

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

EXAMINATION REPORT

OF

SPARTA TOWNSHIP

DEARBORN COUNTY, INDIANA

January 1, 2006 to December 31, 2007



FILED
02/02/2009

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OFFICIALS

Office

Official

Term

Trustee

Craig E. Beckley

01-01-03 to 12-31-10

Chairman of the
Township Board

Thomas M. Gilb

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 SPARTA TOWNSHIP, DEARBORN COUNTY, INDIANA

We have examined the financial information presented herein of Sparta 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 30, 2008

SPARTA 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	\$ 43,178	\$ 23,480	\$ 20,416	\$ 46,242
Dog	929	163	1,092	-
Township Assistance	8,187	1,427	7,132	2,482
Firefighting	13,459	12,020	11,920	13,559
Building and Fire Equipment	24,332	19,640	-	43,972
Totals	<u>\$ 90,085</u>	<u>\$ 56,730</u>	<u>\$ 40,560</u>	<u>\$ 106,255</u>

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Governmental Funds:				
Township	\$ 46,242	\$ 20,222	\$ 20,322	\$ 46,142
Township Assistance	2,482	5,730	7,933	279
Firefighting	13,559	10,353	12,920	10,992
Building and Fire Equipment	43,972	18,632	15,000	47,604
Totals	<u>\$ 106,255</u>	<u>\$ 54,937</u>	<u>\$ 56,175</u>	<u>\$ 105,017</u>

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

SPARTA 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.

SPARTA TOWNSHIP, DEARBORN COUNTY
EXAMINATION RESULTS AND COMMENTS

BOARD APPROVAL OF EMPLOYEE BENEFITS

Payments were made to Lifetime Resources, Inc., in 2006 and 2007 for Craig E. Beckley's, Township Trustee, health insurance premiums. The Township Board approved an appropriation for the payment of employee health insurance. However, no resolution was presented for our examination showing the employee benefit was 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)

IC 5-10-8-2.6(b) states in part: "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."

INTERNAL REVENUE SERVICE REQUIREMENTS

The Township did not withhold payroll taxes or issue Internal Revenue Service Form W-2 for compensation paid to the Township Board Members.

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 employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

MILEAGE CLAIMS

Mileage reimbursement was claimed for 130 trips in 2006 and 85 trips in 2007 to the Dearborn County Courthouse. The nature of business description on the claims stated simply "township business."

Craig E. Beckley, Township Trustee, stated that all Township mail is sent to Dearborn County Assessor's office.

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

The township trustee is entitled to a sum for mileage in the performance of his official duties equal to the sum per mile paid to state officers and employees (IC 36-6-8-3). Mileage Claim Form Number 101 shall be properly completed, listing dates of authorized travel, details of travel, miles traveled, nature of business, etc., for reimbursement for mileage before payment is made. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

TOWNSHIP ASSISTANCE PROCEDURES

We found the following deficiencies regarding the processing of Township assistance:

1. Investigations to determine if township assistance applicants were qualified to receive Township assistance were not documented on 100% of township assistance applications we examined.

IC 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. We identified one Township Assistance Purchase Order (Form TA-2) that was not signed by the vendor.

Whenever the administrator of township assistance of any township grants township assistance aid to any indigent person, or to any other person or agency on a township assistance order as provided by law or obligates the township for any item properly payable from township assistance funds, the claim against such township, itemized and sworn to as provided by law, and accompanied by the original township assistance order, duly itemized and signed shall be checked with the records of the administrator of township assistance, audited, and certified to, as required by law by the trustee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 6)

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)

CAPITAL ASSET RECORDS

The Township does not maintain a record of its capital assets and inventories are not performed. Accurate records and annual inventories are necessary controls which should be implemented to safeguard the Township's assets.

Every governmental unit should have a complete inventory of all capital assets owned which reflects their acquisition value. Such inventory should be recorded on the applicable Capital Assets Ledger. A complete inventory should be taken at least every two years for good internal control and for verifying account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

SPARTA TOWNSHIP, DEARBORN COUNTY
EXIT CONFERENCE

The contents of this report were discussed on December 30, 2008, with Craig E. Beckley, Trustee. The official concurred with our findings.