

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

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



FILED
12/31/2008

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Deborah K. Richard Gary D. Richard Betty Jane Lynam	11-01-03 to 12-31-07 01-01-08 to 03-01-08 03-02-08 to 12-31-10
Chairman of the Township Board	George Lynam	01-01-06 to 12-31-08



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INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the financial information presented herein of Hammond 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

HAMMOND 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	\$ 22,097	\$ 23,256	\$ 23,527	\$ 21,826
Dog	844	221	1,065	-
Township Assistance	15,328	5,409	4,966	15,771
Firefighting	8,082	7,991	9,000	7,073
Totals	<u>\$ 46,351</u>	<u>\$ 36,877</u>	<u>\$ 38,558</u>	<u>\$ 44,670</u>

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Governmental Funds:				
Township	\$ 21,826	\$ 21,824	\$ 23,595	\$ 20,055
Township Assistance	15,771	5,474	5,780	15,465
Firefighting	7,073	8,311	9,000	6,384
Totals	<u>\$ 44,670</u>	<u>\$ 35,609</u>	<u>\$ 38,375</u>	<u>\$ 41,904</u>

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

HAMMOND 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, 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.

HAMMOND TOWNSHIP, SPENCER COUNTY
EXAMINATION RESULTS AND COMMENTS

BANK ACCOUNT RECONCILIATIONS

Depository reconciliations of the fund balances to the bank account balances were not presented for examination. A similar comment was included in the prior report.

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)

FUND SOURCES AND USES

Receipts from the Spencer County Treasurer were incorrectly recorded in the General Fund.

Sources and uses of funds should be limited to those authorized by the enabling statute, ordinance, resolution, or grant agreement. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

PENALTIES, INTEREST, AND OTHER CHARGES

Penalties and interest were paid to the Indiana Department of Revenue on December 6, 2006, and \$31.46 was paid to the Internal Revenue Service on January 15, 2007, for the period ending September 30, 2006.

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)

PRESCRIBED FORMS

The following prescribed forms were not in use:

Township Form 17, Resolution Establishing Salaries of Township Officers and Employees
Township Form 16, Township Receipt

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)

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

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)

OFFICE EXPENSES

The Hammond Township Trustee had an office located in a building at her residence and received \$200 each month from the Township as rent. The Trustee was paid \$566.02 in 2006 (five months) and \$424.25 in 2007 (four months), in addition to rent, for electric bills that were in the Trustee's and the Trustee's husband's name. The building at her residence had a separate electric meter from the home.

The Trustee received \$75.85 in 2006 (three months) and \$239.60 in 2007 (eight months) for internet service. There was a separate internet service connection for the office and residence, but, only one billing was received. The internet charge ranged from \$20.95 to \$29.95 monthly in 2006 and 2007.

Telephone bills were in the name of Hammond Township and were listed in the directory as Hammond Township. Telephone expense budgeted by the Township Board was \$500 per year; however, \$632.68 (twelve months) was paid for telephone expense in 2006 and \$677.38 (twelve months) in 2007.

Indiana Code 36-6-8-3(a) states in part: "The annual appropriations to a township executive for the expenses of renting an office and telephone and telegraph expenses must, as nearly as is possible, be equal to the actual cost of those items. If the township executive uses a part of the executive's residence for an office, the township legislative body shall appropriate a reasonable sum for the office space."

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."

ORDINANCES AND RESOLUTIONS

Township employees were not paid in accordance with amount set in the board approved budget.

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)

HAMMOND TOWNSHIP, SPENCER COUNTY
EXIT CONFERENCE

The contents of this report were discussed on November 13, 2008, with Betty Jane Lynam, Trustee; and Deborah K. Richard, prior Trustee. The officials concurred with our findings.