

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

FINANCIAL STATEMENTS EXAMINATION REPORT

OF

GREGG TOWNSHIP

MORGAN COUNTY, INDIANA

January 1, 2010 to December 31, 2011



FILED
01/28/2013

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Carole Snyder	01-01-07 to 12-31-14
Chairman of the Township Board	Josh Hause	01-01-10 to 12-31-12



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF GREGG TOWNSHIP, MORGAN COUNTY, INDIANA

We have examined the accompanying financial statements of Gregg Township (Township), for the years ended December 31, 2010 and 2011. The financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on the financial statements 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 statements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

As discussed in Note 1, the Township prepares its financial statements on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the Township for the years ended December 31, 2010 and 2011, on the basis of accounting described in Note 1.

Our examination was conducted for the purpose of forming an opinion on the Township's financial statements. The Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statements. They have not been subjected to the examination procedures applied to the financial statements and, accordingly, we express no opinion on them.

The Township's response to the Examination Results and Comments identified in our examination is described in the accompanying section of the report entitled Official Response. We did not examine the Township's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Township's management, Township Board, and others within the entity and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

December 19, 2012

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FINANCIAL STATEMENTS

The financial statements and accompanying notes were approved by management of the Township. The financial statements and notes are presented as intended by the Township.

GREGG TOWNSHIP, MORGAN COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For The Year Ended December 31, 2010

Fund	Cash and Investments 01-01-10	Receipts	Disbursements	Cash and Investments 12-31-10
Township	\$ 24,243	\$ 36,996	\$ 58,505	\$ 2,734
Township Assistance	843	24,288	24,459	672
Fire Fighting	165,700	313,988	366,090	113,598
Cumulative Fire	43,630	54,885	35,473	63,042
Dog	510	-	-	510
Fire Debt	2,061	139,878	26,249	115,690
Levy Excess	-	542	-	542
Rainy Day	17,636	73,819	36,000	55,455
Loan & Interest Payment	1,932	145,811	135,973	11,770
Capital Projects	853	-	-	853
Payroll Deduction	(14,673)	26,873	11,443	757
Totals	<u>\$ 242,735</u>	<u>\$ 817,080</u>	<u>\$ 694,192</u>	<u>\$ 365,623</u>

The notes to the financial statements are an integral part of this statement.

GREGG TOWNSHIP, MORGAN COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For The Year Ended December 31, 2011

Fund	Cash and Investments 01-01-11	Receipts	Disbursements	Cash and Investments 12-31-11
Township	\$ 2,734	\$ 74,840	\$ 53,075	\$ 24,499
Township Assistance	672	51,286	30,294	21,664
Fire Fighting	113,598	91,336	157,769	47,165
Rainy Day	55,455	-	6,993	48,462
Levy Excess	542	-	542	-
Cumulative Fire	63,042	20,476	44,980	38,538
Capital Projects	853	-	-	853
Dog	510	-	-	510
Fire Debt	115,690	-	13,236	102,454
Loan & Interest Payment	11,770	-	-	11,770
Payroll Deduction	757	1,927	2,294	390
Totals	<u>\$ 365,623</u>	<u>\$ 239,865</u>	<u>\$ 309,183</u>	<u>\$ 296,305</u>

The notes to the financial statements are an integral part of this statement.

GREGG TOWNSHIP, MORGAN COUNTY
NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The Township was established under the laws of the State of Indiana. The Township operates under a township trustee/township board form of government and provides some or all of the following services: public safety (fire), health and social services (township assistance), culture and recreation (parks and/or community centers), and general administrative services (weed and dog control).

The accompanying financial statements present the financial information for the Township.

B. Basis of Accounting

The financial statements are reported on a regulatory basis of accounting prescribed by the State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when received and disbursements are recorded when paid.

The regulatory basis of accounting differs from accounting principles generally accepted in the United States of America in that receipts are recognized when received in cash, rather than when earned, and disbursements are recognized when paid, rather than when a liability is incurred.

C. Cash and Investments

Investments are stated at cost. Any changes in fair value of the investments are reported as receipts in the year of the sale of the investment.

D. Receipts

Receipts are presented in the aggregate on the face of the financial statements. The aggregate receipts may include the following sources:

Taxes which can include one or more of the following: property taxes, certified shares (local option tax), property tax replacement credit (local option tax), county option income tax, wheel tax, innkeepers tax, food and beverage tax, county economic development income tax, boat and trailer excise tax, county adjusted gross income tax, and other taxes that are set by the Township.

Intergovernmental receipts which include receipts from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of this type of receipts include, but are not limited to: federal grants, state grants, cigarette tax distributions received from the state, motor vehicle highway distribution received from the state, local road and street distribution received from the state, financial institution tax received from the state, auto excise surtax received from the state, commercial vehicle excise tax received from the state, major moves distributions received from the state, and riverboat receipts received from the county.

GREGG TOWNSHIP, MORGAN COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

Charges for services which can include, but are not limited to the following: planning commission charges, building department charges, copies of public records, copy machine charges, accident report copies, gun permit applications, 911 telephone services, recycling fees, dog pound fees, emergency medical service fees, park rental fees, swimming pool receipts, cable tv receipts, ordinance violations, fines and fees, bond forfeitures, court costs, and court receipts.

