

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

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



FILED
12/20/2007

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OFFICIALS

Office

Official

Term

Trustee

Donald R. Lewis

01-01-03 to 12-31-10

Chairman of the
Township Board

Bonnie Davis
Richard Landgrebe

01-01-05 to 08-25-06
08-26-06 to 12-31-07



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the financial information presented herein of Richland 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

November 8, 2007

RICHLAND TOWNSHIP, MONROE COUNTY
 SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
 ALL GOVERNMENTAL AND FIDUCIARY 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 | \$ 285,527 | \$ 54,109 | \$ 119,396 | \$ 220,240 |
| Dog | 430 | 150 | 580 | - |
| Township Assistance | 27,787 | 50,648 | 121,141 | (42,706) |
| Firefighting | 237,000 | 225,859 | 379,538 | 83,321 |
| Park and Recreation | 872 | 4,086 | 4,849 | 109 |
| Fiduciary Fund: | | | | |
| Payroll Withholdings | (3,882) | 31,847 | 25,235 | 2,730 |
| Totals | <u>\$ 547,734</u> | <u>\$ 366,699</u> | <u>\$ 650,739</u> | <u>\$ 263,694</u> |

| | Cash and Investments 01-01-06 | Receipts | Disbursements | Cash and Investments 12-31-06 |
|----------------------|-------------------------------------|---------------------|-------------------|-------------------------------------|
| Governmental Funds: | | | | |
| Township | \$ 220,240 | \$ 133,413 | \$ 99,765 | \$ 253,888 |
| Dog | - | 843 | 739 | 104 |
| Township Assistance | (42,706) | 222,792 | 124,306 | 55,780 |
| Firefighting | 83,321 | 611,515 | 647,997 | 46,839 |
| Park and Recreation | 109 | 9,408 | 4,858 | 4,659 |
| Cumulative Fire | - | 116,902 | - | 116,902 |
| Fiduciary Fund: | | | | |
| Payroll Withholdings | 2,730 | 33,737 | 36,308 | 159 |
| Totals | <u>\$ 263,694</u> | <u>\$ 1,128,610</u> | <u>\$ 913,973</u> | <u>\$ 478,331</u> |

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

RICHLAND TOWNSHIP, MONROE 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.

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

Note 6. Pension Plan

Public Employees' Retirement Fund

Plan Description

The Township contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF Board, most requirements of the system, and give the Township authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

PERF administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

Public Employees' Retirement Fund
Harrison Building, Room 800
143 West Market Street
Indianapolis, IN 46204
Ph. (317) 233-4162

Funding Policy and Annual Pension Cost

The contribution requirements of the plan members for PERF are established by the Board of Trustees of PERF.

RICHLAND TOWNSHIP, MONROE COUNTY
EXAMINATION RESULTS AND COMMENTS

OFFICIAL BONDS

The Trustee, Donald R. Lewis, obtained an official bond in the amount of \$25,000 through Peerless Insurance for the term effective January 1, 1999, which was properly recorded in the office of the Monroe County Recorder. The bond was renewed for the term effective January 1, 2003, and no new official bond was issued or recorded. The Trustee also obtained an official bond in the amount of \$25,000 through Fidelity and Deposit Company of Maryland effective January 1, 2002, until successor is duly qualified which was not recorded. No official bond for the current term January 1, 2007 to December 31, 2010, was filed in the office of the County Recorder.

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 . . ."

DONATIONS

The Township made the following donations during the examination period:

| Fund | Description on Payment Voucher | 2005 | 2006 |
|--|---|--------|-------|
| Monroe County Youth Football Association | Sponsor for 2004 Season | \$ 500 | \$ - |
| Mike Butcher | Edgewood Super Hoops | 250 | - |
| State of Indiana Police Athletic League | Donation | 50 | - |
| Richland Bean Blossom Youth Sports | Sponsorship for 4 Baseball Teams for Children in Richland Township | 1,000 | - |
| Indiana Drug Enforcement Association | Donation or Contribution | 100 | - |
| Amy Freeman | Sponsorship for PCA 2005 | 100 | - |
| Edgewood Band Boosters | Sponsorship for High School Band 2005 | 165 | - |
| Jeff Mosier | T-Ball Team | 100 | - |
| Richland Bean Blossom Youth Sports | Sponsorship for 8 Year Old All Star Team | 200 | - |
| Jill May | Edgewood Varsity Cheerleaders 2005 Sponsorship | 100 | - |
| Kraig Richmond | 10 Year Old All Stars RBB Youth Sports | 100 | - |
| Heaton Sports Calendar | Fall and Winter Sports Calendar 2005 | 95 | - |
| Fire Dept. Fireworks | Fireworks | 100 | - |
| National American Miss | Sponsorship for Pageant | 100 | - |
| Jeremy Dine | Sponsorship for 4 Wheeler Racing | 200 | - |
| FOP | Donation for Shop With a Cop for 2005 | 200 | - |
| End Zone Athletics | Sponsor Edgewood High School T- Shirts | 200 | - |
| Richland Bean Blossom Youth Sports | Basketball 2005 | 200 | - |
| Heaton Sports Calendar | Donation for Calendar | 95 | - |
| Toys for Tots | Donations for 2005 | 100 | - |
| Heaton Sports Calendar | 2006 Calendar for Edgewood High School Spring Calendar | - | 95 |
| Jill May | Sponsorship for Choir 2006 | - | 100 |
| Amy Freeman | Sponsorship for 2006 Rodeo PCA | - | 100 |
| Team Indiana | Sponsorship for AAU | - | 200 |
| Creative Safety Products | Sponsorship for Officer Phil Program | - | 199 |
| Richland and Bean Blossom Youth Sports | Sponsorship of 4 Teams | - | 1,200 |

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

| Fund | Description on Payment Voucher | 2005 | 2006 |
|--|---|-----------------|-----------------|
| Fire Fighters Local 586 | Donation for Christmas for Needy Children | - | 100 |
| IJRA | Jr. Rodeo Sponsorship Donation for Ronnie Sue Robinson | - | 50 |
| C & C Law Enforcement Support | Support for 2006 thru 2007 | - | 99 |
| Fire Depart. Fireworks | Fireworks | - | 100 |
| Heaton Sports Calendar | Fire Department and Edgewood Calendars 2006 and 2007 | - | 230 |
| Southside Christian Church | Teen Mania Ministries - Sponsor a Mission Trip | - | 90 |
| Richland and Bean Blossom Youth Sports | 9 Year Old Baseball Team | - | 200 |
| Richland and Bean Blossom Youth Sports | T-ball Team | - | 100 |
| Jeff Mosier | T-ball Team | - | 100 |
| Jill May | Sadie May Cheerleading Camp | - | 100 |
| Kraid Richmond | 11 Year Old All Star Baseball Team | - | 100 |
| Richland and Bean Blossom Youth Sports | 4 Youth Basketball Teams | - | 700 |
| FOP | Shop With a Cop | - | 200 |
| Richland and Bean Blossom Youth Sports | 3rd Grade All Star Basketball | - | 100 |
| Totals | | <u>\$ 3,955</u> | <u>\$ 4,163</u> |

Governmental funds should not be donated or given to other organizations, individuals, or governmental units unless specifically authorized by statute. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

COMPENSATION AND BENEFITS

Donald R. Lewis, Trustee, received \$29,907.63 in salary payments for the year 2006. The salary resolution listed the Trustee's salary as an annual amount of \$28,800. The error was caused by the fact that there were 27 pays during 2006, but the biweekly salary was calculated based on only 26, which resulted in an overpayment of \$1,107.63.

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)

Donald R. Lewis, Trustee, was requested to reimburse the Township Fund for the \$1,107.63 overpayment. Donald R. Lewis reimbursed the Township Fund \$1,107.63 on December 12, 2007. (See Summary, page 11)

BANK ACCOUNT RECONCILIATIONS

Depository reconciliations of the fund balances to the bank account balances were incorrect at December 31, 2006. The adjusted bank account balance had \$925.62 more than the funds ledger. The December 31, 2006 bank reconciliation included the following errors:

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

1. Deposits in transit dated March 3, 2001, and December 10, 2003.
2. Checks that were void and should have been removed from the outstanding check list were actually listed twice.
3. Outstanding checks from January 2001 were still on the outstanding check list.

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)

RICHLAND TOWNSHIP, MONROE COUNTY
EXIT CONFERENCE

The contents of this report were discussed on November 8, 2007, with Donald R. Lewis, Trustee.
The official concurred with our findings.

RICHLAND TOWNSHIP, MONROE COUNTY
MONROE COUNTY
SUMMARY

| | <u>Charges</u> | <u>Credits</u> | <u>Balance Due</u> |
|--|----------------|----------------|--------------------|
| Donald R. Lewis, Trustee: Compensation and Benefits, page 8 | \$ 1,107.63 | \$ 1,107.63 | \$ - |