

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

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



FILED
02/16/2007

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Officials	2
Independent Accountant's Report	3
Financial Information:	
Schedules of Receipts, Disbursements, and Cash and Investment Balances	4
Notes to Financial Information.....	5
Examination Results and Comments:	
Conflict of Interest Disclosure	6
Appropriations.....	6
Internal Revenue Service (IRS) – Compliance Requirements.....	6-7
Contracts	7
Township Assistance	7-8
Township Assistance Standards.....	8
Exit Conference.....	9

OFFICIALS

Office

Official

Term

Trustee

Carol Lane

01-01-03 to 12-31-10

Chairman of the
Township Board

Willis H. Clark

01-01-04 to 12-31-07



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF MANCHESTER TOWNSHIP, DEARBORN COUNTY, INDIANA

We have examined the financial information presented herein of Manchester 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

January 3, 2007

MANCHESTER 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	\$ 757	\$ 16,582	\$ 13,824	\$ 3,515
Dog	664	264	347	581
Township Assistance	(27)	8,827	3,388	5,412
Firefighting	5,102	79,947	75,656	9,393
Rainy Day	-	6,590	-	6,590
Totals	<u>\$ 6,496</u>	<u>\$ 112,210</u>	<u>\$ 93,215</u>	<u>\$ 25,491</u>

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds:				
Township	\$ 3,515	\$ 25,980	\$ 15,118	\$ 14,377
Dog	581	233	550	264
Township Assistance	5,412	10,130	9,891	5,651
Firefighting	9,393	131,915	101,656	39,652
Rainy Day	6,590	-	-	6,590
Totals	<u>\$ 25,491</u>	<u>\$ 168,258</u>	<u>\$ 127,215</u>	<u>\$ 66,534</u>

The accompanying notes are an integral part of the schedules.

MANCHESTER 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.

MANCHESTER TOWNSHIP, DEARBORN COUNTY
EXAMINATION RESULTS AND COMMENTS

CONFLICT OF INTEREST DISCLOSURE

Bruce Lane, Clerk, is the spouse of Carol Lane, 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."

APPROPRIATIONS

The records presented for examination indicated that the Firefighting Fund for the year 2005 had expenditures in excess of budgeted appropriations by \$1,456.

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."

INTERNAL REVENUE SERVICE (IRS) - COMPLIANCE REQUIREMENTS

Form 1099 was not issued to the Township Trustee for office rent paid to her and to individuals who received compensation for cemetery care for the years 2004 and 2005. Also, the Township did not withhold payroll taxes or issue IRS Form W-2 for compensation paid to the Township Board Members. A similar comment was included in prior Report B24372.

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

Political subdivisions are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings and filing requirements concerning report 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)

CONTRACTS

Records presented for examination indicated payment was made to the following payees without a contract:

<u>Year</u>	<u>Payee</u>	<u>Amount</u>
2004	Durham Daughters Lawn Care	\$ 1,000
2004	Ken Acre	1,080
2005	Durham Daughters Lawn Care	1,400

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

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

- (1) Several of the Applications for Township Assistance (Form TA-1) were not properly completed with all of the required information.

Indiana Code 12-20-6-8(c) states in part: "An application for township assistance is not considered complete until all adult members of the requesting household have signed: (1) the township assistance application; and (2) any other form, instrument, or document: (A) required by law; or (B) determined necessary for investigative purposes by the trustee, as contained in the township assistance guidelines."

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

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)

- (2) No Applications for Township Assistance (Form TA-1) we examined showed 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 . . ."

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)

- (3) There were instances of payment for utility services where the utility bill for the service was under a name different from the person's name that submitted the application for township assistance or was listed on the application as a household member.

Indiana Code 12-20-16-3(c) states in part:

"The township trustee is not required to pay for any utility service:

- (1) that is not properly charged to:

(A) an adult member of a household;

(B) an emancipated minor who is head of the household; or

(C) a landlord or former member of the household if the applicant proves that the applicant: . . .

(i) received the services as a tenant residing at the service address at the time the cost was incurred; and

(ii) is responsible for payment of the bill . . ."

TOWNSHIP ASSISTANCE STANDARDS

Township assistance standards were not adopted annually by the Township Board and were not on file with the Board of County Commissioners.

Indiana Code 12-20-5.5-1 states in part:

"(a) The township trustee shall process all applications for the township assistance 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 . . ."

MANCHESTER TOWNSHIP, DEARBORN COUNTY
EXIT CONFERENCE

The contents of this report were discussed on January 3, 2007, with Carol Lane, Trustee. The official concurred with our findings.