

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

EXAMINATION REPORT

OF

SHAWSWICK TOWNSHIP

LAWRENCE COUNTY, INDIANA

January 1, 2005 to December 31, 2006



**FILED**

12/21/2007



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OFFICIALS

Office

Official

Term

Trustee

Peggy Dorsett

01-01-03 to 12-31-10

Chairman of the  
Township Board

Chris Roberts

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 SHAWSWICK TOWNSHIP, LAWRENCE COUNTY, INDIANA

We have examined the financial information presented herein of Shawswick 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.

The Schedule of Long-Term Debt, as listed in the Table of Contents, is presented for additional analysis and is not a required part of the basic financial information. It has not been subjected to the examination procedures applied to the basic financial information, and accordingly, we express no opinion on it.

STATE BOARD OF ACCOUNTS

September 13, 2007

SHAWSWICK TOWNSHIP, LAWRENCE 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	\$ 84,577	\$ 106,186	\$ 92,055	\$ 98,708
Dog	632	663	387	908
Firefighting	8,115	136,346	72,605	71,856
Cumulative Fire	48,282	58,917	49,850	57,349
Township Assistance	89,512	144,558	98,062	136,008
Totals	<u>\$ 231,118</u>	<u>\$ 446,670</u>	<u>\$ 312,959</u>	<u>\$ 364,829</u>

	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
Governmental Funds:				
Township	\$ 98,708	\$ 101,508	\$ 93,876	\$ 106,340
Dog	908	909	1,133	684
Firefighting	71,856	76,555	88,370	60,041
Cumulative Fire	57,349	31,442	29,870	58,921
Township Assistance	136,008	111,940	105,793	142,155
Totals	<u>\$ 364,829</u>	<u>\$ 322,354</u>	<u>\$ 319,042</u>	<u>\$ 368,141</u>

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

SHAWSWICK TOWNSHIP, LAWRENCE 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, 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.

SHAWSWICK TOWNSHIP, LAWRENCE COUNTY  
NOTES TO FINANCIAL INFORMATION  
(Continued)

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. 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.

SHAWSWICK TOWNSHIP  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF LONG-TERM DEBT

December 31, 2006

Description of Debt	Ending Balance	Due Within One Year
Governmental Activities:		
Notes and loans payable		
Fire Truck Loan	<u>\$ 70,220</u>	<u>\$ 16,389</u>

SHAWSWICK TOWNSHIP, LAWRENCE COUNTY  
EXAMINATION RESULTS AND COMMENTS

OVERPAYMENT OF SALARY

The Clerk/Investigator received an annual salary of \$21,416.67 for 2005. However, the salary resolution and budget approved by the Township Board states that the 2005 annual salary for the Clerk/Investigator position was \$20,900.00. As a result, April Eagan-Dorsett, Clerk/Investigator, was overpaid in 2005. Ms. Eagan-Dorsett has signed an agreement with the Trustee and the Township Board to repay the overpayment prior to December 31, 2007.

Additionally, some employees received bonuses at year end and also received additional compensation for performing some maintenance work at the Township Office. Although these bonuses were approved in the Board minutes, specific amounts were not indicated, and no amendments were made to the salary resolution.

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)

ADVANCE PAYMENTS OF SALARY

The Clerk/Investigator paid herself her entire 2005 salary as of August 29, 2005, and her entire 2006 salary as of October 13, 2006.

Indiana Code 5-7-3-1 states in part: "(a) Public officers may not draw or receive their salaries in advance."

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)

REIMBURSEMENT DOCUMENTATION

Numerous reimbursements were made to the Clerk/Investigator for the purchase of supplies, mileage driven for Township purposes, expenses incurred for conferences attended, and other travel purposes. The Township did not provide adequate supporting documentation such as receipts, invoices, and mileage claims for the reimbursements. The Clerk/Investigator, subsequently, provided us with a signed statement from the Trustee and the Township Board members, that all amounts that she received for expense reimbursement during the examination period were legitimate claims for goods and services received.

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)

SHAWSWICK TOWNSHIP, LAWRENCE COUNTY  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

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)

FEDERAL AND STATE AGENCIES - COMPLIANCE REQUIREMENTS

Two employees received per diem amounts for working on days that the Township Trustee's Office was closed and one employee also received flat rate monthly amounts as reimbursements for business use of her personal cell phone. The additional compensation, along with the year end bonuses received, were not reported to the Internal Revenue Service or the Indiana Department of Revenue.

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)

CEMETERY CARE SUPPORTING DOCUMENTATION

Supporting documentation for several cemetery care payments were not presented for examination.

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)

SHAWSWICK TOWNSHIP, LAWRENCE COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on September 13, 2007, with Peggy Dorsett, Trustee; and April Eagan-Dorsett, Clerk/Investigator.