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

EXAMINATION REPORT

OF

WEBSTER TOWNSHIP

HARRISON COUNTY, INDIANA

January 1, 2008 to December 31, 2009



FILED
04/19/2010

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Merlin G. Lillpop	01-01-07 to 12-31-10
Chairman of the Township Board	Daniel D. McPhillips	01-01-08 to 12-31-10



STATE OF INDIANA
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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF WEBSTER TOWNSHIP, HARRISON COUNTY, INDIANA

We have examined the financial information presented herein of Webster Township (Township), for the period of January 1, 2008 to December 31, 2009. 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, 2008 and 2009, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

March 25, 2010

WEBSTER TOWNSHIP, HARRISON COUNTY
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL FUND TYPES
As Of And For The Years Ended December 31, 2008 And 2009

	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
Governmental Funds:				
Township	\$ 5,807	\$ 13,015	\$ 17,185	\$ 1,637
Township Assistance	12,572	8,209	1,919	18,862
ICA/Riverboat	<u>18,697</u>	<u>5,740</u>	<u>4,240</u>	<u>20,197</u>
Totals	<u>\$ 37,076</u>	<u>\$ 26,964</u>	<u>\$ 23,344</u>	<u>\$ 40,696</u>
	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
Governmental Funds:				
Township	\$ 1,637	\$ 22,225	\$ 17,943	\$ 5,919
Township Assistance	18,862	12,811	2,827	28,846
ICA/Riverboat	<u>20,197</u>	<u>5,740</u>	<u>3,021</u>	<u>22,916</u>
Totals	<u>\$ 40,696</u>	<u>\$ 40,776</u>	<u>\$ 23,791</u>	<u>\$ 57,681</u>

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

WEBSTER TOWNSHIP, HARRISON 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: 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.

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.

WEBSTER TOWNSHIP, HARRISON COUNTY
EXAMINATION RESULTS AND COMMENTS

CELLULAR PHONES AND INTERNET EXPENSES

The Township office is in the home of the Township Trustee. The contact number for the Township Trustee, as listed in the telephone directory, is the Trustee's home phone number, which is the land line number.

The Township paid 100% of the monthly cellular telephone use that was in the name of the Trustee for the year 2008, 2009, and to date in 2010. Each year the Township Board approved \$540 for telephone use.

The Township paid \$799.34 in 2008, for the cellular telephone in the name of the Trustee. The publications in the year 2008, for the annual report and the annual budget listed the Trustee's home telephone number, but did not list the cellular telephone number as the contact number for the Trustee.

The Township paid \$852.39 in 2009, for the cellular telephone use of two (2) phone lines that were in the name of the Trustee. The publications in the year 2009, for the annual report and the annual budget listed the Trustee's home telephone number, but did not list either of the cellular telephone numbers as the contact number for the Trustee.

The Township paid \$140.14 in January and February of 2010, for the cellular telephone use of two (2) phone lines that were in the name of the Trustee. The publication in the year 2010 for the annual report listed the Trustee's home telephone number, but did not list either of the cellular telephone numbers as the contact number for the Trustee.

The Township paid a total of \$24.85 in October, November, and December, of 2009 and January and February of 2010, for 100% of the base monthly internet service. The Township Trustee may be reimbursed for 50% of the base monthly internet service.

The Trustee was requested to reimburse the Township Fund for cellular telephone use totaling \$1,791.87, less \$639.24 reimbursement for 50% of the Trustee's home telephone, for a total of \$1,152.63, plus 50% of the base monthly internet service totaling \$12.43, for a grand total of \$1,165.06, as scheduled below:

Date	Vendor	Description	Totals
Year 2008	Sprint	Cellular telephone use for 9 months	\$ 363.82
Year 2008	Verizon Wireless	Cellular telephone use for 3 months	304.49
	39,719.00	Cellular Sales	131.03
Year 2009	Verizon Wireless	Cellular telephone use for 12 months	852.39
Year 2010	Verizon Wireless	Cellular telephone use for 2 months	<u>140.14</u>
Total overpayment for cellular telephone use			1,791.87
Less: Reimbursement for 50% of telephone expense for use of Trustee's home telephone			(535.24)
Less: Reimbursement for additional cost of Township directory listing			<u>(104.00)</u>
Net overpayment for telephone use			<u>1,152.63</u>
Year 2009	Chase card services	50% of monthly internet service for 3 months	7.46
Year 2010	Chase card services	50% of monthly internet service for 2 months	<u>4.97</u>
Total overpayment for monthly internet service			<u>12.43</u>
Total overpayment			<u>\$ 1,165.06</u>

WEBSTER TOWNSHIP, HARRISON COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

(See Summary, page 10)

We have received numerous inquiries about the purchase, and usage of cellular phones and related service for townships.

The following audit position should cover all situations for reimbursement of cellular phone expenses:

The State Board of Accounts will not take audit exception to reasonable expenditures if:

1. Township owned cellular telephone(s) exist for which the township has a listing in the telephone directory in the name of the township. Consequently, 100% of the proper monthly cellular telephone service for which the township receives and maintains a detailed listing from the cellular service company showing the township business nature of all calls may be paid.
2. All other situations for which the number one does not apply, up to 50% of the base monthly service billing may be reimbursed for township business calls if approved by the township board in accordance with IC 36-6-8-3. However, obligations may exist (which may include personal obligations) in regards to Internal Revenue Service and Indiana Department of Revenue regulations.

We have received numerous inquires about the purchase, and usage of computers and related internet service for townships, including situations for which a separate township office does not exist.

The following audit position should cover all situations for reimbursement of computers and related internet expenses:

The State Board of Accounts will not take audit exception to reasonable expenditures if:

1. A separate township office exists and the township has computers and Internet service in the name of the township. The expense for computers and 100% of the proper monthly Internet service billing for township business may be paid if the township timely files the completed township annual report in an electronic format approved by the State Board of Accounts.
2. The only township office is in the home. Up to 100% of cost of a computer and up to 50% of the base monthly Internet service billing may be reimbursed for township business if approved by the township board in accordance with IC 36-6-8-3 and the township timely files the completed township annual report in an electronic format approved by the State Board of Accounts.

The aforementioned audit position of the State Board of Accounts is with the assumption computers (cellular phones) shall be titled and inventoried in the name of the township and compliance with the following audition position from the *Accounting and Uniform Compliance Guidelines Manual for Townships*.

The State Board of Accounts is of the audit position 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.

WEBSTER TOWNSHIP, HARRISON COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

Assets of the governmental unit may not be used in a manner unrelated to the functions and purposes of the governmental unit.

Whenever an item or other asset owned by the political subdivision is entrusted to an officer or employee, to be used at times outside the normal work time for business purposes, such as a cellular phone, or vehicle, a log should be maintained which clearly shows the business use.

(Township Bulletin and Uniform Compliance Guidelines, November 2008, page 3, 4)

PAYROLL DEDUCTIONS

Social Security and Medicare taxes were not withheld from the wages paid to the Township Trustee, the Township Clerk, and the Township Board members during the examination period. Additionally, Internal Revenue Service W-2's forms were not issued to Township employees for the years 2008 and 2009.

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)

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.

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)

WEBSTER TOWNSHIP, HARRISON COUNTY
EXIT CONFERENCE

The contents of this report were discussed on March 25, 2010, with Merlin G. Lillpop, Trustee; and Daniel D. McPhillips, Chairman of the Township Board.

WEBSTER TOWNSHIP, HARRISON COUNTY
SUMMARY

	<u>Charges</u>	<u>Credits</u>	<u>Balance Due</u>
Merlin G. Lillpop, Trustee:			
Cellular Phones and Internet Expenses, pages 6 through 8	\$ 1,165.06	\$	\$
Paid by Merlin G. Lillpop, Trustee:			
Deposited on March 29, 2010	<u> </u>	<u>1,165.06</u>	<u> </u> -
Totals	<u>\$ 1,165.06</u>	<u>\$ 1,165.06</u>	<u>\$ </u> -