

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

EXAMINATION REPORT
OF
OHIO TOWNSHIP
WARRICK COUNTY, INDIANA
January 1, 2010 to July 31, 2011



FILED

12/08/2011

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Lorraine S. Wittenbraker	01-01-07 to 12-31-14
Chairman of the Township Board	Michael Wilson Chad Bennett	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 OHIO TOWNSHIP, WARRICK COUNTY, INDIANA

We have examined the financial information presented herein of Ohio Township (Township), for the period of January 1, 2010 to July 31, 2011. 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 present fairly, in all material respects, the financial information of the Township for the year ended December 31, 2010 and the period ended July 31, 2011, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

August 22, 2011

OHIO TOWNSHIP, WARRICK COUNTY
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES
As Of And For The Periods Ended December 31, 2010 and July 31, 2011

	Cash and Investments 01-01-10	Receipts	Disbursements	Cash and Investments 12-31-10
Governmental Funds:				
Township	\$ 549	\$ 110,674	\$ 106,970	\$ 4,253
Dog	880	-	-	880
Township Assistance	73,445	104,477	159,232	18,690
Fire Fighting	8,343	427,713	420,710	15,346
Park and Recreation	3,213	6,674	7,999	1,888
Donations	1,545	-	-	1,545
Fire Debt	145,604	156,725	299,996	2,333
Fire Equipment Debt	5,632	-	-	5,632
Cumulative Fire	4,514	1,850	-	6,364
Levy Excess	-	2,683	-	2,683
Fiduciary Fund:				
Payroll Withholdings	4,082	8,874	8,228	4,728
Totals	<u>\$ 247,807</u>	<u>\$ 819,670</u>	<u>\$ 1,003,135</u>	<u>\$ 64,342</u>
	Cash and Investments 01-01-11	Receipts	Disbursements	Cash and Investments 07-31-11
Governmental Funds:				
Township	\$ 4,253	\$ 105,494	\$ 64,232	\$ 45,515
Dog	880	-	-	880
Township Assistance	18,690	120,325	68,123	70,892
Fire Fighting	15,346	439,472	248,598	206,220
Park and Recreation	1,888	5,623	-	7,511
Donations	1,545	-	-	1,545
Fire Debt	2,333	21,790	-	24,123
Fire Equipment Debt	5,632	-	-	5,632
Cumulative Fire	6,364	-	-	6,364
Levy Excess	2,683	-	-	2,683
Fiduciary Fund:				
Payroll Withholdings	4,728	4,976	5,107	4,597
Totals	<u>\$ 64,342</u>	<u>\$ 697,680</u>	<u>\$ 386,060</u>	<u>\$ 375,962</u>

The accompanying notes are an integral part of the statements.

OHIO TOWNSHIP, WARRICK COUNTY
NOTES TO FINANCIAL STATEMENTS

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 or highway use taxes are received 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.

OHIO TOWNSHIP, WARRICK COUNTY
NOTES TO FINANCIAL STATEMENTS
(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.

OHIO TOWNSHIP, WARRICK COUNTY
EXAMINATION RESULTS AND COMMENTS

BOARD MINUTES

Not all minutes of meetings of the governing body were available for examination.

Indiana Code 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."

TOWNSHIP TRUSTEE'S ANNUAL REPORT

The Township Trustee's Report of Receipts and Disbursements for the Calendar Year 2010 was filed by the Trustee, but was not approved, either in whole or in part, by the Township Board.

Indiana Code 36-6-6-9(a) states:

"The legislative body shall meet on or before the third Tuesday after the first Monday in January of each year. At this meeting it shall consider and approve, in whole or in part, the annual report of the executive presented under IC 36-6-4-12."

DEPOSIT OF PUBLIC FUNDS

We noted instances of checks being held for up to 45 days before being deposited.

Indiana Code 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. . . ."

SERVICE AND TIME RECORDS

Employee time, attendance, or service records were not presented for examination.

The Payroll Schedule and Voucher is used for recording payrolls. The form is used to post Form 99B.

