

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

EXAMINATION REPORT

OF

CAESAR CREEK TOWNSHIP

DEARBORN COUNTY, INDIANA

January 1, 2006 to December 31, 2007



FILED
12/19/2008

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OFFICIALS

Office

Official

Term

Trustee

Sherman Hughes

01-01-03 to 12-31-10

Chairman of the
Township Board

Gerald Grace

01-01-06 to 12-31-08



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AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF CAESAR CREEK TOWNSHIP, DEARBORN COUNTY, INDIANA

We have examined the financial information presented herein of Caesar Creek 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

November 13, 2008

CAESAR CREEK TOWNSHIP, DEARBORN 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	\$ 2,718	\$ 11,549	\$ 7,150	\$ 7,117
Dog	298	275	573	-
Township Assistance	2,367	-	-	2,367
Firefighting	936	3,424	3,000	1,360
Rainy Day	665	-	-	665
Totals	<u>\$ 6,984</u>	<u>\$ 15,248</u>	<u>\$ 10,723</u>	<u>\$ 11,509</u>

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Governmental Funds:				
Township	\$ 7,117	\$ 8,572	\$ 7,851	\$ 7,838
Township Assistance	2,367	289	983	1,673
Firefighting	1,360	3,059	3,250	1,169
Rainy Day	665	-	-	665
Totals	<u>\$ 11,509</u>	<u>\$ 11,920</u>	<u>\$ 12,084</u>	<u>\$ 11,345</u>

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

CAESAR CREEK TOWNSHIP, DEARBORN 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.

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.

CAESAR CREEK TOWNSHIP, DEARBORN COUNTY
EXAMINATION RESULTS AND COMMENTS

PAYROLL WITHHOLDING TAXES

The Township withheld \$95.62 less than the amount required for the year 2006 for Social Security taxes from the wages of Sherman Hughes, Trustee. The Township reported and remitted the additional \$95.62 to the Internal Revenue Service resulting in an overpayment from the Township Fund and an underpayment from Mr. Sherman Hughes' payroll withholdings.

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 Townships, Chapter 13)

Upon our request, Mr. Sherman Hughes reimbursed the Township \$95.62 on November 10, 2008.

TOWNSHIP ASSISTANCE

The following instances were noted in reviewing Township assistance payments:

- (1) Township Assistance Purchase Order (Form TA-2) was not in use.

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)

- (2) Supporting documentation for two Township assistance payments in 2007 were not presented for examination with the corresponding township assistance applications.

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)

ANNUAL REPORT

The receipt, disbursement and balance figures reported on the 2006 Annual Financial Report (Township Form 15) for the Township Fund did not agree with the amounts in the Financial and Appropriation Record. Also the 2006 Annual Financial Report did not include the Township's Rainy Day Fund.

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)

CAESAR CREEK TOWNSHIP, DEARBORN COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

APPROPRIATIONS

The records presented for examination indicated the Township Assistance Fund expenditures were in excess of budgeted appropriations by \$782 for the year 2007.

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."

OPTICAL IMAGES OF CHECKS

The financial institution did not return the actual cancelled checks with the monthly bank statements, but instead returned an optical image of only the front side of the checks.

Indiana Code 5-15-6-3(a) concerning optical imaging of checks states in part: ". . . 'original records' includes the optical image of a check or deposit document when:

- (1) the check or deposit document is recorded, copied, or reproduced by an optical imaging process . . . ; and
- (2) the drawer of the check receives an optical image of the check after the check is processed for payment . . ."

Furthermore, Indiana Code 26-2-8-111 states in part:

"(a) If a law requires that certain records be retained, that requirement is met by retaining an electronic record of the information in the record that:

- (1) accurately reflects the information set forth in the record after it was first generated in its final form as an electronic record or otherwise; and
- (2) remains accessible for later reference."

"(e) If a law requires retention of a check, that requirement is satisfied by retention of an electronic record of the information on the front and back of the check in accordance with subsection (a)."

A similar comment was included in prior Report B29517.

CAESAR CREEK TOWNSHIP, DEARBORN COUNTY
EXIT CONFERENCE

The contents of this report were discussed on November 13, 2008, with Sherman Hughes, Trustee. The official concurred with our findings.

CAESAR CREEK TOWNSHIP, DEARBORN COUNTY
SUMMARY

	<u>Charges</u>	<u>Credits</u>	<u>Balance Due</u>
Sherman Hughes, Trustee: Payroll Withholding Taxes, page 6	<u>\$ 95.62</u>	<u>\$ 95.62</u>	<u>\$ -</u>