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

EXAMINATION REPORT
OF
MORAL TOWNSHIP
SHELBY COUNTY, INDIANA
January 1, 2007 to December 31, 2009



FILED
04/27/2010

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Henry Johnson	01-01-07 to 12-31-10
Chairman of the Township Board	David Brattain	01-01-07 to 12-31-07
	David Sullivan	01-01-08 to 12-31-08
	Ed Lay	01-01-09 to 12-31-09
	David Brattain	01-01-10 to 12-31-10



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF MORAL TOWNSHIP, SHELBY COUNTY, INDIANA

We have examined the financial information presented herein of Moral Township (Township), for the period of January 1, 2007 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, 2007, 2008, and 2009, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The Schedule of Long-Term Debt, 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

April 8, 2010

MORAL TOWNSHIP, SHELBY COUNTY
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES
As Of And For The Years Ended December 31, 2007, 2008, And 2009

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Governmental Funds:				
Township	\$ 17,415	\$ 39,381	\$ 52,710	\$ 4,086
Township Assistance	14,311	8,403	14,017	8,697
Firefighting	78,799	50,051	82,290	46,560
Cumulative Fire	74,366	128,935	110,961	92,340
Community Center	597	2,282	1,563	1,316
Cemetery	5,495	6,050	9,345	2,200
Fire Debt	25,433	10,869	33,831	2,471
Fiduciary Fund:				
Payroll Withholdings	639	2,263	2,902	-
Totals	<u>\$ 217,055</u>	<u>\$ 248,234</u>	<u>\$ 307,619</u>	<u>\$ 157,670</u>
	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
Governmental Funds:				
Township	\$ 4,086	\$ 40,767	\$ 53,373	\$ (8,520)
Township Assistance	8,697	3,794	9,149	3,342
Firefighting	46,560	49,290	82,419	13,431
Cumulative Fire	92,340	26,462	100,027	18,775
Community Center	1,316	2,725	3,836	205
Cemetery	2,200	5,124	4,853	2,471
Fire Debt	2,471	74,582	106,276	(29,223)
Rainy Day	-	3,464	568	2,896
Fiduciary Fund:				
Payroll Withholdings	-	2,263	2,263	-
Totals	<u>\$ 157,670</u>	<u>\$ 208,471</u>	<u>\$ 362,764</u>	<u>\$ 3,377</u>
	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
Governmental Funds:				
Township	\$ (8,520)	\$ 60,454	\$ 56,131	\$ (4,197)
Township Assistance	3,342	13,526	5,864	11,004
Firefighting	13,431	129,766	118,161	25,036
Cumulative Fire	18,775	68,721	-	87,496
Community Center	205	3,471	2,797	879
Cemetery	2,471	5,036	5,836	1,671
Fire Debt	(29,223)	149,713	106,260	14,230
Rainy Day	2,896	1,472	-	4,368
EMS Ambulance	-	17,500	12,720	4,780
Fiduciary Fund:				
Payroll Withholdings	-	2,263	2,263	-
Totals	<u>\$ 3,377</u>	<u>\$ 451,922</u>	<u>\$ 310,032</u>	<u>\$ 145,267</u>

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

MORAL TOWNSHIP, SHELBY 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.

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.

MORAL TOWNSHIP, SHELBY COUNTY
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 December 31, 2009

The Township has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:		
Fire Protection - Loans Payable	\$ 277,489	\$ 89,494

MORAL TOWNSHIP, SHELBY COUNTY
EXAMINATION RESULTS AND COMMENTS

OFFICIAL BOND

The Trustee's official bond did not comply with current requirements. Currently, the Trustee's official bond is for \$15,000.

Effective July 1, 2009, IC 5-4-1-18 states in part:

"(c) Except as provided in subsections (h) and (i), the fiscal bodies of the respective units shall fix the amount of the bond of . . . township trustees . . . as follows:

- (1) The amount of annual coverage must equal thirty thousand dollars (\$30,000) for each one million dollars (\$1,000,000) of receipts of the officer's office during the last complete fiscal year before the purchase of the bond, subject to subdivision (2).
- (2) The amount of annual coverage may not be less than thirty thousand dollars (\$30,000) nor more than three hundred thousand dollars (\$300,000) unless the fiscal body approves a greater amount of annual coverage for the officer or employee."

ANNUAL REPORT

The 2009 annual report was not filed by March 1, 2010.

IC 5-11-1-4 states:

"The state examiner shall require from every municipality and every state or local governmental unit, entity, or instrumentality financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each fiscal year. The reports must be filed electronically, in a manner prescribed by the state examiner that is compatible with the technology employed by the political subdivision."

MORAL TOWNSHIP, SHELBY COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

LIST OF EMPLOYEES NOT FILED WITH COUNTY TREASURER

Officials or employees of the Township had money due from the Township, but a list of such employees was not certified to the County Treasurer.

IC 6-1.1-22-14(a) states in part:

"On or before June 1 and December 1 of each year . . . the disbursing officer of each political subdivision . . . shall certify the names and addresses of each person who has money due the person from the political subdivision to the treasurer of each county in which the political subdivision is located."

OVERDRAWN FUND BALANCES

The Township Fund and Fire Debt Fund were overdrawn in 2008. The Township Fund was overdrawn in 2009.

The 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)

CAPITAL ASSET RECORDS

Information presented for examination did not indicate an inventory or record of capital assets using Form 369.

Every governmental unit should have a complete inventory of all capital assets owned which reflect their acquisition value. Such inventory should be recorded on the applicable Capital Asset 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)

MORAL TOWNSHIP, SHELBY COUNTY
EXIT CONFERENCE

The contents of this report were discussed via telephone on April 8, 2010, with Henry Johnson, Trustee. The official concurred with our findings.