The Employee's Service Record is kept for each employee in order to properly prepare "Payroll Schedule and Voucher, General Form No. 99." It records the hours or days worked, sick leave, vacation and days lost. The Employee's Service Record may also be used to comply with the requirements of IC 5-11-9-4 regarding recording hours worked each day by an employee.

OHIO TOWNSHIP, WARRICK COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

The Employee's Earnings Record is to be used for each officer and employee receiving payment for services rendered from the township. The posting information is to be taken from the tear strip on Check Form 6 and provides a proof of payments made for the year, in addition to accumulating amounts withheld from salaries and wages for taxes, social security, PERF, etc.

The Employee's Weekly (Work Period) Earnings Record has been prescribed to meet the recordkeeping requirements of the minimum wage and overtime provisions of the Fair Labor Standards Act (FLSA). (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 2)

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)

ADVANCE PAYMENTS

Dates of transactions indicate that some payments were made to individuals prior to the receipt of services.

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)

BUDGETED LINE ITEMS

Disbursements for employee group health insurance were paid from the Township Fund/Other Services and Charges/Insurance/Other Insurance line item, rather than the Township Fund/Personal Services/Employee Benefits/Insurance line item.

Disbursements should be paid from properly authorized line items. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

OVERDRAWN FUND BALANCES

The Fire Fighting Fund was overdrawn during 2011.

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)

OHIO TOWNSHIP, WARRICK COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

OVERPAYMENT COLLECTIONS

Overpayment of \$165 was made to ERS Wireless Communications. A refund has not been received as of July 31, 2011.

Governmental units should collect any overpayments made. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

DOG FUND

The Township Board approved the transfer of the balance of the dormant Dog Fund to the Township Fund on January 16, 2007. As of July 31, 2011, this transfer had not been made.

Public Law 162 provides non-code closeout provisions and provides in Section 51 (d) On or before August 1, 2006, the county auditor of each county shall distribute to the township trustees of the townships located in the county: (1) money distributed to the county under subsection (b); and (2) any money remaining in the county dog fund. An equal share of the money described in this subsection shall be distributed to each township trustee. (e) A township trustee who receives a distribution under subsection (d) shall use the distribution: (1) to pay claims filed under IC 15-5-9-9.1 (before its repeal by this act); (2) to pay fees and charges under IC 15-5-9-10 (before its repeal by this act); (3) to provide funding for the humane society designated by the county legislative body under IC 15-5-9-8(d) (before its repeal by this act) to receive a part of each dog tax payment; or (4) if the county legislative body did not designate a humane society under IC 15-5-9-8(d) (before its repeal by this act), to provide funding for the township general fund. (f) If any part of the money distributed to a township trustee under subsection (d) has not been not expended by July 1, 2007, for a purpose allowed under subsection (e), the township trustee shall distribute the remainder of the distribution received under subsection (d) to the county treasurer. If the county option dog tax under IC 6-9-39, as added by this act, is in effect in the county on July 1, 2007, the county treasurer shall deposit the money in the county option dog tax fund established under IC 6-9-39-6(a), as added by this act. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 7)

MILEAGE REIMBURSEMENT

The Trustee and some employees were reimbursed for mileage without filing Mileage Claim, General Form 101.

Mileage Claim Form Number 101 shall be properly completed, listing dates of authorized travel, details of travel, miles traveled, nature of business, etc., for reimbursements for mileage before payment is made. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

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)

OHIO TOWNSHIP, WARRICK COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

CREDIT CARDS USED FOR TRAVEL EXPENSE

Credit cards were used in some instances for travel expense for individuals without specific detailed information of the names of all individuals for which amounts are claimed, including the nature, name, and purpose of the business meeting.

