

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

EXAMINATION REPORT
OF
FAIRFIELD TOWNSHIP
DEKALB COUNTY, INDIANA
January 1, 2008 to December 31, 2010



FILED
05/19/2011

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Officials	2
Independent Accountant's Report.....	3
Financial Information:	
Schedules of Receipts, Disbursements, and Cash and Investment Balances	4
Notes to Financial Information	5
Supplementary Information:	
Schedule of Capital Assets.....	6
Examination Results and Comments:	
Federal and State Agencies - Compliance Requirements	7
Overdrawn Cash Balances.....	7
Compensation and Benefits	8
Advances and Overpayments	8-9
Appropriations.....	9-10
Bank Account Reconciliations	10
Deposit of Public Funds.....	10
Annual Report.....	10
Collection of Amounts Due	11
Condition of Records	11
Disbursement Documentation	11
Penalties, Interest, and Other Charges	11-12
Official Bond	12
Audit Costs - Condition of Records	13
Exit Conference.....	14
Summary	15
Affidavit	17

OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Angelia Deetz Kriss Stackhouse	01-01-07 to 12-31-10 01-01-11 to 12-31-14
Chairman of the Township Board	John Reinoehl Marvin Skelly Donald Skelly John Reinoehl	01-01-08 to 12-31-08 01-01-09 to 12-31-09 01-01-10 to 12-31-10 01-01-11 to 12-31-11



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF FAIRFIELD TOWNSHIP, DEKALB COUNTY, INDIANA

We have examined the financial information presented herein of Fairfield Township (Township), for the period of January 1, 2008 to December 31, 2010. 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, 2009, and 2010, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The Schedule of Capital Assets, 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

March 16, 2011

FAIRFIELD TOWNSHIP, DEKALB COUNTY
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL FUND TYPES
As Of And For The Years Ended December 31, 2008, 2009, And 2010

	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
Governmental Funds:				
General	\$ 63,917	\$ 53,859	\$ 44,063	\$ 73,713
Dog	1,336	-	-	1,336
Township Assistance	19,116	10,572	2,722	26,966
Firefighting	7,574	34,277	31,919	9,932
Community Building	18,614	-	655	17,959
Debt Service	7,973	46,337	29,515	24,795
Levy Excess	327	-	-	327
Totals	<u>\$ 118,857</u>	<u>\$ 145,045</u>	<u>\$ 108,874</u>	<u>\$ 155,028</u>

	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
Governmental Funds:				
General	\$ 73,713	\$ 38,415	\$ 31,753	\$ 80,375
Dog	1,336	-	-	1,336
Township Assistance	26,966	2,455	2,115	27,306
Firefighting	9,932	17,262	34,154	(6,960)
Community Building	17,959	-	-	17,959
Debt Service	24,795	31,559	88,570	(32,216)
Levy Excess	327	-	-	327
Totals	<u>\$ 155,028</u>	<u>\$ 89,691</u>	<u>\$ 156,592</u>	<u>\$ 88,127</u>

	Cash and Investments 01-01-10	Receipts	Disbursements	Cash and Investments 12-31-10
Governmental Funds:				
General	\$ 80,375	\$ 54,705	\$ 26,927	\$ 108,153
Dog	1,336	-	-	1,336
Township Assistance	27,306	4,759	471	31,594
Firefighting	(6,960)	33,515	28,668	(2,113)
Community Building	17,959	1,825	5,934	13,850
Debt Service	(32,216)	26,967	63,433	(68,682)
Levy Excess	327	235	-	562
Totals	<u>\$ 88,127</u>	<u>\$ 122,006</u>	<u>\$ 125,433</u>	<u>\$ 84,700</u>

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

FAIRFIELD TOWNSHIP, DEKALB 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.

