

B36803

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

EXAMINATION REPORT
OF
RUSSELL TOWNSHIP
PUTNAM COUNTY, INDIANA
January 1, 2008 to December 31, 2009



FILED
05/06/2010

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OFFICIALS

Office

Official

Term

Trustee

Alice Morrell

01-01-08 to 12-31-10

Chairman of the
Township Board

Kevin Carrington

01-01-08 to 12-31-10



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF RUSSELL TOWNSHIP, PUTNAM COUNTY, INDIANA

We have examined the financial information presented herein of Russell 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

April 6, 2010

RUSSELL TOWNSHIP, PUTNAM 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	\$ 17,858	\$ 11,719	\$ 11,096	\$ 18,481
Dog	534	-	534	-
Township Assistance	8,227	4,008	8,659	3,576
Firefighting	9,941	2,059	12,000	-
Cumulative Fire	1,255	3,977	5,232	-
Rainy Day	966	847	-	1,813
Totals	<u>\$ 38,781</u>	<u>\$ 22,610</u>	<u>\$ 37,521</u>	<u>\$ 23,870</u>

	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
Governmental Funds:				
Township	\$ 18,481	\$ 5,221	\$ 12,903	\$ 10,799
Township Assistance	3,576	12,647	13,283	2,940
Firefighting	-	15,460	12,000	3,460
Cumulative Fire	-	10,175	10,000	175
Rainy Day	1,813	-	-	1,813
Totals	<u>\$ 23,870</u>	<u>\$ 43,503</u>	<u>\$ 48,186</u>	<u>\$ 19,187</u>

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

RUSSELL TOWNSHIP, PUTNAM 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 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.

RUSSELL TOWNSHIP, PUTNAM COUNTY
EXAMINATION RESULTS AND COMMENTS

BOARD MINUTES

Minutes of the meetings of the governing body were not available for examination. A similar comment appeared in prior Report B33972.

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."

OFFICIAL BOND

The Trustee was not bonded in 2008 and did not purchase a rider on the 2009 bond to be in compliance with IC 5-4-1-18.

Until July 1, 2009, IC 5-4-1-18 stated in part:

"(c) The fiscal bodies of the respective units shall fix the amount of the bond of . . . township trustees . . . as follows:

- (1) The amount must equal fifteen thousand dollars (\$15,000) 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 may not be less than fifteen thousand dollars (\$15,000) nor more than three hundred thousand dollars (\$300,000) . . ."

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. . . ."

RUSSELL TOWNSHIP, PUTNAM COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

The State Board of Accounts is of the audit position in order to comply with the changes made in Public Law 176 effective July 1, 2009, governments will have to purchase riders on their current bond coverage for the remainder of the calendar year; and beginning January 1, 2010, will have to provide annual bond coverage. We are also of the audit position a new bond should be obtained for each year and continuation certificates or renewals should not be used in lieu of obtaining a new bond. (Township Bulletin and Uniform Compliance Guidelines Volume 286)

ANNUAL REPORT

Annual Reports for 2008 and 2009 were not presented for examination.

Effective July 1, 2009, 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."

APPROPRIATIONS

The records presented for examination indicated the following expenditures in excess of budgeted appropriations. The 2009 budget was not approved.

<u>Fund</u>	<u>2008</u>	<u>2009</u>
Township	-	12,903
Township Assistance	3,830	13,283
Firefighting	-	12,000
Cumulative Fire	-	10,000

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."

DISBURSEMENT DOCUMENTATION

Seven of the disbursements examined did not contain adequate supporting documentation such as receipts and invoices.

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)

RUSSELL TOWNSHIP, PUTNAM COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

DEPOSIT OF PUBLIC FUNDS

Twenty-six out of thirty-four deposits were not deposited timely. A similar comment appeared in prior Report B33972.

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."

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: "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 included mathematical errors and checks and receipts not recorded in the proper amounts.

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)

CONTRACTS

Records presented for examination indicate payments were made to Russellville Volunteer Fire Department for \$17,000 in 2008 and \$22,000 in 2009 without a contract. A similar comment appeared in prior Report B33972.

Payments made or received for contractual services should be supported by a written contract. Each governmental unit is responsible for complying with the provisions of its contracts. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

PRESCRIBED FORM

Prescribed form, Township Assistance Form TA-2, was not in use.

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)

RUSSELL TOWNSHIP, PUTNAM COUNTY
EXIT CONFERENCE

The contents of this report were discussed on April 6, 2010, with Alice Morrell, Trustee. The official concurred with our findings.