

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

EXAMINATION REPORT
OF
HAMBLLEN TOWNSHIP
BROWN COUNTY, INDIANA
January 1, 2002 to December 31, 2005



FILED
09/22/2006

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OFFICIALS

| <u>Office</u> | <u>Official</u> | <u>Term</u> |
|-----------------------------------|-----------------|----------------------|
| Trustee | Joan Collins | 01-01-02 to 12-31-06 |
| Chairman of the Township Board | Amy Jarvis | 01-01-02 to 12-31-02 |
| | Tina McCormack | 01-01-03 to 12-31-03 |
| | Freida Milnes | 01-01-04 to 12-31-04 |
| | Tina McCormack | 01-01-05 to 12-31-05 |
| | Freida Milnes | 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 HAMBLEN TOWNSHIP, BROWN COUNTY, INDIANA

We have examined the schedules of receipts, disbursements, and cash and investment balances of Hamblen Township (Township), for the period of January 1, 2002 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, 2002, 2003, 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 27, 2006

HAMBLLEN TOWNSHIP, BROWN COUNTY
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL FUND TYPES
As Of And For The Years Ended December 31, 2002, 2003, 2004, And 2005

| | Cash and Investments 01-01-02 | Receipts | Disbursements | Cash and Investments 12-31-02 |
|---------------------|-------------------------------------|------------------|------------------|-------------------------------------|
| Governmental Funds: | | | | |
| General | \$ 54,081 | \$ 49,533 | \$ 29,235 | \$ 74,379 |
| Dog | 1,006 | 653 | 796 | 863 |
| Township Assistance | 11,745 | 27,195 | 14,232 | 24,708 |
| Firefighting | 11,522 | 13,925 | 14,852 | 10,595 |
| Levy Excess | 1,509 | - | 1,509 | - |
| Totals | <u>\$ 79,863</u> | <u>\$ 91,306</u> | <u>\$ 60,624</u> | <u>\$ 110,545</u> |

| | Cash and Investments 01-01-03 | Receipts | Disbursements | Cash and Investments 12-31-03 |
|---------------------|-------------------------------------|------------------|------------------|-------------------------------------|
| Governmental Funds: | | | | |
| General | \$ 74,379 | \$ 25,767 | \$ 29,062 | \$ 71,084 |
| Dog | 863 | 538 | 563 | 838 |
| Township Assistance | 24,708 | 16,716 | 16,672 | 24,752 |
| Firefighting | 10,595 | 21,975 | 15,175 | 17,395 |
| Totals | <u>\$ 110,545</u> | <u>\$ 64,996</u> | <u>\$ 61,472</u> | <u>\$ 114,069</u> |

| | Cash and Investments 01-01-04 | Receipts | Disbursements | Cash and Investments 12-31-04 |
|---------------------|-------------------------------------|-----------------|------------------|-------------------------------------|
| Governmental Funds: | | | | |
| General | \$ 71,084 | \$ 4,050 | \$ 27,613 | \$ 47,521 |
| Dog | 838 | 668 | 538 | 968 |
| Township Assistance | 24,752 | - | 13,854 | 10,898 |
| Firefighting | 17,395 | - | 16,000 | 1,395 |
| Totals | <u>\$ 114,069</u> | <u>\$ 4,718</u> | <u>\$ 58,005</u> | <u>\$ 60,782</u> |

| | Cash and Investments 01-01-05 | Receipts | Disbursements | Cash and Investments 12-31-05 |
|---------------------|-------------------------------------|------------------|------------------|-------------------------------------|
| Governmental Funds: | | | | |
| General | \$ 47,521 | \$ 21,463 | \$ 43,273 | \$ 25,711 |
| Dog | 968 | 600 | 668 | 900 |
| Township Assistance | 10,898 | 12,390 | 15,438 | 7,850 |
| Firefighting | 1,395 | 19,804 | 15,000 | 6,199 |
| Totals | <u>\$ 60,782</u> | <u>\$ 54,257</u> | <u>\$ 74,379</u> | <u>\$ 40,660</u> |

The accompanying notes are an integral part of the schedules.

HAMBLEN TOWNSHIP, BROWN 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.

Brown County is behind in billing and collecting property taxes due to the 2002 reassessment. Property taxes for 2002, payable in 2003, were not settled until August 2005. Property taxes for 2003, payable in 2004, were mailed to taxpayers with a due date of December 2005. These were not settled until spring 2006.

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.

HAMBLEN TOWNSHIP, BROWN COUNTY
EXAMINATION RESULTS AND COMMENTS

FEDERAL AND STATE AGENCIES - COMPLIANCE REQUIREMENTS

The following concerns over payroll were noted:

1. The proper taxes were not withheld from wages paid to Township Officials.
2. Wages paid to Township Officials were not reported on a W-2 form.

A similar comment appeared in the previous audit 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)

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)

TOWNSHIP ASSISTANCE

Township Form TA-1, Application for Township Assistance, was not completed nor was there evidence of investigation.

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)

Indiana Code 12-20-6-9 states in part: "If an application for township assistance is made to the township trustee . . . the township trustee . . . shall carefully investigate the circumstances of the applicant and each member of the applicant's household . . ."

HAMBLEN TOWNSHIP, BROWN COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

DOG TAX ADMINISTRATIVE FEE

Administrative fees for dog tax were not receipted to the Township Fund.

A similar comment appeared in the previous audit report.

Indiana Code 15-5-9-1 states in part: "For each individual dog tag or kennel license issued under this chapter, the township assessor (or trustee who collects the fee) shall retain from the fee described in this section, an administrative fee of fifty cents (\$0.50). Administrative fees collected by the assessor shall be deposited in the county general fund, and administrative fees collected by the trustee shall be deposited in the township general fund."

SALES TAX

Sales tax was paid for numerous purchases.

Governmental funds generally are exempt from the payment of sales tax on qualifying purchases. Respective tax agencies should always be contacted concerning tax exemptions and payments. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

PENALTIES, INTEREST AND OTHER CHARGES

Wages paid to Township Officials were made by claim in the gross amount without withholding of taxes. The required reporting of payroll activity was not submitted to state and federal agencies.

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)

HAMBLEN TOWNSHIP, BROWN COUNTY
EXIT CONFERENCE

The contents of this report were discussed on July 27, 2006, with Joan Collins, Trustee. The official concurred with our findings.