FAIRFIELD TOWNSHIP, DEKALB COUNTY
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 December 31, 2010

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 900
Buildings	300,000
Improvements other than buildings	26,555
Machinery and equipment	<u>5,435</u>
 Total governmental activities, capital assets not being depreciated	 <u>\$ 332,890</u>

FAIRFIELD TOWNSHIP, DEKALB COUNTY
EXAMINATION RESULTS AND COMMENTS

FEDERAL AND STATE AGENCIES - COMPLIANCE REQUIREMENTS

The Trustee did not comply with the directives of the Internal Revenue Service by either failing to remit quarterly payroll withholdings in a timely manner or not remitting them at all, as well as incorrectly reporting wages on the W-2s, as detailed below:

<u>Pay Period Withholdings</u>	<u>Date Due</u>	<u>Date Remitted</u>	<u>Number of days late</u>
3rd quarter 2008	10-31-08	04-29-09	180
2nd quarter 2009	07-31-09	05-01-10	274
3rd quarter 2009	10-31-09	05-01-10	182
4th quarter 2009	01-31-10	05-01-10	90
2nd quarter 2010	07-31-10	Not remitted as of 01-31-11	184
3rd quarter 2010	10-31-10	Not remitted as of 01-31-11	92
4th quarter 2010	01-31-11	Not remitted as of 01-31-11	-

<u>Employee</u>	<u>Year Ending</u>	<u>Gross Wages per Ledger</u>	<u>Gross Wages per W-2s</u>	<u>Over reported/ (Under reported)</u>
Angelia Deetz	2010	\$ 7,200.00	\$ 4,000.00	\$ (3,200.00)
Ryan Deetz	2010	3,333.36	1,424.97	(1,908.39)

Additionally, a vendor was paid over \$600 during 2010 and was not issued a 1099.

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)

OVERDRAWN CASH BALANCES

The following cash balances were overdrawn during the audit period:

<u>Fund</u>	<u>2009</u>	<u>2010</u>
Firefighting	\$ 6,960	\$ 2,113
Debt Service	32,216	68,682

All were due to the Trustee not posting and depositing tax distributions from the County Auditor in a timely manner.

The cash 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)

FAIRFIELD TOWNSHIP, DEKALB COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

COMPENSATION AND BENEFITS

The Trustee received a total of \$50 for the year 2009 for cleaning the Community Center which was not included in the payroll system or on the salary resolution.

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, resolution or salary schedule adopted by the governing body unless otherwise authorized by statute. Compensation should be made in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 17)

ADVANCES AND OVERPAYMENTS

During the audit period, the Trustee not only advanced the pay for herself and the Clerk, she also overpaid herself and the Clerk as well. The Trustee corrected her overpayment of 2009 in 2010. However, the Clerk was overpaid even more in 2010.

	<u>Date</u>	<u>Check #</u>	<u>For Pay Period Ending</u>	<u>Amount to be Paid Per Township's Budget</u>	<u>Amount Paid</u>	<u>Overpaid/ (Underpaid)</u>
Trustee	02-18-09	2762	01-31-09	\$ 9,600.00	\$ 800.00	
	03-06-09	2766	02-28-09	-	800.00	
	04-06-09	2777	03-30-09	-	800.00	
	04-06-09	2779	04-30-09	*	800.00	
	04-08-09	2780	05-30-09	*	800.00	
	04-29-09	2789	06-30-09	*	800.00	
	05-21-09	2795	07-31-09	*	800.00	
	06-08-09	2796	11-30-09	*	3,200.00	
	07-08-09	2804	12-31-09	*	800.00	
	09-10-09	2815	03-31-10	*	2,400.00	
Totals for 2009				<u>\$ 9,600.00</u>	<u>\$ 12,000.00</u>	\$ 2,400.00
	01-07-10	2834	06-30-10	* \$ 9,600.00	\$ 2,400.00	
	03-26-10	2848	07-31-10	*	800.00	
	04-09-10	2854	10-31-10	*	2,400.00	
	06-07-10	2861	12-31-10	*	1,600.00	
Totals for 2010				<u>\$ 9,600.00</u>	<u>\$ 7,200.00</u>	\$ (2,400.00)

*Payments in advance

FAIRFIELD TOWNSHIP, DEKALB COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

