules of receipts, disbursements, and cash and investment balances of Adams Township, for the period of January 1, 2004 to December 31, 2005. The Township's management is responsible for the schedules. 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 schedule of receipts, disbursements, and cash and investment balances 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 schedules referred to above present fairly, in all material respects, the cash transactions of the Township for the years ended December 31, 2004 and 2005, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

June 14, 2006

ADAMS TOWNSHIP, ALLEN COUNTY
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES
As Of And For The Years Ended December 31, 2004 And 2005

	Cash and Investments 01-01-04	Receipts	Disbursements	Cash and Investments 12-31-04
Governmental Funds:				
General	\$ 22,610	\$ 102,658	\$ 60,927	\$ 64,341
Dog	484	176	-	660
Township Assistance	97,742	546,920	401,773	242,889
Firefighting	17,342	272,267	145,740	143,869
Levy Excess	8,267	-	-	8,267
EMS	9,999	51,812	13,718	48,093
Lease Rental	4,232	9,778	-	14,010
Building Fund	125,685	761	-	126,446
Fiduciary Fund:				
Payroll Withholdings	2,853	-	2,853	-
Totals	<u>\$ 289,214</u>	<u>\$ 984,372</u>	<u>\$ 625,011</u>	<u>\$ 648,575</u>
	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds:				
General	\$ 64,341	\$ 94,743	\$ 71,661	\$ 87,423
Dog	660	58	362	356
Township Assistance	242,889	306,051	279,194	269,746
Firefighting	143,869	162,072	177,559	128,382
Levy Excess	8,267	-	-	8,267
EMS	48,093	39,764	43,776	44,081
Lease Rental	14,010	-	-	14,010
Building Fund	126,446	4,577	2,443	128,580
Totals	<u>\$ 648,575</u>	<u>\$ 607,265</u>	<u>\$ 574,995</u>	<u>\$ 680,845</u>

The accompanying notes are an integral part of the schedules.

ADAMS TOWNSHIP, ALLEN COUNTY
NOTES TO SCHEDULES

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.

ADAMS TOWNSHIP, ALLEN COUNTY
NOTES TO SCHEDULES
(Continued)

Note 6. Pension Plan

Public Employees' Retirement Fund

Plan Description

The Township contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF Board, most requirements of the system, and give the Township authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

PERF administers the plan and 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:

Public Employees' Retirement Fund
Harrison Building, Room 800
143 West Market Street
Indianapolis, IN 46204
Ph. (317) 233-4162

Funding Policy and Annual Pension Cost

The contribution requirements of the plan members for PERF are established by the Board of Trustees of PERF.

Note 7. Long-Term Debt

The Township has entered into debt for a portion of a capital lease with The City of New Haven for a fire truck. The Township's outstanding principal at December 31, 2005, was \$42,382.

ADAMS TOWNSHIP, ALLEN COUNTY
EXAMINATION RESULTS AND COMMENTS

OFFICIAL BOND

The official bond for 2004 and 2005 for Herbert E. Baatz was not filed in the Office of the County Recorder:

Indiana Code 5-4-1-5.1(b) states in part: "Every elected or appointed officer, official, deputy, or employee of a political subdivision . . . shall file the bond in the office of the county recorder . . ."

APPROPRIATIONS

The Indiana Department of Local Government and Finance *1782 Notice Notes Report: Pay 2005*, for the four funds listed below states in part: "All budgets were denied, due to the unit failing to advertise or adopt budgets, rates and levies. Each fund was given the lesser of the T.A.B. rate or last years rate."

The records presented for audit indicated the following expenditures in excess of budgeted appropriations:

<u>Fund</u>	<u>Year</u>	<u>Excess Amount Expended</u>
General	2005	\$ 72,360
Township Assistance	2005	242,889
EMS - Fire	2005	43,776
Fire	2005	176,859

Indiana Code 6-1.1-18-4 states in part: ". . . the proper officers of a political subdivision shall appropriate funds in such a manner that the expenditures for a year do not exceed its budget for that year as finally determined under this article."

ADAMS TOWNSHIP, ALLEN COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

PENALTIES, INTEREST AND OTHER CHARGES

Penalties and interest totaling \$1,714.73 were paid to the Internal Revenue Service on March 20, 2004, November 8, 2004, and November 12, 2005, for tax periods ending, September 30, 2003, December 31, 2003, and March 31, 2004, respectively.

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)

LIST OF EMPLOYEES NOT FILED WITH COUNTY TREASURER

Officials or employees of the Township had money due from the Township, but a list of such employees was not certified to the County Treasurer.

Indiana Code 6-1.1-22-14(a) states in part: "On or before June 1 and December 1 of each year . . . the disbursing officer of each political subdivision . . . shall certify the names and addresses of each person who has money due from the political subdivision to the treasurer of each county in which the political subdivision is located."

ADAMS TOWNSHIP, ALLEN COUNTY
EXIT CONFERENCE

The contents of this report were discussed on June 14, 2006, with Herbert E. Baatz, Trustee. The official response has been made a part of this report and may be found on page(s) __.