

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

EXAMINATION REPORT
OF
GRASS TOWNSHIP
SPENCER COUNTY, INDIANA
January 1, 2006 to December 31, 2007



FILED
12/31/2008

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OFFICIALS

Office

Official

Term

Trustee

Karen McCormick

01-01-03 to 12-31-10

Chairman of the
Township Board

Thomas Fleishman

01-01-06 to 12-31-08



STATE OF INDIANA
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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF GRASS TOWNSHIP, SPENCER COUNTY, INDIANA

We have examined the financial information presented herein of Grass 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

October 29, 2008

GRASS TOWNSHIP, SPENCER 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	\$ 6,949	\$ 21,150	\$ 25,190	\$ 2,909
Dog	292	153	83	362
Township Assistance	25,997	258	2,432	23,823
Firefighting	3,576	1,450	4,300	726
Park and Recreation	2,519	257	600	2,176
Cumulative Fire	<u>14,733</u>	<u>34,466</u>	<u>34,000</u>	<u>15,199</u>
Totals	<u>\$ 54,066</u>	<u>\$ 57,734</u>	<u>\$ 66,605</u>	<u>\$ 45,195</u>

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Governmental Funds:				
Township	\$ 2,909	\$ 32,899	\$ 28,424	\$ 7,384
Dog	362	86	-	448
Township Assistance	23,823	5,000	6,833	21,990
Firefighting	726	12,327	9,700	3,353
Park and Recreation	2,176	1	1,200	977
Cumulative Fire	<u>15,199</u>	<u>20,022</u>	<u>34,000</u>	<u>1,221</u>
Totals	<u>\$ 45,195</u>	<u>\$ 70,335</u>	<u>\$ 80,157</u>	<u>\$ 35,373</u>

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

GRASS TOWNSHIP, SPENCER 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 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.

GRASS TOWNSHIP, SPENCER COUNTY
EXAMINATION RESULTS AND COMMENTS

BOARD MINUTES

Not all minutes of meetings of the governing body were available for examination. A similar comment appeared in the prior report.

Indiana Code 5-14-1.5-4(b) states:

"As the meeting progresses, the following memoranda shall be kept:

- (1) The date, time, and place of the meeting.
- (2) The members of the governing body recorded as either present or absent.
- (3) The general substance of all matters proposed, discussed, or decided.
- (4) A record of all votes taken, by individual members if there is a roll call.
- (5) Any additional information required under IC 5-1.5-2-2.5 or IC 20-12-63-7."

BOARD OF FINANCE

The minutes presented for examination did not contain information related to the annual meeting of the board of finance or the election of officers to the board of finance. A similar comment appeared in the prior report.

Indiana Code 5-13-7-6(a) states in part: "Each local board of finance shall meet annually after the first Monday and on or before the last day of January. At the annual meeting the board of finance shall . . . Elect, from the board's membership . . . a president; and a secretary . . . The officers elected hold office until the officers' successors are elected and qualified."

DEPOSIT OF PUBLIC FUNDS

We noted instances where the Trustee was not depositing receipts for over 60 days. A similar comment was in the prior report.

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."

PRESCRIBED FORMS

The following prescribed forms were not in use:

Township Form 16, Township Receipt

Township Form 17, Resolution Recommending Salaries of Township Officers and Employees

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)

GRASS TOWNSHIP, SPENCER COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

APPROPRIATIONS

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

Fund	Year	Excess Amount Expended
General	2007	\$ 621
Township Assistance	2007	833
Fire Fighting	2007	994
Cumulative Fire	2007	3,148

A similar comment was in the prior report.

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."

PENALTIES, INTEREST, AND OTHER CHARGES

Interest was paid to the Internal Revenue Service on October 20, 2006, for the period 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)

SALES TAX

Sales tax was paid on some purchases.

Governmental funds generally are exempt from the payment of sales tax on qualifying purchases. Respective tax agencies should always be contacted concerning tax exemptions and payments. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

GRASS TOWNSHIP, SPENCER COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

SUPPORTING DOCUMENTATION

Some 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)

ORDINANCES AND RESOLUTIONS

The Township had a budget concerning salaries of the Township Board. However, the Township Board members were not paid in accordance with the budget in 2007.

Each governmental unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

GRASS TOWNSHIP, SPENCER COUNTY
EXIT CONFERENCE

The contents of this report were discussed on October 29, 2008, with Karen McCormick, Trustee. The official concurred with our findings.