

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

EXAMINATION REPORT  
OF  
RUSHVILLE TOWNSHIP  
RUSH COUNTY, INDIANA  
January 1, 2004 to December 31, 2005



**FILED**  
12/06/2006



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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Larry Copley David Hasecuster	01-01-03 to 02-28-05 03-01-05 to 12-31-06
Chairman of the Township Board	Michael Buckley	01-01-04 to 12-31-06



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF RUSHVILLE TOWNSHIP, RUSH COUNTY, INDIANA

We have examined the financial information presented herein of Rushville Township (Township), for the period of January 1, 2004 to December 31, 2005. 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.

Because Township officials did not properly post cash receipts and disbursements, recorded receipts and disbursements may or may not have been made to the correct fund. In addition various records were unavailable for examination. These records include minutes to the advisory board, applications for township assistance, and dog fund records.

Since recorded receipts and disbursements were not posted properly and may not have been recorded in the proper fund, and certain records were not provided for examination as noted in the preceding paragraph, and we were unable to apply other examination procedures to satisfy ourselves as to the material correctness of transactions and individual fund balances, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on whether 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

November 1, 2006

RUSHVILLE TOWNSHIP, RUSH COUNTY  
 COMBINED STATEMENT CASH AND INVESTMENT BALANCES  
 ALL GOVERNMENTAL FUND TYPES  
 For The Years Ended December 31, 2004 and 2005

	Cash and Investments 12-31-04	Cash and Investments 12-31-05
	<u>          </u>	<u>          </u>
Rushville Township - All Funds	\$ <u>      190,029</u>	\$ <u>      195,340</u>

The accompanying notes are an integral part of the schedules.

RUSHVILLE TOWNSHIP, RUSH 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.

RUSHVILLE TOWNSHIP, RUSH COUNTY  
EXAMINATION RESULTS AND COMMENTS

CAPITAL ASSET RECORDS

Information presented for examination did not indicate an inventory or record of capital assets.

Every governmental unit should have a complete inventory of all capital assets owned which reflect 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)

DEPOSIT OF PUBLIC FUNDS

The Trustee only made deposits during 2005 at June 30, 2005 and December 30, 2005. Some receipts were held over a month before being deposited.

Indiana Code 5-13-6-1(c) states in part: "The public funds collected by township trustees shall be deposited in the designated depository on or before the first and fifteenth day of each month."

DISBURSEMENT DOCUMENTATION

Payments were observed which did not contain adequate supporting documentation such as receipts, and invoices.

Due to the lack of supporting documentation, the validity and accountability for some monies disbursed 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)

PENALTIES, INTEREST AND OTHER CHARGES

Information presented for examination indicates that, in some cases, amounts payable to vendors and other suppliers of goods and services are not being paid prior to the due date of the invoice. This may result in the assessment of late payment fees. Additionally, sales tax was paid for some purchases.

Also, payments for withholding taxes were not paid timely. As a result, penalties and interest were paid to the Internal Revenue Service.

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.

RUSHVILLE TOWNSHIP, RUSH COUNTY  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

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)

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)

PAYROLL DEDUCTIONS

Payments to some employees were made without payroll deductions for taxes.

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. Non-compliance 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. 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 THE 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."

DOG TAX ADMINISTRATIVE FEE

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

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."

RUSHVILLE TOWNSHIP, RUSH COUNTY  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

APPROVAL OF FORMS

The Township was using the following forms which had not been approved for use in lieu of prescribed forms:

Town Board Minutes  
Township Form 18, Dog Receipt/Kennel License Receipt  
Township Form 80, Claim Record – Dog Fund  
TA F-1, Application for Township Assistance

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)

CONDITION OF RECORDS

Financial records presented for examination were incomplete and not reflective of the activity of the Township. Errors included unposted interest, unposted receipts and checks recorded in the wrong amount. Additionally, the Township's records in 2005 did not add correctly for the individual funds, nor did the individual funds equal the total fund balance control. The records presented did not provide sufficient information to examine or establish beginning balances, receipts, disbursements, ending balances, or the accuracy or correctness of the transactions.

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

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)

BANK ACCOUNT RECONCILIATIONS

Depository reconciliations of the fund balances to the bank account balances were not presented for examination.

Indiana Code 5-13-6-1(e) states: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

RUSHVILLE TOWNSHIP, RUSH COUNTY  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

FINANCIAL REPORT OPINION MODIFICATIONS

Records that were presented did not properly record receipts and disbursements in the proper funds. Neither did the funds properly add and subtract receipts and disbursements to arrive at the proper amounts for receipts, disbursements and balances. Therefore, the State Board of Accounts was unable to provide an opinion on the Independent Accountant's Report for the financial statements.

Accounting records and other public records must be maintained in a manner that will support accurate financial statements. Anything other than an unqualified opinion on the Independent Accountant's Report on the financial statements may have adverse financial consequences with the possibility of an increase in interest rate cost to the taxpayers of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

REPORTS NOT FILED

The 2004 and 2005, form 100R Certified Report of Names, Addresses, Duties and Compensation of Public Employees was not filed with the State Board of Accounts. Additionally, the Annual Report for 2005 was not filed with the State Board of Accounts.

Each year during the month of January each township trustee must complete a Certified Report of Names, Addresses, Duties and Compensation of Public Employees Form 100R and send the same properly certified to the State Examiner of the State Board of Accounts. List all officers and employees of the township employed during the month of January. Form 100R may be procured from your printer or supply firm. Space is provided for the name of the officer or employee, the address of each, the duties of each, and the compensation. List the compensation per month, week, day or hour. You will need to use more than one form if there are more than 65 officers and employees. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 2)

The Township Trustee's Report of Receipts and Disbursements for the Calendar Year is an abstract report of receipts and disbursements for the calendar year. The annual report shall be prepared, verified, and filed with the State Board of Accounts within 30 days after the close of each fiscal year. The report must be published, within four weeks after the third Tuesday after the first Monday in January, one time in accordance with Indiana Code 5-3-1. The form has been revised each year for the last several years. The form is provided by the State Board of Accounts along with applicable instructions. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 2)

RUSHVILLE TOWNSHIP, RUSH COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on November 1, 2006, with David Hasecuster, Trustee.