	<u>Date</u>	<u>Check #</u>	<u>For Pay Period Ending</u>		<u>Amount to be Paid Per Township's Budget</u>	<u>Amount Paid</u>	<u>Overpaid/ (Underpaid)</u>
Clerk	03-24-09	2771	03-31-09		\$ 2,000.00	\$ 500.00	
	04-06-09	2778	04-30-09	*	-	166.67	
	04-29-09	2788	06-30-09	*	-	333.34	
	06-08-09	2798	12-31-09	*	-	1,000.00	
	10-09-09	2816	03-31-10	*	-	500.00	
Totals for 2009					<u>\$ 2,000.00</u>	<u>\$ 2,500.01</u>	\$ 500.01
	01-06-10	2833	06-30-10	*	\$ 2,000.00	\$ 500.00	
	01-19-10	2835	09-30-10	*	-	500.00	
	02-09-10	2844	05-30-11	*	-	1,333.36	
	06-07-10	2860	11-30-11	*	-	1,000.00	
Totals for 2010					<u>\$ 2,000.00</u>	<u>\$ 3,333.36</u>	\$ 1,333.36

*Payments in advance

To show repayment of advances through December 31, 2009, a duplicate deposit slip was presented by the Trustee on August 4, 2010. The deposit ticket was later determined to be fictitious and no deposit was actually made.

Ryan Deetz, Clerk, was requested to pay the Township \$1,833.37. (See Summary, page 15)

Compensation and any other payments for goods and services should not be paid in advance of receipt of the goods or services unless specifically authorized by statute. Payments made for goods or services which are not received may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

APPROPRIATIONS

The following expenditures were in excess of budgeted appropriations:

FAIRFIELD TOWNSHIP, DEKALB COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

Fund	Years	Excess Amount Expended
Township	2008	\$ 4,727.85
Township	2009	31,753.10
Township	2010	26,927.32
Debt Service	2008	25,625.08
Debt Service	2009	88,570.19
Debt Service	2010	63,432.97
Township Assistance	2009	2,115.19
Township Assistance	2010	471.08
Firefighting	2009	34,154.00
Firefighting	2010	28,668.00

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."

BANK ACCOUNT RECONCILIATIONS

Depository reconciliations of the fund balances to the bank account balances were not presented for examination. A similar comment appeared in the prior Report B34125.

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."

DEPOSIT OF PUBLIC FUNDS

Several County tax distributions were not deposited on a timely basis. Deposits were made from 19 to 273 days after the date of the County Auditor's distribution check. A similar comment appeared in the prior Report B34125.

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. . . ."

ANNUAL REPORT

The Trustee did not file a copy of the 2008 and 2009 Annual Report with the County Auditor or the State Board of Accounts. A similar comment appeared in the prior Report B34125.

IC 36-6-4-13 states in part:

"(a) When the executive prepares the annual report . . . (b) Within four (4) weeks after the third Tuesday following the first Monday in January, the executive shall publish the abstract prescribed . . . in accordance with IC 5-3-1 . . . (c) An executive who fails to comply with this section commits a Class C infraction."

FAIRFIELD TOWNSHIP, DEKALB COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

COLLECTION OF AMOUNTS DUE

The Township office was moved from the Trustee's home to the Community Building. The Trustee agreed to pay \$1,537.22 on October 27, 2007, to purchase the office furniture that the Township purchased in 2003. The Trustee entered into an agreement in DeKalb Superior Court to repay \$1,537.22 by July 31, 2010. As of March 16, 2011, only \$300 had been paid. A similar comment appeared in the prior Report B34125.

Angelia Deetz, Trustee, was requested to pay the Township \$1,237.22. (See Summary, page 15)

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)

CONDITION OF RECORDS

Financial records presented for examination were incomplete and not reflective of the activity of any of the Township funds. The records presented did not provide sufficient information to establish beginning balances, receipts, disbursements, ending balances, or the accuracy or correctness of the transactions. A similar comment appeared in prior Reports B28591 and B34125.

