

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

EXAMINATION REPORT

OF

WAYNE TOWNSHIP

STARKE COUNTY, INDIANA

January 1, 2007 to December 31, 2008



**FILED**

05/07/2009



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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Clara Schacht	01-01-07 to 12-31-10
Chairman of the Township Board	Tom Griffo	01-01-07 to 12-31-07
	Venture Pacilio	01-01-08 to 12-31-08
	Joseph Griffo	01-01-09 to 12-31-09



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF WAYNE TOWNSHIP, STARKE COUNTY, INDIANA

We have examined the financial information presented herein of Wayne Township (Township), for the period of January 1, 2007 to December 31, 2008. 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, 2007 and 2008, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

March 10, 2009

WAYNE TOWNSHIP, STARKE COUNTY  
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES  
ALL GOVERNMENTAL FUND TYPES  
As Of And For The Years Ended December 31, 2007 And 2008

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Governmental Funds:				
Township	\$ 29,404	\$ 45,203	\$ 29,647	\$ 44,960
Township Assistance	37,624	13,101	3,930	46,795
Firefighting	44,341	22,639	28,000	38,980
Park and Recreation	4,782	4,763	1,900	7,645
Cumulative Fire	<u>34,034</u>	<u>14,666</u>	<u>4,488</u>	<u>44,212</u>
Totals	<u>\$ 150,185</u>	<u>\$ 100,372</u>	<u>\$ 67,965</u>	<u>\$ 182,592</u>

	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
Governmental Funds:				
Township	\$ 44,960	\$ 20,262	\$ 16,397	\$ 48,825
Township Assistance	46,795	12,766	5,701	53,860
Firefighting	38,980	18,674	23,000	34,654
Park and Recreation	7,645	3,437	1,900	9,182
Cumulative Fire	<u>44,212</u>	<u>14,414</u>	<u>19,500</u>	<u>39,126</u>
Totals	<u>\$ 182,592</u>	<u>\$ 69,553</u>	<u>\$ 66,498</u>	<u>\$ 185,647</u>

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

WAYNE TOWNSHIP, STARKE 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.



WAYNE TOWNSHIP, STARKE COUNTY  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

CONDITION OF RECORDS

The following deficiencies relating to the recordkeeping were noted.

- (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."

- (2) There were a considerable number of posting errors. These errors included deposits not receipted or not extended to individual funds, checks and receipts not recorded in the proper amounts, interest not posted, and addition errors not detected.

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)

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)

ANNUAL REPORT

The Annual Reports - Township Form 15 for 2007 and 2008 were presented for examination but were not correct. Receipts, disbursements, and fund balances reported were incorrect and did not reconcile to the depository balance at year end.

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)

TIMELY RECORDKEEPING

The Financial and Appropriation Record is being posted from the bank statements which has lead to outstanding checks not being posted in the month, or possibly the year, in which they were written. A similar comment was made in the prior Report B29692.

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 Indiana Code 5-15-1-1 et seq., commonly referred to as the Public Records Law. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

DEPOSIT OF PUBLIC FUNDS

The Trustee made only two deposits in 2008. We noted instances of local tax distributions being held as long as seven months. A similar comment was made in prior Report B29692.

WAYNE TOWNSHIP, STARKE COUNTY  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

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."

APPROPRIATIONS

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

<u>Fund</u>	<u>Year</u>	<u>Excess Amount Expended</u>
Firefighting	2008	<u>\$ 3,000</u>

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

Compensation paid to township employees was incorrectly reported at year-end on IRS Form 1099-MISC instead of Form W-2. The required payroll taxes (both employer and employee's share) were never withheld or paid on this compensation. A similar comment was also noted in the prior two Reports B25140 and B29692.

The amounts reported for Trustee's salary, office rent, and Deputy's salary were collectively understated by \$3,533.38 in 2007 and \$800.00 in 2008. A similar comment was made in prior Report B29692.

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)

WAYNE TOWNSHIP, STARKE COUNTY  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

SALES TAX

Sales tax was paid for some purchases. A similar comment was made in prior Report B29692.

Governmental funds generally are exempt from the payment of sales tax on qualifying purchases. Respective tax agencies should always be contacted concerning tax exemptions and payments. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

COLLECTION OF AMOUNTS DUE

In January of 2007 the Indiana Department of Revenue, Sales Tax Division, made an unauthorized withdrawal of \$13,820.29 from the Wayne Township checking account. Investigation into the withdrawal revealed that the funds were to cover sales tax due on alcohol and cigarette sales. The Township does not sell any such items and therefore does not collect any sales tax. In May of 2007 the Township bank account received a deposit of \$11,824.58 from the State of Indiana as a refund for the previous withdrawal made in error. The difference of \$1,995.71 has never been refunded and is still due the Township. We requested the Trustee, Clara Schacht, to contact the Indiana Department of Revenue and pursue collection of this overpayment. The Trustee, Clara Schacht, reimbursed the Township Fund. (See Summary, page 11)

Governmental units have a responsibility to collect amounts owed to the governmental unit pursuant to procedures authorized by statute. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

WAYNE TOWNSHIP, STARKE COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on March 10, 2009, with Clara Schacht, Trustee. The official concurred with our findings.

WAYNE TOWNSHIP, STARKE COUNTY  
SUMMARY

	<u>Charges</u>	<u>Credits</u>	<u>Balance Due</u>
Clara Schact, Trustee:			
Compensation and Rent Overpayments, page 6	\$ 1,467.34	\$	\$
Collection of Amounts Due, page 9	1,995.71		
Repaid by Clara Schact, Trustee:			
May 4, 2009, Receipt 4943		<u>3436.05</u>	<u>-</u>
Totals	<u>\$ 3,463.05</u>	<u>\$ 3,463.05</u>	<u>\$ -</u>