

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

EXAMINATION REPORT

OF

GREGG TOWNSHIP

MORGAN COUNTY, INDIANA

January 1, 2004 to December 31, 2006



FILED

12/31/2007

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Newton Talley Anne Schelm Carole Snyder	01-01-03 to 08-31-04 09-01-04 to 05-31-05 06-01-05 to 12-31-10
Chairman of the Township Board	Joseph Hayden Larry Hayes	01-01-04 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 GREGG TOWNSHIP, MORGAN COUNTY, INDIANA

We have examined the financial information presented herein of Gregg Township (Township), for the period of January 1, 2004 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, 2004, 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

December 6, 2007

GREGG TOWNSHIP, MORGAN COUNTY
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL FUND TYPES
As Of And For The Years Ended December 31, 2004, 2005, And 2006

	Cash and Investments 01-01-04	Receipts	Disbursements	Cash and Investments 12-31-04
Governmental Funds:				
Township	\$ 55,370	\$ 19,111	\$ 18,149	\$ 56,332
Dog	922	580	596	906
Township Assistance	16,134	2,868	537	18,465
Firefighting	7,338	89,772	92,922	4,188
Fire Debt	531	68,403	62,537	6,397
Fire Equipment Debt	-	135,000	-	135,000
Totals	<u>\$ 80,295</u>	<u>\$ 315,734</u>	<u>\$ 174,741</u>	<u>\$ 221,288</u>

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds:				
Township	\$ 56,332	\$ 16,371	\$ 15,424	\$ 57,279
Dog	906	78	850	134
Township Assistance	18,465	3,349	487	21,327
Firefighting	4,188	186,524	184,532	6,180
Fire Debt	6,397	60,299	61,840	4,856
Fire Equipment Debt	135,000	-	134,147	853
Fire Equipment	-	28,099	26,248	1,851
Totals	<u>\$ 221,288</u>	<u>\$ 294,720</u>	<u>\$ 423,528</u>	<u>\$ 92,480</u>

	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
Governmental Funds:				
Township	\$ 57,279	\$ 17,907	\$ 14,927	\$ 60,259
Dog	134	6	-	140
Township Assistance	21,327	2,147	3,007	20,467
Firefighting	6,180	160,947	159,184	7,943
Fire Debt	4,856	116,100	119,934	1,022
Fire Equipment Debt	853	-	-	853
Fire Equipment	1,851	33,281	26,248	8,884
Cumulative Fire	-	23,619	-	23,619
Totals	<u>\$ 92,480</u>	<u>\$ 354,007</u>	<u>\$ 323,300</u>	<u>\$ 123,187</u>

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

GREGG TOWNSHIP, MORGAN 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 or highway use taxes are received 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 may 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.

GREGG TOWNSHIP, MORGAN COUNTY
NOTES TO FINANCIAL INFORMATION
(Continued)

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.

Note 6. Long-Term Debt

The Township has entered into a loan for the purchase of an ambulance. The outstanding principal at December 31, 2006, was \$94,279.91.

Note 7. Subsequent Event

The Township substantially reduced its level of funding to the Volunteer Fire Department effective July 1, 2007. As a consequence, the Volunteer Fire Department reduced and/or eliminated certain services, such as emergency response, as of that same date.

GREGG TOWNSHIP, MORGAN COUNTY
EXAMINATION RESULTS AND COMMENTS

FIREFIGHTING FUND

Supporting documentation, agreements or contracts for firefighting services provided by the Volunteer Fire Department 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)

PAYMENTS FOR CEMETERY CARE

Supporting documentation, agreements or contracts for payments for cemetery care 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)

SUPPORTING DOCUMENTATION

Several payments were observed which did not contain adequate supporting documentation, such as receipts, invoices, and other public records. Due to the lack of supporting information, the validity and accountability for some money disbursed could not be established.

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)

COLLECTION OF AMOUNTS DUE

The August 17, 2004, Township Board minutes stated that the Township agreed to engage the accounting firm of Reedy and Peters, LLC, to provide certain financial and related services for an amount not to exceed \$10,000 for 2004 and \$15,000 for 2005.

GREGG TOWNSHIP, MORGAN COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

We were unable to obtain any documentary evidence of such an agreement from Township Officials, who informed us that such an agreement had not been executed. A group of local taxpayers provided us with a copy of a signed agreement between Gregg Township and Reedy and Peters, LLC, dated August 17, 2004. The Township paid Reedy and Peters, LLC, \$10,151.97 for 2004 and \$25,765.49 for 2005. Reedy and Peters, LLC, also received \$21,868.68 for 2006.

The payments for 2004 and 2005 exceeded the agreed upon amounts by \$151.97 for 2004 and \$10,765.49 for 2005, respectively, for a combined over-payment of \$10,917.46 due from Reedy and Peters, LLC, as of December 6, 2007.

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)

ASSET OWNERSHIP

Gregg Township purchased an ambulance December 30, 2004, in the amount of \$135,000. The purchase of the ambulance was financed by the Township obtaining a bank loan in the amount of \$135,000. A comparison of the vehicle identification number on the ambulance to registration records on file at the Indiana Bureau of Motor Vehicles indicates the ambulance is not currently titled to the Township, but rather is titled to the Gregg Township Volunteer Fire Department. The Township continues to make the debt payments on the loan obtained to finance the ambulance purchase. The balance of the loan as of December 6, 2007, is \$72,392.85. The minutes of the Township Board did not contain any reference to the transfer of title of the ambulance from the Township to the Volunteer Fire Department. No consideration was given by the Volunteer Fire Department to the Township for purchase of the ambulance.

Assets purchased by a governmental unit should be titled proportionately in the name of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

FIREFIGHTING SERVICES PROVIDED OUTSIDE TOWNSHIP BOUNDARIES

Gregg Township requested approval from the Department of Local Government Finance (DLGF) to incur an emergency fire loan in the amount of \$197,280 during 2006.

Information presented at a public hearing for the indebtedness request disclosed that approximately 44% of the runs by the Fire Department were within Gregg Township and an additional 16% of the runs were within Jefferson Township, which has a coverage agreement with Gregg Township.

The DLGF denied the emergency loan request on October 5, 2006. According to conclusions reached by the DLGF, if the Township wishes to continue to serve a large territory outside of the Township's taxing district, the Township should explore interposal agreements and consolidation with other fire service providers.

GREGG TOWNSHIP, MORGAN COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

Indiana Code 36-8-13-3 states in part:

"(a) The executive of a township, with the approval of the legislative body, may do the following: (1) Purchase firefighting and emergency services apparatus and equipment for the township, provide for the housing, care, maintenance, operation, and use of the apparatus and equipment to provide services within the township but outside the corporate boundaries of municipalities, and employ full-time or part-time personnel to operate the apparatus and equipment and to provide services in that area . . . (4) Contract with a volunteer fire department that has been organized to fight fires in the township for the use and operation of firefighting apparatus and equipment that has been purchased by the township in order to save the private and public property of the township from destruction by fire, including use of the apparatus and equipment in an adjoining township by the department if the department has made a contract with the executive of the adjoining township for the furnishing of firefighting service within the township."

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)

GREGG TOWNSHIP, MORGAN COUNTY
EXIT CONFERENCE

The contents of this report were discussed on December 10, 2007, with Carole Snyder, Trustee.