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)

DISBURSEMENT DOCUMENTATION

Several payments did not contain any supporting documentation such as an invoice to support the payment. Due to the lack of supporting information, the validity and accountability for some monies disbursed could not be established. Three invoices from Centennial Wireless/AT&T totaling \$79.18 were never paid and have been turned over to a collection company.

Angelia Deetz, Trustee, was requested to pay the Township \$79.18. (See Summary, page 15)

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)

PENALTIES, INTEREST, AND OTHER CHARGES

Disbursements examined indicated that, in some cases, amounts payable to vendors and other suppliers of goods and services were not being paid up to ten months after the invoice dates.

Late fees totaling \$4,427.25 were paid to Old National Bank on December 31, 2010, as well as several late fees of \$10 each to Centennial Wireless during 2010.

Angelia Deetz, Trustee, was requested to pay the Township \$4,427.25. (See Summary, page 15)

FAIRFIELD TOWNSHIP, DEKALB COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

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. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

OFFICIAL BOND

The Fairfield Township Trustee is covered under Indiana Public Official Bond Number 8396900.

Surety:	Cincinnati Insurance Company
Term:	December 31, 2006 until December 31, 2010
Amount:	\$15,000
Bound Unto:	State of Indiana

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. . . ."

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) . . ."

FAIRFIELD TOWNSHIP, DEKALB COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

AUDIT COSTS - CONDITION OF RECORDS

During the examination we noted the following problems with the records: failure to follow federal and state compliance requirements, overdrawn cash balances, advance payments of salaries, overpayments of salaries, overspent appropriations, nonexistent bank reconcilements, failure to deposit public funds timely, failure to file annual reports, incomplete financial records, lack of supporting documentation for claims, and the payment of penalties and interest. Additional audit time was required to prepare financial statements and other information necessary for the examination report.

Audit costs or other costs incurred because of poor records, nonexistent records or other inadequate bookkeeping practices may be the personal obligation of the responsible official or employee of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

FAIRFIELD TOWNSHIP, DEKALB COUNTY
EXIT CONFERENCE

The contents of this report were discussed on March 16, 2011, with John Reinoehl, Chairman of the Township Board; Donald Skelly and Marvin Skelly, Board members; Kriss Stackhouse, Trustee; and Angelia Deetz, former Trustee. Ryan Deetz, former Clerk, was notified of the exit conference but did not attend.

FAIRFIELD TOWNSHIP, DEKALB COUNTY
SUMMARY

	<u>Charges</u>	<u>Credits</u>	<u>Balance Due</u>
Angelia Deetz, former Trustee:			
Collections of Amounts Due, page 11	\$ 1,537.22	\$ 300.00	\$ 1,237.22
Disbursement Documentation, page 11	79.18	-	79.18
Penalties, Interest, and Other Charges, pages 11 and 12	<u>4,427.25</u>	<u>-</u>	<u>4,427.25</u>
 Total for Angelia Deetz	 <u>6,043.65</u>	 <u>300.00</u>	 <u>5,743.65</u>
 Ryan Deetz, former Clerk:			
Advances and Overpayments, pages 8 and 9	<u>1,833.37</u>	<u>-</u>	<u>1,833.37</u>
 Total Amount Due	 <u>\$ 7,877.02</u>	 <u>\$ 300.00</u>	 <u>\$ 7,577.02</u>

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STATE OF INDIANA)
Allen COUNTY)

We, Daniel A. Sorg and Heidi L. McCoy, Field Examiners, being duly sworn on our oaths, state that the foregoing report based on the official records of Fairfield Township, DeKalb County, Indiana, for the period from January 1, 2008 to December 31, 2010, is true and correct to the best of our knowledge and belief.

Daniel A. Sorg
Heidi L. McCoy
Field Examiners

Subscribed and sworn to before me this 4th day of May, 2011.

Rebecca K. Butler
Notary Public

My Commission Expires: 5/4/13

County of Residence: Allen

