

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

EXAMINATION REPORT  
OF  
OHIO TOWNSHIP  
BARTHOLOMEW COUNTY, INDIANA  
January 1, 2006 to December 31, 2007



**FILED**

11/18/2008



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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	James Frederick Wayne Freeman	01-01-06 to 09-28-06 09-29-06 to 12-31-10
Chairman of the Township Board	Fred Baldwin	01-01-06 to 12-31-08



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF OHIO TOWNSHIP, BARTHOLOMEW COUNTY, INDIANA

We have examined the financial information presented herein of Ohio 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 Long-Term Debt, as listed in the Table of Contents, is presented for additional analysis and is not a required part of the basic financial information. It has not been subjected to the examination procedures applied to the basic financial information and, accordingly, we express no opinion on it.

STATE BOARD OF ACCOUNTS

September 9, 2008

OHIO TOWNSHIP, BARTHOLOMEW 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	\$ 11,932	\$ 24,539	\$ 12,792	\$ 23,679
Dog	212	107	84	235
Township Assistance	12,730	2,845	1,430	14,145
Firefighting	3,889	9,010	12,500	399
Fire Equipment Debt	-	65,129	32,881	32,248
Construction	592,484	12,193	88,057	516,620
Cumulative Fire	35,589	18,166	-	53,755
Levy Excess	734	-	-	734
Totals	<u>\$ 657,570</u>	<u>\$ 131,989</u>	<u>\$ 147,744</u>	<u>\$ 641,815</u>

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Governmental Funds:				
Township	\$ 23,679	\$ 24,753	\$ 12,833	\$ 35,599
Dog	235	-	-	235
Township Assistance	14,145	2,575	863	15,857
Firefighting	399	7,878	6,250	2,027
Fire Equipment Debt	32,248	44,469	15,583	61,134
Construction	516,620	55,581	565,506	6,695
Cumulative Fire	53,755	15,665	37,625	31,795
Levy Excess	734	-	-	734
Totals	<u>\$ 641,815</u>	<u>\$ 150,921</u>	<u>\$ 638,660</u>	<u>\$ 154,076</u>

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

OHIO TOWNSHIP, BARTHOLOMEW 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.

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. Bond Payments

The Township issued bonds in 2005 with principal and interest due per the debt service schedule. Only principal payments had been made as of December 31, 2007.

OHIO TOWNSHIP, BARTHOLOMEW 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:		
Bonds payable:		
General obligation bonds:		
Fire Station and Fire Truck	\$ 598,000	\$ 78,435

OHIO TOWNSHIP, BARTHOLOMEW COUNTY  
EXAMINATION RESULTS AND COMMENTS

PENALTIES, INTEREST, AND OTHER CHARGES

Penalties and interest totaling \$85.71 were paid to the Internal Revenue Service on September 22, 200, for the 1st quarter of 2006. A payment of \$60.23 was made on December 21, 2007. Information presented for examination did not show any payments made to the Internal Revenue Service for any quarter withholdings for 2007.

Records presented for examination showed penalties of \$3,429.83 for early withdrawal of certificate of deposits.

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)

CONDITION OF RECORDS

The following deficiencies relating to the recordkeeping were noted.

1. Record balances were not reconciled to depository balances.

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)

2. There were a considerable number of posting errors. The errors included deposits not receipted, checks and receipts not recorded in the proper amounts, interest not posted, and construction fund not in the ledger.

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)

OHIO TOWNSHIP, BARTHOLOMEW COUNTY  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

3. Annual report balances were incorrect for 2006 and no annual report was presented for examination for 2007.

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)

PAYROLL

Our testing of the payroll system revealed the following deficiencies:

1. W-2's issued for 2006 did not reflect the correct wages earned.
2. There were no W-2's presented for examination for 2007.
3. Social Security and Medicare was withheld for 2007 but no evidence was found that withholdings were remitted to the Internal Revenue Service. Records presented for examination did not contain quarterly 941's.

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 Township Trustees, Chapter 13)

Each governmental unit is responsible for compliance with all rules, regulations, guidelines, and directives of the Internal Revenue Service and the Indiana Department of Revenue. All questions concerning taxes should be directed to these agencies. (Accounting and Uniform Compliance Guidelines Manual for Township Trustees, Chapter 13)

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 Township Trustees, Chapter 13)

OFFICIAL BOND

The following official bond was not filed in the Office of the County Recorder:

Wayne Freeman, Trustee

Indiana Code 5-4-1-5.1(b) states in part: "Every elected or appointed officer, official, deputy, or employee of a political subdivision . . . shall file the bond in the office of the county recorder . . ."

OHIO TOWNSHIP, BARTHOLOMEW COUNTY  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

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 from the political subdivision to the treasurer of each county in which the political subdivision is located."

ANNUAL REPORT

An annual report for 2007 was not presented for examination.

The annual report shall be prepared, verified, and filed with the State Board of Accounts within 30 days after the close of each fiscal year. The report must be published, within four weeks after the third Tuesday after the first Monday in January, one time in accordance with Indiana Code 5-3-1. (Accounting and Uniform Compliance Guidelines Manual for Township Trustees, Chapter 2)

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)

OHIO TOWNSHIP, BARTHOLOMEW COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on September 17, 2008, with Wayne Freeman, Trustee. The official concurred with our findings.