

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

EXAMINATION REPORT  
OF  
EEL RIVER TOWNSHIP  
ALLEN COUNTY, INDIANA  
January 1, 2006 to December 31, 2007



**FILED**  
09/11/2008



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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Chris P. Walker Selma E. Hough	08-01-05 to 12-31-06 01-01-07 to 12-31-10
Chairman of the Township Board	Roger A. Jones Bradley A. Hite	01-01-06 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 EEL RIVER TOWNSHIP, ALLEN COUNTY, INDIANA

We have examined the financial information presented herein of Eel River 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

August 25, 2008

EEL RIVER TOWNSHIP, ALLEN 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	\$ 1,902	\$ 11,410	\$ 9,980	\$ 3,332
Dog	300	210	30	480
Township Assistance	6,600	935	5,764	1,771
Firefighting	99	23,084	23,138	45
Park and Recreation	647	-	600	47
Levy Excess	-	229	-	229
Totals	<u>\$ 9,548</u>	<u>\$ 35,868</u>	<u>\$ 39,512</u>	<u>\$ 5,904</u>

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Governmental Funds:				
Township	\$ 3,332	\$ 10,906	\$ 9,551	\$ 4,687
Dog	480	-	480	-
Township Assistance	1,771	6,664	2,256	6,179
Firefighting	45	-	-	45
Park and Recreation	47	-	-	47
Levy Excess	229	-	229	-
Totals	<u>\$ 5,904</u>	<u>\$ 17,570</u>	<u>\$ 12,516</u>	<u>\$ 10,958</u>

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

EEL RIVER TOWNSHIP, ALLEN 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, culture and recreation, 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.

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.

EEL RIVER TOWNSHIP, ALLEN COUNTY  
EXAMINATION RESULTS AND COMMENTS

APPROPRIATIONS

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

<u>Fund</u>	<u>Year</u>	<u>Excess Amount Expended</u>
Fire Fighting	2006	<u>\$ 1,479</u>

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."

CONDITION OF RECORDS

The following deficiencies relating to the recordkeeping were noted. A similar comment was in prior Report B27057.

1. Record balances were only reconciled to depository balances twice in 2007.

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

2. There were a considerable number of posting errors. The errors included:
  - a. Year-to-date totals for receipts and disbursements were not maintained in the ledger in 2006 or after July 2007.
  - b. Payroll transactions were posted as net pay in both the Total All Funds and Township Fund instead of the gross amount.
  - c. Withholdings were posted to the Deductions or "M" columns in 2006 but not for all transactions in 2007.
  - d. No disbursements of withholdings were posted to the Deductions or "M" columns in either year.

EEL RIVER TOWNSHIP, ALLEN COUNTY  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

e. Transactions for the last three months of 2007, were only posted to the Total All Funds columns.

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)

3. The Annual Financial Report for 2007 does not agree with the Financial and Appropriation Ledger.

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)

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. A similar comment was in prior Reports B23323 and B27057.

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)

PENALTIES, INTEREST, AND OTHER CHARGES

Information presented for examination indicates that, in some cases, amounts payable to vendors and other suppliers of goods and services are not being paid until three months after the invoice dates which resulted in at least \$67 being paid for late and reconnect fees for telephone service.

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)

EEL RIVER TOWNSHIP, ALLEN COUNTY  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

CERTIFIED REPORT OF NAMES, ADDRESSES, DUTIES, AND  
COMPENSATION OF PUBLIC EMPLOYEES (FORM 100R)

The Certified Report of Names, Addresses, Duties, and Compensation of Public Employees (Form 100R) was not filed with the office of the State Examiner of the State Board of Accounts for the year 2006.

Each township trustee shall, during the month of January of each year, make and sign a written or printed certified report, correctly and completely showing the names and addresses of each and all officers and employees of the township and the respective duties and compensation of each. The report must be filed (on Form 100R) in the office of the State Examiner of the State Board of Accounts, 302 West Washington Street, Room E418, Indianapolis, Indiana, 46204-2765. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 12)

EEL RIVER TOWNSHIP, ALLEN COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on August 25, 2008, with Selma E. Hough, Trustee. The official concurred with our findings.