

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

EXAMINATION REPORT
OF
CHARLESTOWN TOWNSHIP
CLARK COUNTY, INDIANA
January 1, 2005 to December 31, 2006



FILED
12/28/2007

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	5-6
Examination Result and Comment:	
Optical Images of Checks.....	7
Exit Conference.....	8

OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Ernie L. Thompson	01-01-03 to 12-31-10
Chairman of the Township Board	Susan Walker Harold Goodlet, Jr.	01-01-05 to 12-31-06 01-01-07 to 12-31-07



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AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF CHARLESTOWN TOWNSHIP, CLARK COUNTY, INDIANA

We have examined the financial information presented herein of Charlestown 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 20, 2007

CHARLESTOWN TOWNSHIP, CLARK 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

	<u>Cash and Investments 01-01-05</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Cash and Investments 12-31-05</u>
Governmental Funds:				
Township	\$ 83,102	\$ 159,111	\$ 95,430	\$ 146,783
Dog	575	166	313	428
Township Assistance	168,986	42,516	58,918	152,584
Fiduciary Fund:				
Payroll Withholdings	<u>-</u>	<u>17,070</u>	<u>17,070</u>	<u>-</u>
Totals	<u>\$ 252,663</u>	<u>\$ 218,863</u>	<u>\$ 171,731</u>	<u>\$ 299,795</u>

	<u>Cash and Investments 01-01-06</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Cash and Investments 12-31-06</u>
Governmental Funds:				
Township	\$ 146,783	\$ 200,428	\$ 94,399	\$ 252,812
Dog	428	253	234	447
Township Assistance	152,584	60,650	88,325	124,909
Fiduciary Fund:				
Payroll Withholdings	<u>-</u>	<u>17,231</u>	<u>17,231</u>	<u>-</u>
Totals	<u>\$ 299,795</u>	<u>\$ 278,562</u>	<u>\$ 200,189</u>	<u>\$ 378,168</u>

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

CHARLESTOWN TOWNSHIP, CLARK 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: 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

Normally 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.

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.

CHARLESTOWN TOWNSHIP, CLARK 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.

CHARLESTOWN TOWNSHIP, CLARK COUNTY
EXAMINATION RESULT AND COMMENT

OPTICAL IMAGES OF CHECKS

The financial institution did not return the actual cancelled checks with the monthly bank statements, but instead returned an optical image of only the front side of the checks.

Indiana Code 5-15-6-3(a) concerning optical imaging of checks states in part:

". . . 'original records' includes the optical image of a check or deposit document when:

- (1) the check or deposit document is recorded, copied, or reproduced by an optical imaging process . . . ; and
- (2) the drawer of the check receives an optical image of the check after the check is processed for payment . . . "

Furthermore, Indiana Code 26-2-8-111 states in part:

"(a) If a law requires that certain records be retained, that requirement is met by retaining an electronic record of the information in the record that:

- (1) accurately reflects the information set forth in the record after it was first generated in its final form as an electronic record or otherwise; and
- (2) remains accessible for later reference."

"(e) If a law requires retention of a check, that requirement is satisfied by retention of an electronic record of the information on the front and back of the check in accordance with subsection (a)."

CHARLESTOWN TOWNSHIP, CLARK COUNTY
EXIT CONFERENCE

The contents of this report were discussed on November 20, 2007, with Ernie L. Thompson, Trustee. The official concurred with our finding.