

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

EXAMINATION REPORT
OF
HARRISON TOWNSHIP
WELLS COUNTY, INDIANA
January 1, 2004 to December 31, 2005



FILED
12/06/2006

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OFFICIALS

Office

Official

Term

Trustee

Dorrance Stinson

01-01-03 to 12-31-06

Chairman of the
Township Board

Geraldine Claghorn

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 HARRISON TOWNSHIP, WELLS COUNTY, INDIANA

We have examined the financial information presented herein of Harrison 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.

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, 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

October 24, 2006

HARRISON TOWNSHIP, WELLS COUNTY
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH 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	\$ 8,486	\$ 6,151	\$ 13,659	\$ 978
Dog	77	296	73	300
Township Assistance	17,522	240,692	252,843	5,371
Firefighting	92,671	11,352	42,314	61,709
Levy Excess	1,259	-	-	1,259
Township Assistance Debt Service	(3,476)	71,374	70,832	(2,934)
Totals	<u>\$ 116,539</u>	<u>\$ 329,865</u>	<u>\$ 379,721</u>	<u>\$ 66,683</u>

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds:				
General	\$ 978	\$ 19,767	\$ 13,175	\$ 7,570
Dog	300	316	316	300
Township Assistance	5,371	365,854	347,691	23,534
Firefighting	61,709	103,849	113,500	52,058
Levy Excess	1,259	-	-	1,259
Township Assistance Debt Service	(2,934)	210,135	202,273	4,928
Totals	<u>\$ 66,683</u>	<u>\$ 699,921</u>	<u>\$ 676,955</u>	<u>\$ 89,649</u>

The accompanying notes are an integral part of the schedules.

HARRISON TOWNSHIP, WELLS 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, 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.

Note 6. Long-Term Debt

The Township has entered into a loan for Township Assistance expenses. The outstanding principal at December 31, 2005, was \$130,000.

HARRISON TOWNSHIP, WELLS COUNTY
EXAMINATION RESULTS AND COMMENTS

PENALTIES, INTEREST AND OTHER CHARGES

Bank account overdraft charges totaling \$112 were paid to National City Bank in 2004.

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)

Dorrance Stinson, Trustee, reimbursed Harrison Township \$112 on October 24, 2006.

DEPOSIT OF PUBLIC FUNDS

The Trustee made deposits of local tax distributions of up to sixty days after distribution of taxes in 2004.

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."

CONDITION OF RECORDS - POSTING ERRORS

There were a considerable number of posting errors as follows:

- (1) Local tax distributions were posted in 2004 to the wrong funds and for the wrong amounts.
- (2) Bank transfers were posted to the ledger as record transactions.
- (3) Proceeds of \$130,000 from a Township Assistance loan were posted as \$50,000 in 2005.
- (4) Payments for both employee withholdings and employer match were posted to the General Fund. Only the employer portion should have been recorded in the Township Fund.
- (5) Addition and subtraction errors were noted in the posting of the ledgers.

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

APPROPRIATIONS

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

HARRISON TOWNSHIP, WELLS COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

Fund	Years	Excess Amount Expended
Township Assistance	2004	\$ 8,491
Township Assistance	2005	181,287
Township Assistance Debt Service	2005	2,779

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."

OVERDRAWN CASH BALANCE

The cash balance of the Township Assistance Debt Service Fund was overdrawn in 2004.

The cash balance of any fund may not be reduced below zero. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

REPAYMENTS AND TRANSFERS

Transfers of \$20,000 and \$95,500 were made in 2004 and 2005, respectively, from the Fire Fighting Fund to the Township Assistance Fund. Only \$48,000 had been repaid as of December 31, 2005.

Payments or transfers which are not authorized by statute, ordinance, resolution, or court order must be reimbursed or transferred to the appropriate fund. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

DONATIONS

Dorrance Stinson, Trustee, donated \$100 to the March of Dimes (Walkathon) from Township Funds.

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)

Dorrance Stinson, Trustee, reimbursed Harrison Township \$100 on October 24, 2006.

CONTRACTS

Payments were made to Bluffton Youth Baseball for \$200 in 2004 and to Bluffton Girls Basketball for \$50 in 2004 without a contract.

