

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

EXAMINATION REPORT

OF

GERMAN TOWNSHIP

VANDERBURGH COUNTY, INDIANA

January 1, 2006 to December 31, 2007



FILED

05/12/2008

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OFFICIALS

Office

Official

Term

Trustee

Fred Happe

01-01-03 to 12-31-10

Chairman of the
Township Board

Tim Bishop
Ray Schapker

01-01-06 to 12-31-06
01-01-07 to 12-31-08



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF GERMAN TOWNSHIP, VANDERBURGH COUNTY, INDIANA

We have examined the financial information presented herein of German Township (Township), for the period of January 1, 2006 to December 31, 2007. 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, 2006 and 2007, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

February 19, 2008

GERMAN TOWNSHIP, VANDERBURGH COUNTY
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL FUND TYPES
As Of And For The Years Ended December 31, 2006 And 2007

	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
Governmental Funds:				
Township	\$ 77,060	\$ 22,216	\$ 33,367	\$ 65,909
Township Assistance	73,720	-	3,541	70,179
Firefighting	20,656	103,003	156,718	(33,059)
Cumulative Fire	54,442	57,701	57,061	55,082
Dog	490	445	190	745
Rainy Day	1,872	-	-	1,872
Emergency Medical Services	41,928	50,772	53,786	38,914
Totals	<u>\$ 270,168</u>	<u>\$ 234,137</u>	<u>\$ 304,663</u>	<u>\$ 199,642</u>

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Governmental Funds:				
Township	\$ 65,909	\$ 20,478	\$ 38,917	\$ 47,470
Township Assistance	70,179	-	1,053	69,126
Firefighting	(33,059)	107,047	153,029	(79,041)
Cumulative Fire	55,082	59,741	58,772	56,051
Dog	745	-	-	745
Rainy Day	1,872	-	-	1,872
Emergency Medical Services	38,914	53,838	57,063	35,689
Totals	<u>\$ 199,642</u>	<u>\$ 241,104</u>	<u>\$ 308,834</u>	<u>\$ 131,912</u>

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

GERMAN TOWNSHIP, VANDERBURGH 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.

GERMAN TOWNSHIP, VANDERBURGH 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. Restatements

For the year ended December 31, 2005, certain changes have been made to the financial statements to correct errors in amounts previously reported.

Fund	Balance as Previously Reported December 31, 2005	Fund Correction	Balance as Restated January 1, 2006
Township	\$ 76,589	\$ 471	\$ 77,060

GERMAN TOWNSHIP, VANDERBURGH COUNTY
EXAMINATION RESULTS AND COMMENTS

CONDITION OF RECORDS

The following deficiency relating to the recordkeeping was noted:

A considerable number of posting errors were observed. These errors included checks and receipts not recorded in the proper amounts as well as double-posting the same transaction.

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

BANK ACCOUNT RECONCILIATIONS

Depository reconciliations of the fund balances to the bank account balances were incorrect. A similar comment appeared in the prior report.

Indiana Code 5-13-6-1(e) states in part: "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)

OVERDRAWN FUND BALANCES

The Firefighting Fund was overdrawn in 2006 and 2007.

The balance of any fund may not be reduced below zero. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

APPROPRIATIONS

The records presented for examination indicated the following expenditures in excess of budgeted appropriations:

Fund	Years	Excess Amount Expended
Township	2006	\$ 79
Cumulative Fire	2006	1
Township	2007	4,550
Firefighting	2007	2,351
Emergency Medical Services	2007	1,663

GERMAN TOWNSHIP, VANDERBURGH COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

Indiana Code 6-1.1-18-4 states in part: ". . . the proper officers of a political subdivision shall appropriate funds in such a manner that the expenditures for a year do not exceed its budget for that year as finally determined under this article."

DEPOSIT OF PUBLIC FUNDS

We noted instances where the Trustee was making deposits only once a 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."

FUND SOURCES AND USES

Funds were disbursed from the Township Fund for the Investigator's salary in 2007, which was budgeted out of the Township Assistance Fund. Also, funds were disbursed out of the Township Assistance Fund for Investigator's mileage. However, mileage was not included in the Township's approved budget.

Sources and uses of funds should be limited to those authorized by the enabling statute, ordinance, resolution, or grant agreement. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

PENALTIES, INTEREST AND OTHER CHARGES

Penalties and interest totaling \$100 were paid to the Indiana Department of Revenue on March 28, 2006, for the period ending December 31, 2005.

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)

TIMELY RECORDKEEPING

We noted instances of nine months from the time of the original date of the transactions until entry on the records.

All documents and entries to records should be done in a timely manner to ensure that accurate financial information is available to allow the governmental unit to make informed management decisions and to help ensure compliance with Indiana Code 5-15-1-1 et seq., commonly referred to as the Public Records Law. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

GERMAN TOWNSHIP, VANDERBURGH COUNTY
EXIT CONFERENCE

The contents of this report were discussed on February 19, 2008, with Fred Happe, Trustee. The official concurred with our findings.