

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

EXAMINATION REPORT

OF

ADAMS TOWNSHIP

WARREN COUNTY, INDIANA

January 1, 2005 to December 31, 2006



FILED

10/31/2007

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OFFICIALS

Office

Official

Term

Trustee

Jerry McCoskey

01-01-03 to 12-31-10

Chairman of the
Township Board

Eric Brutus
Dwain Akers

01-01-05 to 12-31-06
01-01-07 to 12-31-07



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF ADAMS TOWNSHIP, WARREN COUNTY, INDIANA

We have examined the financial information presented herein of Adams 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

October 16, 2007

ADAMS TOWNSHIP, WARREN 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	\$ 16,586	\$ 11,808	\$ 10,282	\$ 18,112
Township Assistance	2,953	1,524	1,295	3,182
Firefighting	12,090	7,709	5,000	14,799
Dog	405	45	-	450
Park and Recreation	371	4,773	3,360	1,784
Totals	<u>\$ 32,405</u>	<u>\$ 25,859</u>	<u>\$ 19,937</u>	<u>\$ 38,327</u>

	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
Governmental Funds:				
Township	\$ 18,112	\$ 11,722	\$ 10,211	\$ 19,623
Township Assistance	3,182	2,357	1,509	4,030
Firefighting	14,799	12,149	7,326	19,622
Dog	450	50	150	350
Park and Recreation	1,784	6,610	1,978	6,416
Levy Excess	-	314	-	314
Totals	<u>\$ 38,327</u>	<u>\$ 33,202</u>	<u>\$ 21,174</u>	<u>\$ 50,355</u>

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

ADAMS TOWNSHIP, WARREN 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. However, 2006 taxes became delinquent if not paid by June 2 and November 10, 2006.

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.

ADAMS TOWNSHIP, WARREN COUNTY
EXAMINATION RESULTS AND COMMENTS

SALARY OVERPAYMENT

The Trustee, Jerry McCoskey, did not withhold income taxes from his salary payments; however, he paid withholdings to the Internal Revenue Service and the Indiana Department of Revenue on his behalf as though taxes had been withheld. Mr. McCoskey should have had the following amounts withheld from his salary:

2005 State and County Withholdings	\$	167.40
2005 FICA Withholdings		275.40
2006 State and County Withholdings		167.40
2006 FICA Withholdings		<u>275.40</u>
 Total	 \$	 <u>885.60</u>

The failure to withhold the above amounts caused an overpayment in salary for the years 2005 and 2006 totaling \$885.60. We requested Mr. McCoskey repay the amount of \$885.60 for the salary overpayment. Mr. McCoskey repaid the amount in full. (See Summary, page 9)

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 Libraries, Chapter 4)

OFFICIAL BOND

The Trustee, Jerry McCoskey, was bonded as follows:

<u>Description</u>	<u>Effective Dates</u>	<u>Coverage</u>	<u>Surety</u>
Official Bond	01-01-05 to 01-01-06	\$ 15,000	Hanover Insurance
Official Bond	01-01-06 to 01-01-07	15,000	Hanover Insurance

The above information is in reference to Public Official Bond No. BOI-1629741.

DEPOSIT OF PUBLIC FUNDS

Four of eleven county distributions were deposited after the first or fifteenth of the month.

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."

CONTRACTS

The Township overpaid the contract with the Pine Village Fire Department in 2006 by \$2,200.

The Township made payments for mowing cemeteries without a contract, invoice, or other supporting documentation.

ADAMS TOWNSHIP, WARREN COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

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)

FEDERAL AND STATE AGENCIES - COMPLIANCE REQUIREMENTS

The Township did not comply with directives of the Internal Revenue Service (IRS) and the Indiana Department of Revenue. Payments were made on behalf of the Trustee for withholdings; however, there were no reductions in his paycheck that would reflect any withholdings. Payments were made to an Assistant and Board members without consideration for withholdings. IRS 941 reports filed on behalf of the Township did not accurately reflect the Trustee's Salary, and did not reflect any salaries of Assistants or Board members. W2s and 1099s were 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)

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)

ADAMS TOWNSHIP, WARREN COUNTY
EXIT CONFERENCE

The contents of this report were discussed on October 16, 2007, with Jerry McCoskey, Trustee.

ADAMS TOWNSHIP, WARREN COUNTY
SUMMARY

	<u>Charges</u>	<u>Credits</u>	<u>Balance Due</u>
Jerry McCoskey, Trustee:			
Salary Overpayment, page 6	\$ 885.60	\$	\$
Repayment October 16, 2007, Jerry McCoskey	<u> </u>	<u>885.60</u>	<u> </u> -
Totals	<u>\$ 885.60</u>	<u>\$ 885.60</u>	<u>\$</u> <u> </u> -