The State Board of Accounts will not take exception to the use of credit cards by a governmental unit provided the following criteria are observed:

- (1) The governing board must authorize credit card use through an ordinance or resolution, which has been approved in the minutes.
- (2) Issuance and use should be handled by an official or employee designated by the board.
- (3) The purposes for which the credit card may be used must be specifically stated in the ordinance or resolution.
- (4) When the purpose for which the credit card has been issued has been accomplished, the card should be returned to the custody of the responsible person.
- (5) The designated responsible official or employee should maintain an accounting system or log which would include the names of individuals requesting usage of the cards, their position, estimated amounts to be charged, fund and account numbers to be charged, date the card is issued and returned, etc.
- (6) Credit cards should not be used to bypass the accounting system. One reason that purchase orders are issued is to provide the fiscal officer with the means to encumber and track appropriations to provide the governing board and other officials with timely and accurate accounting information and monitoring of the accounting system.
- (7) Payment should not be made on the basis of a statement or a credit card slip only. Procedures for payments should be no different than for any other claim. Supporting documents such as paid bills and receipts must be available. Additionally, any interest or penalty incurred due to late filing or furnishing of documentation by an officer or employee should be the responsibility of that officer or employee.
- (8) If properly authorized, an annual fee may be paid.

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

All claims, invoices, receipts, accounts payable vouchers, including those presented to the governing body for approval in accordance with IC 5-11-10, should contain adequate detailed documentation. All claims, invoices, receipts, and accounts payable vouchers regarding reimbursement for meals and expenses for individuals must have specific detailed information of the names of all individuals for which amounts are claimed, including the nature, name, and purpose of the business meeting, to enable the governing body to authorize payment. Payments which do not have proper itemization showing the business nature of the claim may be the personal obligation of the responsible official, employee or other person for whom the claim is made. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

OHIO TOWNSHIP, WARRICK COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

CONTRACTS

Records presented for examination indicate payments were made to B&B Mowing LLC for mowing cemeteries from 2007 through June 2011 without a contract.

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)

COLLECTION OF AMOUNTS DUE

Payments totaling \$410 were made to Wittscaping Landscaping LLC for mowing, weedeating, edging, and blowing of the following properties in response to weed complaints filed with the Trustee. This included mowing on September 28, 2009, at 8044 Camp Brosend, on September 30, 2010, at property by Indian Drive, and on June 17, 2011, at 3877 Clover Drive, Pfafflin Lake, and East Drive.

Proper procedures for handling weed complaints were not followed, and no collection procedures have been started to recover these costs as of July 31, 2011.

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)

As used in this chapter [Chapter 12 of the Accounting and Uniform Compliance Guidelines Manual for Townships], "detrimental plant" includes the following: (1) Canada thistle (*Cirsium arvense*). (2) Johnson grass (*Sorghum halphense*). (3) Columbus grass (*Sorghum alnum*). (4) Bur cucumber (*Sicyos angulatus*). (5) Shattercane (*Sorghum bicolor* Moench spp. *drummondii* deWet). (6) In residential areas only, noxious weeds and rank vegetation. The term does not include agricultural crops. IC 15-16-8-1.

A person owning or possessing real estate in Indiana shall destroy detrimental plants by: (1) cutting or mowing and, if necessary, by plowing, cultivating, or smothering; or (2) using chemicals in the bud stage of growth or earlier, to prevent detrimental plants from maturing on the person's real estate. IC 15-16-8-3; 15-16-8-4

If a township trustee: (1) has reason to believe that detrimental plants may be on real estate; and (2) gives the owner or person in possession of the real estate forty-eight (48) hours notice; the township trustee may enter the real estate to investigate whether there are detrimental plants on the real estate. Except as provided, if the township trustee determines by: (1) investigating real estate located in the trustee's township; or (2) visual inspection without entering real estate located in the trustee's township; that a person has detrimental plants growing on real estate, the trustee shall give written notice to the owner or person in possession of the real estate to destroy the detrimental plants. The owner or person in possession of the real estate shall destroy the plants in a manner provided in section 3 of this chapter not more than five (5) days after the notice is received. If the detrimental plants are not destroyed as provided, the trustee shall cause the detrimental plants to be destroyed in a manner most practical to the trustee not more than eight (8) days after notice is received by the owner or person in possession of the real estate. The trustee may hire a person to destroy the detrimental plants. The trustee or the person employed to destroy the detrimental plants may enter upon the real estate where the detrimental plants are growing to destroy the detrimental plants and are not civilly or criminally liable for damage to crops, livestock, or other property occurring while carrying out the work, except for gross negligence or willful or wanton destruction. IC 15-16-8-4

