

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

EXAMINATION REPORT  
OF  
WAYNE TOWNSHIP  
MONTGOMERY COUNTY, INDIANA  
January 1, 2005 to December 31, 2006



**FILED**  
07/18/2007



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:	
Official Bond .....	6
Capital Asset Records .....	6
Deposit of Public Funds.....	6
Board Minutes.....	6-7
Disbursement Documentation and Contracts .....	7
Compensation and Benefits.....	7
Federal and State Agencies – Compliance Requirements .....	7-8
Exit Conference.....	9

OFFICIALS

Office

Official

Term

Trustee

Jack Edwards  
Loren Stephens

01-01-03 to 12-31-06  
01-01-07 to 12-31-10

Chairman of the  
Township Board

Jeff Turner

01-01-05 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](http://www.in.gov/sboa)

INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF WAYNE TOWNSHIP, MONTGOMERY COUNTY, INDIANA

We have examined the financial information presented herein of Wayne 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

June 13, 2007

WAYNE TOWNSHIP, MONTGOMERY 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	\$ 34,196	\$ 13,430	\$ 15,668	\$ 31,958
Township Assistance	1,580	4,777	822	5,535
Firefighting	19,770	22,977	38,820	3,927
Cumulative Fire	30,212	9,718	25,850	14,080
Dog	358	58	58	358
Fire Station Loan	-	247,682	100,562	147,120
Totals	<u>\$ 86,116</u>	<u>\$ 298,642</u>	<u>\$ 181,780</u>	<u>\$ 202,978</u>

	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
Governmental Funds:				
Township	\$ 31,958	\$ 40,866	\$ 39,637	\$ 33,187
Township Assistance	5,535	829	1,908	4,456
Firefighting	3,927	23,875	18,518	9,284
Cumulative Fire	14,080	8,717	301	22,496
Dog	358	259	58	559
Fire Debt	-	89,100	69,360	19,740
Fire Station Loan	147,120	-	128,943	18,177
Levy Excess	-	1,213	-	1,213
Totals	<u>\$ 202,978</u>	<u>\$ 164,859</u>	<u>\$ 258,725</u>	<u>\$ 109,112</u>

The accompanying notes are an integral part of the financial information.

WAYNE TOWNSHIP, MONTGOMERY 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, culture and recreation, 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.

WAYNE TOWNSHIP, MONTGOMERY COUNTY  
EXAMINATION RESULTS AND COMMENTS

OFFICIAL BOND

The Township Trustee was not properly bonded. A similar comment appeared in prior Report B26919.

Indiana Code 5-4-1-10 states: "All official bonds shall be payable to the state of Indiana; and every such bond shall be obligatory to such state, upon the principal and sureties, for the faithful discharge of all duties required of such officer by any law, then or subsequently in force, for the use of any person injured by any breach of the condition thereof."

Indiana Code 5-4-1-18 states in part: ". . . The following city, town, county, or township officers and employees shall file an individual surety bond: . . . (4) Township trustees and assessors."

Indiana Code 5-4-1-5.1(b) states in part: "Every elected or appointed officer, official, deputy, or employee of a political subdivision . . . shall file the bond in the office of the county recorder . . ."

CAPITAL ASSET RECORDS

Information presented for examination did not indicate an inventory or record of capital assets using Form 369. A similar comment appeared in prior Report B26919.

Every governmental unit should have a complete inventory of all capital assets owned which reflect their acquisition value. Such inventory should be recorded on the applicable Capital Asset Ledger. A complete inventory should be taken at least every two years for good internal control and for verifying account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

DEPOSIT OF PUBLIC FUNDS

We noted 35 of 39 County distributions were not deposited timely. Deposits were made up to three months after the receipt.

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."

BOARD MINUTES

Minutes of meetings of the governing body were not available for examination. A similar comment appeared in prior Report B26919.

Indiana Code 5-14-1.5-4(b) states: "As the meeting progresses, the following memoranda shall be kept:

- (1) The date, time, and place of the meeting.
- (2) The members of the governing body recorded as either present or absent.
- (3) The general substance of all matters proposed, discussed, or decided.

WAYNE TOWNSHIP, MONTGOMERY COUNTY  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

- (4) A record of all votes taken, by individual members if there is a roll call.
- (5) Any additional information required under IC 5-1.5-2-2.5 or IC 20-12-63-7."

DISBURSEMENT DOCUMENTATION AND CONTRACTS

Township Assistance payments were observed which did not contain adequate supporting documentation such as receipts and invoices. Payments were made to a 4-H leader without a contract. Due to the lack of supporting information, the validity and accountability for some monies disbursed could not be established.

The Township has a contract with the Wayne Township Fire Department for firefighting and emergency medical services for \$38,000 per year. The Township paid only \$17,127 in 2006.

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)

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)

COMPENSATION AND BENEFITS

Township officials and employees received payments in 2005 and 2006 for services which were not included on a salary ordinance, resolution or Form 17.

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, resolution or salary schedule adopted by the governing body unless otherwise authorized by statute. Compensation should be made in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 17)

FEDERAL AND STATE AGENCIES - COMPLIANCE REQUIREMENTS

The Township Trustee did not comply with directives of the Internal Revenue Service and Indiana Department of Revenue by not withholding FICA from Board members, not remitting 2006 Federal 941 payments, and not remitting Indiana withholdings. Further, the Township Trustee made payments to a 4-H leader for salaries exceeding \$600; however, no withholdings were withheld, and a 1099 was not issued.

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)

WAYNE TOWNSHIP, MONTGOMERY COUNTY  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

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)

WAYNE TOWNSHIP, MONTGOMERY COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on June 13, 2007, Loren Stephens, Trustee. The official concurred with our findings.