

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

EXAMINATION REPORT  
OF  
MADISON TOWNSHIP  
JEFFERSON COUNTY, INDIANA  
January 1, 2007 to December 31, 2009



**FILED**  
05/12/2010



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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	John A. Heitz	01-01-07 to 12-31-10
Chairman of the Township Board	Charles Torline	01-01-07 to 12-31-07
	Cynthia Goley	01-01-08 to 12-31-08
	Robert Smith	01-01-09 to 12-31-09
	Cynthia Goley	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 MADISON TOWNSHIP, JEFFERSON COUNTY, INDIANA

We were engaged to examine the financial information presented herein of Madison 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.

Financial records did not support amounts reported on the financial information for the years 2007, 2008, and 2009. In addition, bank reconciliations were not presented for examination to support cash and investment balances reported on the Township's financial information for the years 2007, 2008 and 2009.

Due to the restrictions on our examination as discussed in the preceding paragraph, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on the financial information based upon the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

April 12, 2010

MADISON TOWNSHIP, JEFFERSON COUNTY  
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES  
ALL GOVERNMENTAL 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	\$ 101,928	\$ 50,288	\$ 54,961	\$ 97,255
Dog	173	-	-	173
Township Assistance	29,704	64,781	89,116	5,369
Firefighting	46,062	93,567	64,000	75,629
Totals	<u>\$ 177,867</u>	<u>\$ 208,636</u>	<u>\$ 208,077</u>	<u>\$ 178,426</u>

	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
Governmental Funds:				
Township	\$ 97,255	\$ 49,165	\$ 68,028	\$ 78,392
Dog	173	-	-	173
Township Assistance	5,369	116,246	93,835	27,780
Firefighting	75,629	96,681	74,000	98,310
Totals	<u>\$ 178,426</u>	<u>\$ 262,092</u>	<u>\$ 235,863</u>	<u>\$ 204,655</u>

	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
Governmental Funds:				
Township	\$ 78,392	\$ 50,171	\$ 68,037	\$ 60,526
Dog	173	-	-	173
Township Assistance	27,780	116,405	109,148	35,037
Firefighting	98,310	98,883	80,000	117,193
Totals	<u>\$ 204,655</u>	<u>\$ 265,459</u>	<u>\$ 257,185</u>	<u>\$ 212,929</u>

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

MADISON TOWNSHIP, JEFFERSON 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.

MADISON TOWNSHIP, JEFFERSON COUNTY  
NOTES TO FINANCIAL INFORMATION  
(Continued)

Note 6. Pension Plan

Public Employees' Retirement Fund

Plan Description

The Township contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF Board, most requirements of the system, and give the Township authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

PERF administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

Public Employees' Retirement Fund  
Harrison Building, Room 800  
143 West Market Street  
Indianapolis, IN 46204  
Ph. (317) 233-4162

Funding Policy and Annual Pension Cost

The contribution requirements of the plan members for PERF are established by the Board of Trustees of PERF.

MADISON TOWNSHIP, JEFFERSON COUNTY  
EXAMINATION RESULTS AND COMMENTS

CONDITION OF RECORDS

The Annual Report (Form 15) for the years 2007, 2008, and 2009 reported financial activity by individual funds and reported expenditures by object expenditure classification. However, the financial information reported on the Township Annual Report was not supported by the Financial and Appropriation Record (Form 1C). The Financial and Appropriation Record is the prescribed form used to record all Township financial activity by individual funds and by object expenditure classification. The following deficiencies were noted regarding the Financial and Appropriation Record:

1. Individual financial transactions were recorded to the total of all funds columns on the Financial and Appropriation Record. However, financial transactions were not recorded to the individual Township funds and were not recorded to the applicable object expenditure accounts.
2. No cash balances were recorded for the total of all funds columns or for the individual Township funds.
3. No month to date and no year to date totals were recorded for receipts and disbursements.

Additionally, the cash and investments reported at January 1, 2007, on the Annual Report did not agree with cash and investment balances reported at December 31, 2006, on the prior Report B30993.

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)

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Manual for Townships, Chapter 13)

BANK RECONCILIATIONS

No bank reconciliations of the fund balances to the bank account balances were presented for examination. A comparison of cash and investment balances with the net bank balances at December 31, 2009 showed the following variances using information reported on the Annual Report (Form 15) and the calculated record balance of cash and investments:

MADISON TOWNSHIP, JEFFERSON COUNTY  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

	<u>Annual Report</u>	<u>(2) Calculated Record Balance</u>
Net Depository Balances (1)	\$ 191,722	\$ 191,722
Cash and Investments	<u>212,929</u>	<u>191,627</u>
Variance	<u>\$ (21,207)</u>	<u>\$ 95</u>

Notes to Schedule:

- (1) The net depository account balance was determined based upon checks and deposits readily identified as being outstanding at year end.
- (2) The calculated record balance was determined by taking the cash and investment balance reported in the prior examination report and adding receipts and subtracting disbursements recorded in the total of all funds column of the Financial and Appropriation Record.

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)

FINANCIAL REPORT OPINION MODIFICATION

The Annual Reports (financial reports) for the years 2008 and 2009 were not supported with the financial activity recorded the Financial and Appropriation Record (See Examination and Result Comment titled "Condition of Records"). Additionally, record balances of cash and investments were not being reconciled with bank balances.

Accounting records and other public records must be maintained in a manner that will support accurate financial statements. Anything other than an unqualified opinion on the Independent Auditors' Report on the financial statements may have adverse financial consequences with the possibility of an increase in interest rate cost to the taxpayers of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

MADISON TOWNSHIP, JEFFERSON COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on April 12, 2010, with John A. Heitz, Trustee; Cynthia Goley, Chairman of the Township Board; Charles Torline, Township Board member; and Mike Schafer, Township Clerk.