

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

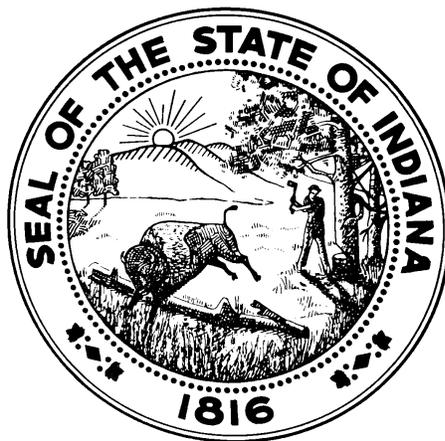
EXAMINATION REPORT

OF

WAYNE TOWNSHIP

HAMILTON COUNTY, INDIANA

January 1, 2006 to December 31, 2007



FILED

07/23/2008

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Ralph Musselman Diane Crim	01-01-03 to 12-31-06 01-01-07 to 12-31-10
Chairman of the Township Board	Jerry McDonald	01-01-05 to 12-31-08



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF WAYNE TOWNSHIP, HAMILTON COUNTY, INDIANA

We have examined the financial information presented herein of Wayne 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.

The Schedule of Capital Assets and Schedule of Long-Term Debt, as listed in the Table of Contents, are presented for additional analysis and are not a required part of the basic financial information. They have not been subjected to the examination procedures applied to the basic financial information and, accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

May 29, 2008

WAYNE TOWNSHIP, HAMILTON 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, 2006 And 2007

	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
Governmental Funds:				
Township	\$ 68,501	\$ 63,700	\$ 62,473	\$ 69,728
Dog	1,571	992	2,563	-
Township Assistance	16,443	52,005	42,058	26,390
Firefighting	157,614	161,500	196,794	122,320
COIT Special Distribution	21,746	-	-	21,746
Levy Excess	4,188	1,118	-	5,306
Fire Debt	9,519	33,005	40,290	2,234
Cumulative Fire	240,503	21,101	258	261,346
Fiduciary Funds:				
Hair Cemetery	1,316	28	-	1,344
Payroll Withholdings	924	3,827	4,751	-
Totals	<u>\$ 522,325</u>	<u>\$ 337,276</u>	<u>\$ 349,187</u>	<u>\$ 510,414</u>
	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Governmental Funds:				
Township	\$ 69,728	\$ 116,571	\$ 66,734	\$ 119,565
Township Assistance	26,390	16,658	32,157	10,891
Firefighting	122,320	171,388	228,944	64,764
COIT Special Distribution	21,746	-	-	21,746
Levy Excess	5,306	-	-	5,306
Fire Debt	2,234	37,091	37,432	1,893
Cumulative Fire	261,346	17,290	10,000	268,636
Fiduciary Funds:				
Hair Cemetery	1,344	44	-	1,388
Payroll Withholdings	-	5,015	5,015	-
Totals	<u>\$ 510,414</u>	<u>\$ 364,057</u>	<u>\$ 380,282</u>	<u>\$ 494,189</u>

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

WAYNE TOWNSHIP, HAMILTON 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.

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 debt such as bonds for a fire truck. The outstanding principal at December 31, 2007, was \$35,989.

WAYNE TOWNSHIP, HAMILTON COUNTY
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS

For The Year Ended December 31, 2007

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Machinery and equipment	<u>\$ 583,000</u>

WAYNE TOWNSHIP, HAMILTON COUNTY
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 December 31, 2007

The Township has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental Activities:		
Notes and loans payable	\$ 35,989	\$ 36,959

WAYNE TOWNSHIP, HAMILTON COUNTY
EXAMINATION RESULTS AND COMMENTS

TEMPORARY LOAN

A temporary loan of \$19,000 was made in June 2003 from the Firefighting Fund to the Fire Debt Fund and on July 1, 2004, \$18,500 was repaid. The remaining loan balance of \$500 has not been repaid as of May 28, 2008.

Also, a temporary loan of \$10,000 was made in December 2007 from the Cumulative Fire Fund to the Fire Debt Fund and not repaid until January 2008. Wayne Township did not pass a resolution regarding the emergency need to make the temporary loan.

Indiana Code 36-1-8-4 concerning temporary loans states in part:

"(a) . . . (3) Except as provided in subsection (b), the prescribed period must end during the budget year of the year in which the transfer occurs. (4) The amount transferred must be returned to the other fund at the end of the prescribed period. . . ."

