

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

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



**FILED**  
03/06/2009



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OFFICIALS

Office

Official

Term

Trustee

Pamela S. Sanders

01-01-03 to 12-31-10

Chairman of the  
Township Board

Gary F. Carroll

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 WABASH TOWNSHIP, PARKE COUNTY, INDIANA

We have examined the financial information presented herein of Wabash 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 29, 2008

WABASH TOWNSHIP, PARKE 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	\$ 14,601	\$ 658	\$ 9,711	\$ 5,548
Dog	183	2	-	185
Firefighting	(6,119)	5,000	5,000	(6,119)
Township Assistance	416	-	224	192
Cemetery	-	200	-	200
Totals	<u>\$ 9,081</u>	<u>\$ 5,860</u>	<u>\$ 14,935</u>	<u>\$ 6</u>

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Governmental Funds:				
Township	\$ 5,548	\$ 8,364	\$ 4,536	\$ 9,376
Dog	185	-	-	185
Firefighting	(6,119)	15,700	5,000	4,581
Township Assistance	192	1,256	634	814
Cemetery	200	-	-	200
Totals	<u>\$ 6</u>	<u>\$ 25,320</u>	<u>\$ 10,170</u>	<u>\$ 15,156</u>

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

WABASH TOWNSHIP, PARKE 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 IC 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.

WABASH TOWNSHIP, PARKE COUNTY  
EXAMINATION RESULTS AND COMMENTS

BOARD MINUTES

Minutes of meetings of the governing body were not available for review. A similar comment was included in prior Report B28641.

IC 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."

DEPOSIT OF PUBLIC FUNDS

We noted instances where the Trustee was not making regular deposits. One distribution dated May 4, 2006, was not deposited until December 12, 2006. A similar comment was included in prior Report B28641.

IC 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."

TIMELY RECORDKEEPING

We noted instances of several months from the time of the original date of the transactions until entry on the records. A similar comment was included in prior Report B28641.

All documents and entries to records should be done in a timely manner to ensure that accurate financial information is available to allow the governmental unit to make informed management decisions and to help ensure compliance with IC 5-15-1-1 et seq., commonly referred to as the Public Records Law. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

APPROPRIATIONS

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

WABASH TOWNSHIP, PARKE COUNTY  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

Fund	Year	Excess Amount Expended
General	2006	\$ 4,711
Township Assistance	2006	224
Firefighting	2006	5,000

A budget for 2006 was not prepared. All disbursements for 2006 exceeded appropriated amounts. A similar comment was included in prior Report B28641.

IC 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."

FEDERAL AND STATE AGENCIES - COMPLIANCE REQUIREMENTS

The Trustee did not properly withhold taxes on wages. Federal tax Forms W-2 Statement of Wages explaining the payments were not retained for review. The withholdings made from wages in 2005 and 2006 have not been paid to the federal government. Federal Tax Return 944 was presented for review but was calculated incorrectly. A similar comment was included in prior Report B28641.

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)

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)

WABASH TOWNSHIP, PARKE COUNTY  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

SUPPORTING DOCUMENTATION

Three Township Assistance disbursements and one Township disbursement 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. A similar comment was included in prior Report B28641.

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)

OVERDRAWN FUND BALANCES

The Firefighting Fund was overdrawn in 2006 by \$6,119.

The balance of any fund may not be reduced below zero. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

INTERNAL CONTROLS

Pamela S. Sanders, Trustee, deposited \$300 on January 17, 2007, from her personal account. The Township received a NSF/OD fee for insufficient funds for January 2007. A budget was not prepared for 2006 and the Township did not receive local distributions. The Trustee deposited these funds to prevent the Township's checking account from being overdrawn.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

The cash balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

CONDITION OF RECORDS

The following deficiencies relating to the recordkeeping were noted. A similar comment was in prior Report B28641.

WABASH TOWNSHIP, PARKE COUNTY  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

- (1) Record balances were not reconciled to depository balances.

IC 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)

- (2) There were a considerable number of posting errors. These errors included deposits not received, and interest not posted.

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

COMPENSATION AND BENEFITS

Pamela S. Sanders, Trustee, received \$400 in payments for the year 2007 for Clerk wages in addition to the salary as Trustee. The Trustee made a \$300 deposit in January 2007 into the Township's checking account from her personal account and also paid \$135.92 to The Torch Newspaper for advertising of the annual report. Since the Trustee used personal funds to deposit into the Township's checking account and pay an invoice we will not be requesting reimbursement of the \$400 overpayment of salary.

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)

WABASH TOWNSHIP, PARKE COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on December 29, 2008, with Pamela S. Sanders, Trustee. The official concurred with our findings.