OHIO TOWNSHIP, WARRICK COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

If the county has established a county weed control board under IC 15-16-7, the township trustee may notify the county weed control board of the real estate containing detrimental plants, and the board shall either assume jurisdiction to control the detrimental plants or decline jurisdiction and refer the matter back to the township trustee. The county weed control board shall notify the township trustee of the board's decision. IC 15-16-8-4(d)

Notice required in IC 15-16-8-4(e) Notice required may be given by: (1) certified mail; or (2) personal service. Notice is considered received by the owner or person in possession of the real estate: (1) if sent by mail, on the earlier of: (A) the date of signature of receipt of the mailing; or (B) three (3) business days after the date of mailing; or (2) if served personally, on the date of delivery. IC 15-16-8-4(f)

The township trustee may pay the following costs incurred in cutting or destroying detrimental plants under this chapter: (1) Chemicals. (2) Work. (3) Labor, at a rate per hour to be fixed by the township trustee commensurate with local hourly wages. IC 15-16-8-5(a)

If the trustee believes the infestation of the real estate with detrimental plants is so great and widespread that cutting or eradication by hand methods are impractical, the trustee shall use the necessary power machinery or equipment. The trustee may pay for the work at a rate per hour fixed by the township trustee commensurate with the local hourly rate. IC 15-16-8-5(b)

When the work has been performed, the person doing the work shall file an itemized bill for the work in the office of the township trustee. When the bill has been approved, the trustee shall pay the bill out of the township fund. If there is no money available in the township fund for that purpose, the township board, upon finding an emergency exists, shall act under IC 36-6-6-14(b) or IC 36-6-6-15 to borrow money sufficient to meet the emergency. IC 15-16-8-5 (c)

The trustee, when submitting estimates to the township board for action, shall include in the estimates an item sufficient to cover those expenditures. IC 15-16-8-5 (d)

The township trustee shall prepare a statement that contains the following: (1) A certification of the following costs: (A) The cost or expense of the work. (B) The cost of the chemicals. (C) Twenty dollars (\$20) per day for each day that the trustee or the trustee's agent supervises the performance of the services required under this chapter as compensation for services. (2) A description of the real estate on which the labor was performed. (3) A request that the owner or person in possession of the real estate pay the costs under subdivision (1) to the township trustee. IC 15-16-8-6(a)

The State Board of Accounts is of the audit position the twenty dollars (\$20) per day should be deposited to the township fund in accordance with IC 15-16-8-7(c).

The certified statement prepared shall be provided: (1) to the owner or person possessing the real estate by: (A) mail, using a certificate of mailing; or (B) personal service; or (2) by mailing the certified statement to the auditor of state for any real estate owned by the state or to the fiscal officer of another municipality (as defined in IC 5-11-1-16) for real estate owned by the municipality. IC 15-16-8-6 (b) (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 12)

If the owner or person in possession of the property does not pay the amount set forth in the certified statement under section 6(a) of this chapter within ten (10) days after receiving the notice under section 6(b) of this chapter, the township trustee shall file a copy of the certified statement in the office of the county auditor of the county where the real estate is located. IC 15-16-8-7

OHIO TOWNSHIP, WARRICK COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

Except as provided in Sections 5 through 8 of this chapter, the county auditor, upon receiving and filing a certified statement under section 7(a) of this chapter, shall: (1) immediately place the amounts on the certified statement on the tax duplicate of the county; and (2) collect the amounts at the next taxpaying time for the proper township or townships, the same as other state, county, or township taxes are collected, including penalties, forfeitures, and sales. IC 15-16-8-9

After the amounts are collected, the amounts shall be paid to the proper trustee and placed in the township fund. IC 15-16-8-9 The State Board of Accounts is of the audit position that this section is for expenditures for which statutory authority exists and with appropriation.