"(b) If the fiscal body of a political subdivision determines that an emergency exists that requires an extension of the prescribed period of a transfer under this section, the prescribed period may be extended for not more than six (6) months beyond the budget year of the year in which the transfer occurs if the fiscal body does the following: (1) Passes an ordinance or a resolution that contains the following: (A) A statement that the fiscal body has determined that an emergency exists. (B) A brief description of the grounds for the emergency. (C) The date the loan will be repaid that is not more than six (6) months beyond the budget year in which the transfer occurs. (2) Immediately forwards the ordinance or resolution to the state board of accounts and the Department of Local Government Finance."

PRESCRIBED FORMS

The following prescribed forms were not in use:

Payroll Schedule and Voucher (Form 99)
Employees Earnings Record (Form 99B)
Notice of Township Assistance Action (Form TA-1A)

The following prescribed form was not completed correctly:

Application for Township Assistance (Form TA 1) was not completed for evidence of investigation and assistance rendered.

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)

Immediately after any action is taken upon a completed township assistance application or, in the case of termination or reduction of existing benefits, before action is taken, a 'Notice of Township Assistance Action' form shall be delivered to the applicant or recipient in person or by first class United States mail at said person's last known address. A copy of each completed 'Notice' shall be filed with the applicant's application in the trustee's office. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 6)

WAYNE TOWNSHIP, HAMILTON COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

PUBLIC RECORDS RETENTION

The Quarterly Form 941 Federal Tax Return forms for the first three quarters of 2006 and the Internal Revenue Service Form W-4 for 2006 were not presented for audit.

Indiana Code 5-15-6-3(f) concerning destruction of public records, states in part: "Original records may be disposed of only with the approval of the commission according to guidelines established by the commission."

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)

CAPITAL ASSET RECORDS

Capital asset inventory records have not been established for Wayne Township. No inventory has been taken to verify current inventory of capital assets. Additionally, the Wayne Township Board has not established a capitalization policy for its capital assets.

Every governmental unit should have a complete inventory of all fixed assets owned which reflects their acquisition value. Such inventory should be recorded on the applicable Capital Assets Ledger. A complete inventory should be taken at least every two years for good internal control and for verifying account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 19)

Tangible property of a permanent nature (other than land, buildings and improvements) should be inventoried. Examples include machinery, trucks, cars, furniture, typewriters, adding machines, calculators, bookkeeping machines, data processing equipment, desks, safes, cabinets, books, etc. The value of such items should be carried in the inventory at the purchase cost. The governing body should establish a capitalization policy that sets a dollar amount as a threshold to be used in determining which equipment items will be recorded. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 19)

CONFLICT OF INTEREST DISCLOSURE

Roger Crim, Township Clerk, is the spouse of Diane Crim, Township Trustee. A Uniform Conflict of Interest Disclosure Statement does not appear to have been filed.

Indiana Code 35-44-1-3 states in part:

"(a) A public servant who knowingly or intentionally: (1) has a pecuniary interest in; or (2) derives a profit from; a contract or purchase connected with an action by the governmental entity served by the public servant commits conflict of interest, a Class D felony . . ."

"(c) This section does not prohibit a public servant from having a pecuniary interest in or deriving a profit from a contract or purchase connected with the governmental entity served . . . (3) if the public servant; (A) is an elected public servant . . . and (B) makes a disclosure under subsection (d)(1) through (d)(6)."

WAYNE TOWNSHIP, HAMILTON COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

"(d) A disclosure required by this section must: (1) be in writing; (2) describe the contract or purchase to be made by the governmental entity; (3) describe the pecuniary interest that the public servant has in the contract or purchase; (4) be affirmed under penalty of perjury; (5) be submitted to the governmental entity and be accepted by the governmental entity in a public meeting of the governmental entity prior to final action on the contract or purchase; (6) be filed within fifteen (15) days after final action on the contract or purchase with: (A) the state board of accounts; and (B) . . . the clerk of the circuit court in the county where the governmental entity takes final action on the contract or purchase . . ."

"(g) A public servant has a pecuniary interest in a contract or purchase if the contract or purchase will result or is intended to result in an ascertainable increase in the income or net worth of: (1) the public servant; or (2) a dependent of the public servant who: (A) is under the direct or indirect administrative control of the public servant; or (B) receives a contract or purchase order that is reviewed, approved, or directly or indirectly administered by the public servant . . ."

