

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

EXAMINATION REPORT  
OF  
MILLER TOWNSHIP  
DEARBORN COUNTY, INDIANA  
January 1, 2006 to December 31, 2007



**FILED**  
01/22/2009



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OFFICIALS

Office

Official

Term

Trustee

Arthur Little

01-01-03 to 12-31-10

Chairman of the  
Township Board

Gary B. Morris

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 MILLER TOWNSHIP, DEARBORN COUNTY, INDIANA

We have examined the financial information presented herein of Miller 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

December 11, 2008

MILLER 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	\$ 3,800	\$ 31,516	\$ 33,487	\$ 1,829
Dog	1,465	1,236	1,164	1,537
Township Assistance	5,798	2,554	7,486	866
Firefighting	4,552	166,411	154,000	16,963
Rainy Day	9,550	-	-	9,550
Totals	<u>\$ 25,165</u>	<u>\$ 201,717</u>	<u>\$ 196,137</u>	<u>\$ 30,745</u>

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Governmental Funds:				
Township	\$ 1,829	\$ 34,696	\$ 19,793	\$ 16,732
Dog	1,537	-	1,537	-
Township Assistance	866	8,345	7,923	1,288
Firefighting	16,963	126,534	142,000	1,497
Rainy Day	9,550	-	-	9,550
Totals	<u>\$ 30,745</u>	<u>\$ 169,575</u>	<u>\$ 171,253</u>	<u>\$ 29,067</u>

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

MILLER 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.

MILLER TOWNSHIP, DEARBORN COUNTY  
EXAMINATION RESULTS AND COMMENTS

BANK ACCOUNT RECONCILIATIONS

Depository reconciliations of the fund balances to the bank account balances were not presented for examination.

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)

FEDERAL AND STATE AGENCIES - COMPLIANCE REQUIREMENTS

The following deficiencies were noted regarding directives of the Internal Revenue Service:

1. Amounts paid to the Trustee for office rent were not reported on Internal Revenue Service Form 1099.
2. Compensation paid to the Trustee, Township Clerk and Township Board Members had no payroll withholdings deducted and was not reported on Internal Revenue Service Form W-2.

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).

Any penalties, interest or other charges paid by the governmental unit may be the personal obligation of the responsible official or employees. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

A similar comment was reported prior Report B29381.

APPROPRIATIONS

Disbursements for the Fire Fighting Fund exceeded approved appropriations in the amount of \$18,780 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."

MILLER TOWNSHIP, DEARBORN COUNTY  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

TOWNSHIP ASSISTANCE PROCEDURES

The following deficiencies regarding the processing of Township assistance were noted:

1. All of Applications for Township Assistance (Form TA-1) examined showed that investigations of applicants to determine if they were qualified to receive township assistance were not documented.

Indiana Code 12-20-6-9 states in part:

"If an application for township assistance is made to the township trustee . . . the township trustee . . . shall carefully investigate the circumstances of the applicant and each member of the applicant's household . . ."

2. Thirty percent of the Applications for Township Assistance (Form TA-1) examined were not completely prepared.

Indiana Code 12-20-6-1 states in part:

"(a) A township trustee may not extent aid to an individual or a household unless an application and affidavit setting forth the personal condition of the individual or household has been filed with the trustee within one hundred eighty (180) days before the date aid is extended.

(b) An individual filing an application and affidavit on behalf of a household must provide the names of all household members and any information necessary for determining the household's eligibility for township assistance. . . ."

Indiana Code 12-20-6-8(c) states in part:

"An application for township assistance is not considered complete until all adult members of the requesting household have signed:

- (1) the poor relief application; and
- (2) any other form, instrument, or document:
  - (A) required by law; or
  - B) determined necessary for investigative purposes by the trustee . . ."

HEALTH AND LIFE INSURANCE BENEFITS

The Township paid health, dental, and life insurance premiums on a personal insurance policies obtained in the name of Ruth Little, Township Clerk, and a Medicare supplemental policy obtained in the name of Arthur Little, Trustee. The Township did not enter into a contract with an insurance company to provide these employee benefits. The following are the amounts paid by Township on the personal policies obtained by Ruth Little and Arthur Little:

MILLER TOWNSHIP, DEARBORN COUNTY  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

1. The Township paid \$18,279.75 to United Security Life and Health Insurance in the year 2006 and \$5,587.29 to American Medical Security in the year 2007 for health, dental, and life insurance premiums for Ruth Little.
2. Arthur Little was reimbursed \$690.03 and \$753.27 during the years 2006 and 2007, respectively, for Medicare supplemental health insurance premiums.

Indiana Code 5-10-8-2.6(b) states in part:

"A public employer may provide programs of group insurance for its employees and retired employees. . . . A public employer may provide programs of group health insurance under this section through one (1) of the following methods:

- (1) By purchasing policies of group insurance.
- (2) By establishing self-insurance programs.
- (3) By electing to participate in the local unit group of local units that offer the state employee health plan under section 6.6 of this chapter.

A public employer may provide programs of group insurance other than group health insurance under this section by purchasing policies of group insurance . . ."

The payment of insurance premiums on personal policies of officers and employees rather than on a group insurance policy purchased by the Township could be considered a personal expense.

Public funds may not be used to pay for personal items or for expenses which do not relate to the functions and purposes of the governmental unit. Any personal expenses paid by the governmental entity may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

#### BOARD APPROVAL OF EMPLOYEE BENEFITS

The Township Board approved appropriations for the payment of employee benefits (See Examination Result and Comment titled "Health and Life Insurance Benefits." However, no resolution was presented for our examination showing the employee benefits were approved by the Township Board.

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, resolution or salary schedule adopted by the governing body unless otherwise authorized by statute. Compensation should be made in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 17)

MILLER TOWNSHIP, DEARBORN COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on December 11, 2008, with Arthur Little, Trustee.  
The official concurred with our findings.