A person who: (1) knowingly allows detrimental plants to grow and mature on land owned or possessed by the person; (2) knowing of the existence of detrimental plants on land owned or possessed by the person, fails to cut them down or eradicate the plants by chemicals each year, as prescribed in this chapter; (3) having charge of or control over any highway: (A) knowingly allows detrimental plants to grow or mature on the right-of-way of the highway; or (B) knowing of the existence of the detrimental plants, fails to cut the plants down or eradicate the plants by using chemicals, as prescribed in this chapter; (4) having charge of or control over the right-of-way of a railroad or interurban company: (A) knowingly allows detrimental plants to grow and mature on the right-of-way; or (B) knowing of the existence of the detrimental plants, fails to cut the plants down or eradicate the plants by using chemicals, as prescribed in this chapter; or (5) knowingly sells Canada thistle (*cirsium arvense*) seed; commits a Class C infraction. Each day this section is violated constitutes a separate infraction. IC 15-16-8-14

All judgments collected under this section shall be paid to the trustee and placed in the trustee's township funds for use at the discretion of the trustee. IC 15-16-8-14 The State Board of Accounts is of the audit position that this section is for expenditures for which statutory authority exists and with appropriation. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 12)

EXCESSIVE COSTS

\$540 was paid at a rate of \$20 per month for the period of June 2009 through May 2011 for monthly card charges for a Fire Department fuel card that has been inactive since February 6, 2009.

Delivery and labor charges totaling \$470 paid to Wittscaping Landscaping LLC were excessive in nature. Examples of these costs include \$90 per hour labor cost for moving boxes and chairs and for pulling weeds, \$60 per hour for trimming shrubs, and a \$65 delivery charge.

Every effort should be made by the governmental unit to avoid unreasonable or excessive costs. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

PENALTIES, INTEREST, AND OTHER CHARGES

Information presented for examination indicates that, in some cases, amounts payable to vendors and other suppliers of goods and services are not being paid until after the payment due date. This resulted in late fees, finance charges, and administrative fees of \$991.79 being paid to vendors during the examination period.

OHIO TOWNSHIP, WARRICK COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

Penalties and interest totaling \$8,059.63 were paid to the Internal Revenue Service. This included: \$52.97 paid on May 30, 2008, for tax periods ending December 31, 2004, December 31, 2005, and June 30, 2006; \$393.76 paid on December 31, 2008, for the tax period ending December 31, 2007; and \$7,612.90 paid on July 22, 2011, for tax periods including the second quarter of 2009 and the first, second, and third quarters of 2010.

Penalties and interest totaling \$671.69 were paid to the Indiana Department of Revenue. This included: \$613.80 paid on May 30, 2008, for penalties and interest from a Demand Notice for Payment on sales tax due for the period ending December 31, 2007, and \$57.89 paid on February 23, 2007, and June 16, 2008, for penalty and interest on withholding taxes paid late for the period ending November 30, 2006, and January 31, 2008.

We requested repayment of the penalties, interest, and other charges in the amount of \$9,723.11 from Lorraine S. Wittenbraker, Trustee. (See Summary, page 18)

On October 3, 2011, Lorraine S. Wittenbraker, Trustee, deposited in the Township's bank account the amount of \$9,723.11 requested for repayment of penalties, interest, and other charges. (See Summary, page 18)

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)

SALES TAX PAID

Sales tax in the amount of \$5,000 was paid based on a Demand Notice for Payment from the Indiana Department of Revenue with no documentation as to how the sales tax obligation was incurred.

We requested repayment of the sales tax paid in the amount of \$5,000 from Lorraine S. Wittenbraker, Trustee. (See Summary, page 18)

On October 3, 2011, Lorraine S. Wittenbraker, Trustee, deposited in the Township's bank account the amount of \$5,000 requested for repayment of sales tax paid. (See Summary, page 18)

Governmental funds generally are exempt from the payment of sales tax on qualifying purchases. Respective tax agencies should always be contacted concerning tax exemptions and payments. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

PERSONAL EXPENSES

Lorraine S. Wittenbraker, Trustee, paid for items that appear to be personal in nature from various vendors on various dates in 2008, 2010, and 2011 totaling \$975.70.