"(k) As used in this section, 'dependent' means any of the following: (1) The spouse of a public servant. (2) A child, stepchild, or adoptee (as defined in IC 31-3-4-1) of a public servant who is: (A) unemancipated; and (B) less than eighteen (18) years of age. (3) Any individual more than one-half (2) of whose support is provided during a year by the public servant."

LIST OF EMPLOYEES NOT FILED WITH COUNTY TREASURER

Officials or employees of the Township had money due from the Township, but a list of such employees was not certified to the County Treasurer.

Indiana Code 6-1.1-22-14(a) states in part: "On or before June 1 and December 1 of each year . . . the disbursing officer of each political subdivision . . . shall certify the names and addresses of each person who has money due the person from the political subdivision to the treasurer of each county in which the political subdivision is located."

PAYROLL DEDUCTIONS

Payments to an employee in 2006 were made without payroll deductions for Social Security and Medicare taxes.

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)

WAYNE TOWNSHIP, HAMILTON COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

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, Page 13)

WAYNE TOWNSHIP, HAMILTON COUNTY
EXIT CONFERENCE

The contents of this report were discussed on July 1, 2008, with Diane Crim, Trustee; and Christine Altman, Attorney for Wayne Township Trustee. The official response has been made a part of this report and may be found on pages 13 and 14.

Wayne Township Trustee
Diane Crim
19428 Prairie Baptist Rd.
Noblesville, In. 46060
765-534-4062

July 3, 2008

State Board of Accounts
302 Washington St. Room E418
Indianapolis, IN 46204-2765

Dear Sir or Madam,

I am writing in response to the audit of Wayne Township that was completed on May 28, 2008. As this was my first audit since taking office on January 1, 2007 I had no idea what to expect as I had not even seen an audit before. And surprisingly the auditor had never done a township audit before therefore it was a new experience for both of us. I was also very concerned about the length of time required for my records to be out of my office, it was very inconvenient to deliver them to the courthouse on April 18th and not get them back until June 2nd. I will only address issues which pertain to my time in office.

TEMPORARY LOAN: A temporary loan was made from the Cum Fire Fund to the Fire Debt Fund on December 30, 2007 as the payment was due on the 30th and the Fall Settlement was not issued until December 31st after close of business on a holiday weekend and could not be picked up until January 2008. Therefore the loan was for a total of 4 days. I did not realize that it required a board meeting to pass a resolution for an emergency loan. This will not happen again.

PRESCRIBED FORMS: Due to a lack of education on what forms are to be used and when I had not filled out Forms 99 & 99B. The Board Members are only paid at the end of the year and because they are elected I was unaware they were considered employees. Likewise the clerk was also paid on an annual basis as a salaried position. This has since been rectified. Regarding the Township Assistance Action (Form TA-1A) I had been told by the former Trustee Musselman who held the position for 20 years that this was to be used when an applicant was denied or only given partial assistance so that they would have the opportunity to appeal the decision. This has also been rectified. In regard to the Application for Township Assistance (Form TA-1) I was surprised at to learn that I was not completing them correctly. I always check all documents that are requested and only made copies when necessary to substantiate the reasoning for giving aid or denying the request when it could appear contrary. I do not like to waste resources, but in the future I will make the copies or at least note that all of the evidence has been examined in full. I have always made a full investigation of each case.

FIXED ASSET RECORDS: The Township does have an inventory record of assets, it was not however on the required form. There had never been a capitalization policy in effect. This has since been rectified. There is a list of Capital Assets in your possession.

CONFLICT OF INTEREST DISCLOSURE: This was an oversight on my part as I misinterpreted the meaning of contract. The form has since been filed with the proper units.

LIST OF EMPLOYEES NOT FILED WITH COUNTY TREASURER: This was an oversight on my part as I was unaware of the need. This list has been provided for 2008.

Please notice that in the findings that at no time was money found to be missing. All errors on my part have or will be corrected. I would also like to note that there needs to be more education for the Trustees beyond what is given at the annual conferences. Also a better explanation of the required forms would be most helpful. And it would be wonderful if there was someone at SBA that could answer general questions when you call for assistance. I would like to thank Scott Wright (auditor) for his patience with me and for his diligence to the task before him.

Sincerely,

A handwritten signature in cursive script that reads "Diane Crim".

Diane Crim, Wayne Township Trustee