

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

EXAMINATION REPORT
OF
MONROE TOWNSHIP
JEFFERSON COUNTY, INDIANA
January 1, 2005 to December 31, 2006



FILED
05/22/2007

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OFFICIALS

Office

Official

Term

Trustee

Alvin D. Duncan

01-01-03 to 12-31-10

Chairman of the
Township Board

Charles D. Gilles, Jr.

01-01-05 to 12-31-07



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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF MONROE TOWNSHIP, JEFFERSON COUNTY, INDIANA

We have examined the financial information presented herein of Monroe Township (Township), for the period of January 1, 2005 to December 31, 2006. 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, 2005 and 2006, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

April 5, 2007

MONROE TOWNSHIP, JEFFERSON COUNTY
 SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
 ALL GOVERNMENTAL FUND TYPES
 As Of And For The Years Ended December 31, 2005 And 2006

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds:				
Township	\$ 166	\$ 9,178	\$ 8,572	\$ 772
Dog	16	6	-	22
Township Assistance	3,217	1,486	2,070	2,633
Firefighting	14,035	3,827	2,776	15,086
Totals	<u>\$ 17,434</u>	<u>\$ 14,497</u>	<u>\$ 13,418</u>	<u>\$ 18,513</u>

	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
Governmental Funds:				
Township	\$ 772	\$ 9,750	\$ 8,864	\$ 1,658
Dog	22	99	-	121
Township Assistance	2,633	858	465	3,026
Firefighting	15,086	3,930	2,700	16,316
Totals	<u>\$ 18,513</u>	<u>\$ 14,637</u>	<u>\$ 12,029</u>	<u>\$ 21,121</u>

The accompanying notes are an integral part of the schedules.

MONROE TOWNSHIP, JEFFERSON 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 service, 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.

MONROE TOWNSHIP, JEFFERSON COUNTY
NOTES TO FINANCIAL INFORMATION
(Continued)

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. Restatements

The following schedule presents a summary of restated beginning balances by fund. Prior period adjustments represent payments made from the wrong fund prior to January 1, 2005.

Fund	Balance as Reported 12-31-04	Prior Period Adjustments	as Restated January 1, 01-01-05
Township	\$ (9,108)	\$ 9,274	\$ 166
Dog	16	-	-
Township Assistance	3,225	(8)	3,217
Firefighting	22,276	(8,241)	14,035
Payroll Withholding	<u>1,025</u>	<u>(1,025)</u>	<u>-</u>
Totals	<u>\$ 17,434</u>	<u>\$ -</u>	<u>\$ 17,434</u>

MONROE TOWNSHIP, JEFFERSON COUNTY
EXAMINATION RESULTS AND COMMENTS

CONDITION OF RECORDS

The following deficiencies relating to recordkeeping were noted.

1. We noted differences between the financial information reported on the Annual Report (Township Form 15) and the Financial and Appropriation Record (Form 1C) for the years 2005 and 2006.
2. Numerous posting errors were noted during the examination period.

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)

NO SALARY RESOLUTION

Prescribed Form 17 (Resolution Recommending Salaries of Officials and Employees) was not presented for examination.

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)

TOWNSHIP ASSISTANCE PROCEDURES

The following deficiencies were noted regarding the processing of township assistance:

1. There was no evidence that the Township Trustee investigated the circumstances of the applicant and each member of the applicant's household.

Indiana Code 12-20-6-9 states in part: "If an application for township assistance is made to the township trustee as administrator of township assistance, the township trustee, as administrator of township assistance, shall carefully investigate the circumstances of the applicant and each member of the applicant's household."

2. Township assistance standards were not presented for examination.

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 . . . proposed by the township trustee, adopted by the township board, and filed with the county commissioners;"

MONROE TOWNSHIP, JEFFERSON COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

CHECK ISSUED TO TOWNSHIP ASSISTANCE RECIPIENT

On August 25, 2005, the Township Trustee issued a check in the amount of \$200 directly to a Township Assistance recipient. Information shown on the check and a receipt from a grocery store indicated the assistance was for food. No purchase Order (Form TA-2) was presented for examination.

Payment of all claims should be directly to a vendor and should never be to a township assistance applicant. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 6)

Township Assistance Purchase Order's must be issued for each and every township assistance order. The form is to be made out in triplicate. The original is either given the indigent to take to the doctor or vendor, or is mailed to the doctor or vendor. The duplicate is to be filed alphabetically in the assistance office, and the triplicate remains in the book in numerical order. The purchase order must be completely filled out and itemized before being issued to the doctor or vendor. The doctor or vendor must itemize fully on the reverse side the exact services rendered or items supplied, and must obtain the signature of the relief client. When more than one service is rendered on the same purchase order, a separate report blank (Form TA-4) must be submitted for each service showing necessary signatures. The original purchase order, signed by the recipient, must accompany the doctor's or vendor's claim when filed with the trustee for payment. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 6)

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)

NO CONFLICT OF INTEREST DISCLOSURE

Marjorie Duncan, Township Clerk, is the spouse of Alvin D. Duncan, Township Trustee. A Uniform Conflict of Interest Disclosure Statement was not on file with the Clerk of the Circuit Court as required.

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 . . .

MONROE TOWNSHIP, JEFFERSON COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

(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 (2) of whose support is provided during a year by the public servant."

FUND SOURCES AND USES

Funds were disbursed from the Fire Fighting Fund for Township Fund disbursements such as the cost of budget preparation and advertising.

Sources and uses of funds should be limited to those authorized by the enabling statute, ordinance, resolution, or grant agreement. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

MONROE TOWNSHIP, JEFFERSON COUNTY
EXIT CONFERENCE

The contents of this report were discussed on April 5, 2007, with Alvin D. Duncan. The official concurred with our findings.