OHIO TOWNSHIP, WARRICK COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

Examples of these items include a television, DVD's, potted plants, memorial items for a funeral, candy, Tylenol, Motrin, bottled water, and various other items.

We requested repayment of the personal expenses paid in the amount of \$975.70 from Lorraine S. Wittenbraker, Trustee. (See Summary, page 18)

On October 3, 2011, Lorraine S. Wittenbraker, Trustee, deposited in the Township's bank account the amount of \$975.70 requested for repayment of personal expenses paid. (See Summary, page 18)

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

EXCESSIVE OR UNREASONABLE COSTS – FEES

Lorraine S. Wittenbraker, Trustee, paid \$1,225.50 in legal fees directly related to the late payment of payroll withholdings and PERF funds to the Internal Revenue Service and the Public Employees Retirement Fund.

Fees in the amount of \$60 were paid from Township funds to purchase cashier's checks for payment of past due withholding taxes and penalties and interest to the Internal Revenue Service.

We requested repayment of excessive fees paid in the amount of \$1,285.50 from Lorraine S. Wittenbraker, Trustee. (See Summary, page 18)

On October 3, 2011, Lorraine S. Wittenbraker, Trustee, deposited in the Township's bank account the amount of \$1,285.50 requested for repayment of excessive fees paid. (See Summary, page 18)

Every effort should be made by the governmental unit to avoid unreasonable or excessive costs. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

EXAMINATION COSTS – CONDITION OF RECORDS

We noted the following concerning the records: payroll withholdings were not paid for a period of more than one year and many other vendor payments were paid late resulting in penalties and interest being charged. Additional examination time was required to prepare financial statements and other information necessary for the examination report.

Additional examination costs in the amount of \$9,246.88 were incurred by the State of Indiana due to the condition of the records.

A copy of this report will be forwarded to the Indiana Attorney General for collection of the additional examination costs incurred.

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)

OHIO TOWNSHIP, WARRICK COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

OFFICIAL BOND

Lorraine S. Wittenbraker, Trustee, is covered by a Cincinnati Insurance Company Indiana Public Official Bond in the amount of \$15,000 for the period January 1, 2007 to January 1, 2011 and in the amount of \$30,000 for the period January 1, 2011 to January 1, 2012.

OHIO TOWNSHIP, WARRICK COUNTY
EXIT CONFERENCE

The contents of this report were discussed on September 14, 2011, with Lorraine S. Wittenbraker, Trustee; Chad Bennett, Chairman of the Township Board; and Donald G. Brooks, Secretary of the Township Board.

The contents of this report were discussed on September 19, 2011, with Don Saylor, Township Board member.

OHIO TOWNSHIP, WARRICK COUNTY
SUMMARY

	Charges	Credits	Balance Due
Lorraine S. Wittenbraker, Trustee:			
Penalties, Interest, and Other Charges, pages 13 and 14:			
Various Vendors:			
2010	\$ 636.64	\$ 636.64	\$ -
2011	355.15	355.15	-
Internal Revenue Service:			
2008	446.73	446.73	-
2011	7,612.90	7,612.90	-
Indiana Department of Revenue:			
2007	57.89	57.89	-
2008	<u>613.80</u>	<u>613.80</u>	-
	<u>9,723.11</u>	<u>9,723.11</u>	-
 Sales Tax Paid, page 14:			
2008	<u>5,000.00</u>	<u>5,000.00</u>	-
 Personal Expenses, page 14 and 15:			
2008	542.27	542.27	-
2010	281.92	281.92	-
2011	<u>151.51</u>	<u>151.51</u>	-
	<u>975.70</u>	<u>975.70</u>	-
 Excessive or Unreasonable Costs - Fees, page 15:			
2011	<u>1,285.50</u>	<u>1,285.50</u>	-
 Totals	<u><u>\$ 16,984.31</u></u>	<u><u>\$ 16,984.31</u></u>	<u><u>\$ -</u></u>