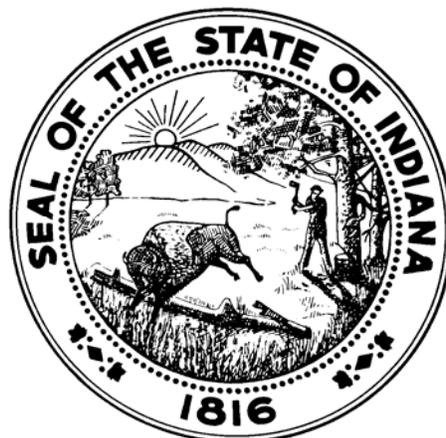


**STATE BOARD OF ACCOUNTS**  
**302 West Washington Street**  
**Room E418**  
**INDIANAPOLIS, INDIANA 46204-2765**

EXAMINATION REPORT  
OF  
FLAT ROCK TOWNSHIP  
BARTHOLOMEW COUNTY, INDIANA  
January 1, 2004 to December 31, 2005



**FILED**  
08/30/2006



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OFFICIALS

Office

Official

Term

Trustee

Donna J. Young

01-01-03 to 12-31-06

Chairman of the  
Township Board

Tom Finke  
David Lortz  
Tom Finke

01-01-04 to 12-31-04  
01-01-05 to 12-31-05  
01-01-06 to 12-31-06



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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF FLAT ROCK TOWNSHIP, BARTHOLOMEW COUNTY, INDIANA

We have examined the schedules of receipts, disbursements, and cash and investment balances of Flat Rock Township (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

July 6, 2006

FLAT ROCK TOWNSHIP, BARTHOLOMEW COUNTY  
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES  
ALL GOVERNMENTAL 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	\$ 43,960	\$ 12,581	\$ 18,922	\$ 37,619
Dog	408	78	108	378
Township Assistance	16,942	7,017	9,721	14,238
Firefighting	8,522	25,581	30,000	4,103
Cemetery	4,116	61	-	4,177
Totals	<u>\$ 73,948</u>	<u>\$ 45,318</u>	<u>\$ 58,751</u>	<u>\$ 60,515</u>

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds:				
General	\$ 37,619	\$ 11,444	\$ 18,316	\$ 30,747
Dog	378	-	78	300
Township Assistance	14,238	7,787	9,005	13,020
Firefighting	4,103	27,814	30,000	1,917
Cemetery	4,177	50	-	4,227
Totals	<u>\$ 60,515</u>	<u>\$ 47,095</u>	<u>\$ 57,399</u>	<u>\$ 50,211</u>

The accompanying notes are an integral part of the schedules.

FLAT ROCK TOWNSHIP, BARTHOLOMEW 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, 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.

FLAT ROCK TOWNSHIP, BARTHOLOMEW COUNTY  
EXAMINATION RESULTS AND COMMENTS

PENALTIES, INTEREST AND OTHER CHARGES

Penalties and interest totaling \$24.04 were paid to the Internal Revenue Service on July 20, 2004, for the 1st quarter of 2004.

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)

FEDERAL AND STATE AGENCIES - COMPLIANCE REQUIREMENTS

The Township did not comply with directives of Internal Revenue Service by issuing 1099's for contractual mowing in 2004 or 2005.

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)

EXPENSE REIMBURSEMENT ITEMIZATION

Records presented for audit included claims for reimbursement totaling \$200 per year for travel by the Township Trustee. Detailed documentation was not attached to the information presented for reimbursement which would enable a determination that all expenses were for conducting governmental business.

All claims, invoices, receipts and accounts payable vouchers, including those presented to the governing body for approval in accordance with IC 5-11-10, should contain adequate detailed documentation. All claims, invoices, receipts, and accounts payable vouchers regarding reimbursement for meals and expenses for individuals must have specific detailed information of the names of all individuals for whom amounts are claimed, including the nature, name and purpose of the business meeting, to enable the governing body to authorize payment. Payments which do not have proper itemization showing the business nature of the claim, may be the personal obligation of the responsible official, employee or other person for whom the claim is made. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

FLAT ROCK TOWNSHIP, BARTHOLOMEW COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on July 11, 2006, with Donna J. Young, Trustee.