

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

EXAMINATION REPORT  
OF  
CHESTER TOWNSHIP  
WABASH COUNTY, INDIANA  
January 1, 2006 to December 31, 2007



**FILED**

01/23/2009



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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Florence Dahlstrom Stanley Enyeart, Jr.	01-01-03 to 11-15-07 11-16-07 to 12-31-10
Chairman of the Township Board	Argyle Keirn	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 CHESTER TOWNSHIP, WABASH COUNTY, INDIANA

We have examined the financial information presented herein of Chester 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 Capital Assets, 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

December 15, 2008

CHESTER TOWNSHIP, WABASH 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	\$ 130,484	\$ 44,792	\$ 27,450	\$ 147,826
Dog	937	593	1,530	-
Township Assistance	37,888	46,898	25,811	58,975
Firefighting	130,461	222,262	196,524	156,199
Park and Recreation	3,586	2,768	1,386	4,968
Library	26,463	26,093	19,574	32,982
Levy Excess	2,130	1,412	2,130	1,412
Fire Equipment Debt	3,464	-	3,464	-
Cumulative Fire	56,297	22,546	12,159	66,684
Totals	<u>\$ 391,710</u>	<u>\$ 367,364</u>	<u>\$ 290,028</u>	<u>\$ 469,046</u>

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Governmental Funds:				
Township	\$ 147,826	\$ 43,972	\$ 30,308	\$ 161,490
Township Assistance	58,975	44,793	20,350	83,418
Firefighting	156,199	223,719	207,639	172,279
Park and Recreation	4,968	4,476	1,112	8,332
Library	32,982	28,791	18,956	42,817
Levy Excess	1,412	1,438	1,412	1,438
Cumulative Fire	66,684	22,144	87	88,741
Totals	<u>\$ 469,046</u>	<u>\$ 369,333</u>	<u>\$ 279,864</u>	<u>\$ 558,515</u>

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

CHESTER TOWNSHIP, WABASH 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. 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.

CHESTER TOWNSHIP, WABASH COUNTY  
NOTES TO FINANCIAL INFORMATION  
(Continued)

Note 6. Pension Plan

Public Employees' Retirement Fund

Plan Description

The Township contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF Board, most requirements of the system, and give the Township authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

PERF administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

Public Employees' Retirement Fund  
Harrison Building, Room 800  
143 West Market Street  
Indianapolis, IN 46204  
Ph. (317) 233-4162

Funding Policy and Annual Pension Cost

The contribution requirements of the plan members for PERF are established by the Board of Trustees of PERF.

CHESTER TOWNSHIP, WABASH COUNTY  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF CAPITAL ASSETS

December 31, 2007

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 5,000
Buildings	134,182
Improvements other than buildings	23,496
Machinery and equipment	<u>449,569</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 612,247</u>

CHESTER TOWNSHIP, WABASH COUNTY  
EXAMINATION RESULTS AND COMMENTS

CONDITION OF RECORDS

The following recordkeeping conditions were noted during the examination:

- (1) The Annual Township Financial Report did not agree with ledgers provided for examination.
- (2) The detail of fund disbursements also included receipts.
- (3) No detail of payroll deductions was presented for examination. It appears that payment of payroll taxes was paid from the wrong funds.

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)

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)

SUPPORTING DOCUMENTATION - TOWNSHIP ASSISTANCE

Twenty-eight percent of township assistance payments did not contain adequate supporting documentation, such as applicant's receipts or invoices. Township Assistance Purchase Order, Form TA-2, was not signed by the recipient or vendor in all cases. 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)

FEDERAL AND STATE AGENCIES - COMPLIANCE REQUIREMENTS

The Township did not issue Internal Revenue Service form 1099 for rent paid to township assistance vendors or to individuals for nonemployee compensation paid in 2007.

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 Townships, 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 Townships, Chapter 13)

CHESTER TOWNSHIP, WABASH COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on December 15, 2008, with Stanley Enyeart, Jr., Trustee; and Florence Dahlstrom, former Trustee. The officials concurred with our findings.