

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

EXAMINATION REPORT  
OF  
WALNUT TOWNSHIP  
MARSHALL COUNTY, INDIANA  
January 1, 2006 to December 31, 2006



**FILED**  
10/29/2007



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OFFICIALS

Office

Official

Term

Trustee

Kenneth D. Powell

01-01-03 to 12-31-10

Chairman of the  
Township Board

Russell Alderfer  
Kathleen Stults

01-01-06 to 12-31-06  
01-01-07 to 12-31-07



**STATE OF INDIANA**  
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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF WALNUT TOWNSHIP, MARSHALL COUNTY, INDIANA

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

STATE BOARD OF ACCOUNTS

September 18, 2007

WALNUT TOWNSHIP, MARSHALL COUNTY  
SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES  
ALL GOVERNMENTAL FUND TYPES  
As Of And For The Year Ended December 31, 2006

	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
Governmental Funds:				
Township	\$ 53,808	\$ 24,746	\$ 16,132	\$ 62,422
Dog	558	495	522	531
Township Assistance	41,663	11,251	7,831	45,083
Firefighting	32,380	33,340	30,000	35,720
Park and Recreation	-	1,609	1,000	609
Emergency Medical Services	22,784	8,814	10,530	21,068
Levy Excess	1,272	336	-	1,608
Federal Revenue Sharing	225	-	-	225
Rainy Day	2,888	-	1,348	1,540
Cumulative Fire	60,046	11,080	29,497	41,629
Totals	<u>\$ 215,624</u>	<u>\$ 91,671</u>	<u>\$ 96,860</u>	<u>\$ 210,435</u>

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

WALNUT TOWNSHIP, MARSHALL 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 or highway use taxes are received 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.

WALNUT TOWNSHIP, MARSHALL COUNTY  
EXAMINATION RESULTS AND COMMENTS

PAYROLL

Dates of transactions indicate that salary payments were made to individuals prior to duties performed. The Trustee received 84% of his annual pay by the end of the first quarter of 2006; the Clerk received 75% of her salary by February 2006.

Also, the calculation of withholdings was incorrect for the Township Board members. Each member should have had \$40.93 deducted from their pay; instead \$4.10 was withheld. W-2's reported the correct amount of withholdings (\$40.93 each) even though the postings to the ledger were incorrect. Overall the appropriate amount was remitted to the Internal Revenue Service for the examination period, although the Township paid the additional amount resulting from these errors.

Compensation and any other payments for goods and services should not be paid in advance of receipt of the goods or services unless specifically authorized by statute. Payments made for goods or services which are not received may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

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 13)

Governmental units have a responsibility to collect amounts owed to the governmental unit pursuant to procedures authorized by statute. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

CONDITION OF RECORDS

The following deficiencies relating to the recordkeeping were noted.

1. Monthly bank reconcilements were not presented for examination. Additionally, a comparison of the record transactions to the bank transactions indicate a cash necessary to balance of \$559.24.

Indiana Code 5-13-6-1(e) states: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

2. Posting errors were made in the ledger which resulted in a difference between the "Total All Funds" column balance and the total of the balance columns of the individual funds. Also, the grand total of all funds as reported on the Township's Annual Report did not match either of the ledger totals.

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)

WALNUT TOWNSHIP, MARSHALL COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on September 18, 2007, with Kenneth D. Powell, Trustee.  
The official concurred with our findings.