

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

EXAMINATION REPORT

OF

MILLER TOWNSHIP

DEARBORN COUNTY, INDIANA

January 1, 2004 to December 31, 2005



**FILED**

01/25/2007



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OFFICIALS

Office

Official

Term

Trustee

Arthur Little

01-01-03 to 12-31-06

Chairman of the  
Township Board

Gary B. Morris

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 MILLER TOWNSHIP, DEARBORN COUNTY, INDIANA

We have examined the financial information presented herein of Miller 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 present 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

December 7, 2006

MILLER TOWNSHIP, DEARBORN 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:				
Township	\$ 44,614	\$ 8,058	\$ 30,863	\$ 21,809
Dog	1,535	1,176	1,254	1,457
Township Assistance	313	11,699	7,489	4,523
Firefighting	993	132,753	132,761	985
Rainy Day	-	9,550	-	9,550
Totals	<u>\$ 47,455</u>	<u>\$ 163,236</u>	<u>\$ 172,367</u>	<u>\$ 38,324</u>

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds:				
Township	\$ 21,809	\$ 13,384	\$ 31,393	\$ 3,800
Dog	1,457	1,164	1,156	1,465
Township Assistance	4,523	9,043	7,768	5,798
Firefighting	985	202,727	199,160	4,552
Rainy Day	9,550	-	-	9,550
Totals	<u>\$ 38,324</u>	<u>\$ 226,318</u>	<u>\$ 239,477</u>	<u>\$ 25,165</u>

The accompanying notes are an integral part of the schedules.

MILLER TOWNSHIP, DEARBORN 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.

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.

MILLER TOWNSHIP, DEARBORN COUNTY  
EXAMINATION RESULTS AND COMMENTS

APPROPRIATIONS

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

<u>Fund</u>	<u>Years</u>	<u>Excess Amount Expended</u>
Fire Fighting	2004	\$ 3,161
Township Assistance	2004	289
Fire Fighting	2005	56,600
Township Assistance	2005	69

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.”

FEDERAL AND STATE AGENCIES - COMPLIANCE REQUIREMENTS

The following deficiencies were noted regarding directives of the Internal Revenue Service:

- (1) Amounts paid to the Trustee for office rent were not reported on Internal Revenue Service Form 1099.
- (2) Compensation paid to the Trustee, Township Clerk and Township Board Members had no payroll withholdings deducted and was not reported on Internal Revenue Service Form W-2.

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)

Any penalties, interest or other charges paid by the governmental unit may be the personal obligation of the responsible official or employees. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

MILLER TOWNSHIP, DEARBORN COUNTY  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

TOWNSHIP ASSISTANCE PROCEDURES

We found the following deficiencies regarding the processing of township assistance:

- (1) On the Applications for Township Assistance (Form TA-1) there was no documentation of investigations of the applicant to determine if they were qualified to receive township assistance.

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 . . ."

- (2) The Trustee would not always have an applicant fill out a new Application for Township Assistance (Form TA-1) or an Application for Additional or Continuing Township Assistance (Form TA-B) when the applicant who already had an application on file from a previous year was wanting to get additional services.

Indiana Code 12-20-6-1(a) states: "A township trustee may not extend aid to an individual or a household unless an application and affidavit setting forth the personal condition of the individual or household has been filed with the trustee within one hundred eighty (180) days before the date aid is extended."

- (3) No written township standards for the criteria of determining of township assistance eligibility were presented for examination.

Indiana Code 12-20-5.5 states in part:

"(a) The township trustee shall process all applications for the poor relief according to uniform written standards . . . ."

"(b) The township's standards for the issuance of township assistance and the processing of applications must be: . . . proposed by the township trustee, adopted by the township board, and filed with the board of county commissioners; . . ."

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)

ANNUAL REPORT

The Township Annual Reports for the years 2004 and 2005 did not agree with the Township records.

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)

MILLER TOWNSHIP, DEARBORN COUNTY  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

OPTICAL IMAGES OF CHECKS

The financial institution did not return the actual cancelled checks with the monthly bank statements, but instead returned an optical image of only the front side of the checks.

Indiana Code 5-15-6-3(a) concerning optical imaging of checks states, in part: “. . . ‘original records’ includes the optical image of a check or deposit document when:

- (1) the check or deposit document is recorded, copied, or reproduced by an optical imaging process . . . ; and
- (2) the drawer of the check receives an optical image of the check after the check is processed for payment . . .”

Furthermore, Indiana Code 26-2-8-111 states, in part:

(a) “If a law requires that certain records be retained, that requirement is met by retaining an electronic record of the information in the record that:

- (1) accurately reflects the information set forth in the record after it was first generated in its final form as an electronic record or otherwise; and
- (2) remains accessible for later reference.”

(e) “If a law requires retention of a check, that requirement is satisfied by retention of an electronic record of the information on the front and back of the check in accordance with subsection (a).”

MILLER TOWNSHIP, DEARBORN COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on December 7, 2006, with Arthur Little, Trustee. The official concurred with our findings.