

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

EXAMINATION REPORT
OF
LOGAN TOWNSHIP
DEARBORN COUNTY, INDIANA
January 1, 2004 to December 31, 2005



FILED
01/31/2007

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OFFICIALS

Office

Official

Term

Trustee

Myrtle M. White

01-01-03 to 12-31-06

Chairman of the
Township Board

Richard Baer

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 LOGAN TOWNSHIP, DEARBORN COUNTY, INDIANA

We have examined the financial information presented herein of Logan 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

December 18, 2006

LOGAN 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	\$ 25,612	\$ 9,200	\$ 8,056	\$ 26,756
Dog	693	228	551	370
Township Assistance	9,294	11,039	4,483	15,850
Firefighting	38,282	50,374	68,176	20,480
Rainy Day	-	4,627	-	4,627
Totals	<u>\$ 73,881</u>	<u>\$ 75,468</u>	<u>\$ 81,266</u>	<u>\$ 68,083</u>

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds:				
Township	\$ 26,756	\$ 5,710	\$ 8,270	\$ 24,196
Dog	370	256	70	556
Township Assistance	15,850	5,596	5,127	16,319
Firefighting	20,480	102,069	71,540	51,009
Rainy Day	4,627	-	-	4,627
Totals	<u>\$ 68,083</u>	<u>\$ 113,631</u>	<u>\$ 85,007</u>	<u>\$ 96,707</u>

The accompanying notes are an integral part of the schedules.

LOGAN 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.

LOGAN TOWNSHIP, DEARBORN COUNTY
EXAMINATION RESULTS AND COMMENTS

FEDERAL AND STATE AGENCIES - COMPLIANCE REQUIREMENTS

The Township did not comply with directives from Internal Revenue and Indiana Department of Revenue regarding the following items:

1. Payroll taxes were not withheld and remitted.
2. Federal form W-2 to report employee compensation paid was not presented for examination.
3. Federal form 1099 to report non-employee compensation on office rent was not presented for examination.

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)

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 employees. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

PRESCRIBED FORM

The Township Form 17, Resolution Recommending Salaries of Township Officers and Employees, was not used to document the Township Board's approval of salaries.

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)

CONTRACT

Payments were made to Bill Beck for cemetery mowing in 2005 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)

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 . . ."

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

- (2) There was an instance of township assistance payment being made where the Township Assistance Purchase Order (Form TA-2) was not properly completed and did not have corresponding supporting documentation.

Whenever the administrator of township assistance of any township grants township assistance aid to any indigent person, or to any other person or agency on a township assistance order as provided by law or obligates the township for any item properly payable from township assistance funds, the claim against such township, itemized and sworn to as provided by law, and accompanied by the original township assistance order, duly itemized and signed shall be checked with the records of the administrator of township assistance, audited, and certified to, as required by law by the trustee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 6)

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

Indiana Code 12-20-5.5-1states 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:

- (2) proposed by the township trustee, adopted by the township board, and filed with the board of county commissioners;
- (3) reviewed and updated annually to reflect changes in the cost of basic necessities in the township and changes in the law;
- (4) published in a single written document, including addenda attached to the document; and
- (5) posted in a place prominently visible to the public in all offices of the township trustee where township assistance applications are taken or processed."

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)

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.

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

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)."

LOGAN TOWNSHIP, DEARBORN COUNTY
EXIT CONFERENCE

The contents of this report were discussed on December 18, 2006, with Myrtle M. White, Trustee.