Payments made or received for contractual services should be supported by a written contract. Each governmental unit is responsible for complying with the provisions of its contracts. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

HARRISON TOWNSHIP, WELLS COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

PUBLIC RECORDS RETENTION

Financial records for the Township Assistance Fund for the period January 1, 2004 through June 30, 2004, were not presented for examination. Information to examine the accuracy or correctness of the transactions was not sufficient for that time period.

Indiana Code 5-15-6-3(f) concerning destruction of public records, states, in part: "Original records may be disposed of only with the approval of the commission according to guidelines established by the commission."

Supporting documentation such as receipts, canceled checks, 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 7)

CONFLICT OF INTEREST DISCLOSURE

Dorothy Stinson, Investigator, is the spouse of Dorrance Stinson, Trustee. A Uniform Conflict of Interest Disclosure Statement does not appear to have been filed.

Indiana Code 35-44-1-3 states in part:

"(a) A public servant who knowingly or intentionally: (1) has a pecuniary interest in; or (2) derives a profit from; a contract or purchase connected with an action by the governmental entity served by the public servant commits conflict of interest, a Class D felony. . . ."

"(c) This section does not prohibit a public servant from having a pecuniary interest in or deriving a profit from a contract or purchase connected with the governmental entity served . . . (3) if the public servant; (A) is an elected public servant . . . and (B) makes a disclosure under subsection (d)(1) through (d)(6). . . ."

"(d) A disclosure required by this section must: (1) be in writing; (2) describe the contract or purchase to be made by the governmental entity; (3) describe the pecuniary interest that the public servant has in the contract or purchase; (4) be affirmed under penalty of perjury; (5) be submitted to the governmental entity and be accepted by the governmental entity in a public meeting of the governmental entity prior to final action on the contract or purchase; (6) be filed within fifteen (15) days after final action on the contract or purchase with: (A) the state board of accounts; and (B) . . . the clerk of the circuit court in the county where the governmental entity takes final action on the contract or purchase . . ."

"(g) A public servant has a pecuniary interest in a contract or purchase if the contract or purchase will result or is intended to result in an ascertainable increase in the income or net worth of: (1) the public servant; or (2) a dependent of the public servant who: (A) is under the direct or indirect administrative control of the public servant; or (B) receives a contract or purchase order that is reviewed, approved, or directly or indirectly administered by the public servant."

"(k) As used in this section, 'dependent' means any of the following: (1) The spouse of a public servant. (2) A child, stepchild, or adoptee (as defined in IC 31-3-4-1) of a public servant who is: (A) unemancipated; and (B) less than eighteen (18) years of age. (3) Any individual more than one-half (1/2) of whose support is provided during a year by the public servant."

HARRISON TOWNSHIP, WELLS COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

EVIDENCE OF INVESTIGATION - TOWNSHIP ASSISTANCE

A review of township assistance claims disclosed minimal evidence of investigation as to actual need of the applicant. Eighteen applications observed did not include sufficient information to determine eligibility such as employment history, other sources of help and expense information.

The township trustee shall carefully investigate the circumstances of the applicant and each member of the applicant's household to ascertain their legal residence, their physical condition relating to sickness or health, their present and previous occupation, their names and ages, the ability and capacity for labor of all members of the household, and the cause of the applicant's or household members condition if the applicant's household member is found to be in distress and the cause can be ascertained, whether an applicant or member of the applicant's household is entitled to income in the immediate future from any source including past or present employment, pending claims that may result in monetary award, or pending determination for assistance from any other federal or state governmental entity. (Form TA-1) The trustee shall ascertain, as far as possible, whether such persons have relatives able and willing to assist them. IC 12-20-6-9 (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 6)

HARRISON TOWNSHIP, WELLS COUNTY
EXIT CONFERENCE

The contents of this report were discussed on October 24, 2006, with Dorrance Stinson, Trustee; and Geraldine Claghorn, Chairman of the Township Board.

HARRISON TOWNSHIP, WELLS COUNTY
SUMMARY

	Charges	Credits	Balance Due
Dorrance Stinson, Trustee:			
Penalties, Interest and Other Charges, page 6	\$ 112	\$	\$
Donations, page 7	100		
Paid by Dorrance Stinson October 24, 2006		212	-
 Totals	\$ 212	\$ 212	\$ -