Other receipts which include amounts received from various sources which can include, but are not limited to the following: net proceeds from borrowings; interfund loan activity; transfers authorized by statute, ordinance, resolution or court order; internal service receipts; and fiduciary receipts.

E. Disbursements

Disbursements are presented in the aggregate on the face of the financial statements. The aggregate disbursements may include the following uses:

Personal services include outflows for salaries, wages, and related employee benefits provided for all persons employed. In those units where sick leave, vacation leave, overtime compensation, and other such benefits are appropriated separately, such payments would also be included.

Supplies which include articles and commodities that are entirely consumed and materially altered when used and/or show rapid depreciation after use for a short period of time. Examples of supplies include office supplies, operating supplies, and repair and maintenance supplies.

Other services and charges which include, but are not limited to: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

Debt service principal and interest which include fixed obligations resulting from financial transactions previously entered into by the Township. It includes all expenditures for the reduction of the principal and interest of the Township's general obligation indebtedness.

Capital outlay which include all outflows for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

Other disbursements which include, but are not limited to the following: interfund loan payments, loans made to other funds, internal service disbursements, and transfers out that are authorized by statute, ordinance, resolution, or court order.

F. Interfund Transfers

The Township may, from time to time, transfer money from one fund to another. These transfers, if any, are included as a part of the receipts and disbursements of the affected funds and as a part of total receipts and disbursements. The transfers are used for cash flow purposes as provided by various statutory provisions.

GREGG TOWNSHIP, MORGAN COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

G. Fund Accounting

Separate funds are established, maintained, and reported by the Township. Each fund is used to account for money received from and used for specific sources and uses as determined by various regulations. Restrictions on some funds are set by statute while other funds are internally restricted by the Township. The money accounted for in a specific fund may only be available for use for certain, legally restricted purposes. Additionally, some funds are used to account for assets held by the Township in a trustee capacity as an agent of individuals, private organizations, other funds, or other governmental units and therefore the funds cannot be used for any expenditures of the unit itself.

Note 2. Budgets

The operating budget is initially prepared and approved at the local level. The fiscal officer of the Township submits a proposed operating budget to the governing board for the following calendar year. The budget is advertised as required by law. Prior to adopting the budget, the governing board conducts public hearings and obtains taxpayer comments. Prior to November 1, the governing board approves the budget for the next year. The budget for funds for which property taxes are levied or highway use taxes are received is subject to final approval by the Indiana Department of Local Government Finance.

Note 3. Property Taxes

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the Township in June and December; however, situations can arise which would delay the distributions. 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 percent 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 normally become delinquent if not paid by May 10 and November 10, respectively.

Note 4. Deposits and Investments

Deposits, made in accordance with state statute (IC 5-13), with financial institutions in the State of Indiana at year end should be 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 statutes authorize 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.

GREGG TOWNSHIP, MORGAN COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

Note 5. Risk Management

The Township may be exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents; and natural disasters.

These risks can be mitigated through the purchase of insurance, establishment of a self-insurance fund, and/or participation in a risk pool. The purchase of insurance transfers the risk to an independent third party. The establishment of a self-insurance fund allows the Township to set aside money for claim settlements. The self-insurance fund would be included in the financial statements. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks.

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SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the Township's 2010 Annual Report can be found on the Indiana Transparency Portal website: www.in.gov/itp/annual_reports/.

For additional financial information, the Township's 2011 Annual Report information can be found on the Gateway website: <https://gateway.ifionline.org/>.

Differences may be noted between the financial information presented in the financial statements contained in this report and the financial information presented in the Annual Reports of the Township which are referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the examination. This is a common occurrence in any financial statement examination. The financial information presented in this report is examined information, and the accuracy of such information can be determined by reading the opinion given in the Independent Accountant's Report.

The supplementary information presented was approved by management of the Township. It is presented as intended by the Township.

GREGG TOWNSHIP, MORGAN COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010

	Township	Township Assistance	Fire Fighting	Cumulative Fire	Dog	Fire Debt
Cash and investments - beginning	\$ 24,243	\$ 843	\$ 165,700	\$ 43,630	\$ 510	\$ 2,061
Receipts:						
Taxes	29,830	18,288	258,988	29,885	-	139,878
Other receipts	7,166	6,000	55,000	25,000	-	-
Total receipts	<u>36,996</u>	<u>24,288</u>	<u>313,988</u>	<u>54,885</u>	<u>-</u>	<u>139,878</u>
Disbursements:						
Personal services	34,389	-	-	-	-	-
Supplies	377	-	-	-	-	-
Other services and charges	23,739	18,459	288,197	-	-	26,249
Capital outlay	-	-	22,893	10,473	-	-
Other disbursements	-	6,000	55,000	25,000	-	-
Total disbursements	<u>58,505</u>	<u>24,459</u>	<u>366,090</u>	<u>35,473</u>	<u>-</u>	<u>26,249</u>
Excess (deficiency) of receipts over disbursements	<u>(21,509)</u>	<u>(171)</u>	<u>(52,102)</u>	<u>19,412</u>	<u>-</u>	<u>113,629</u>
Cash and investments - ending	<u>\$ 2,734</u>	<u>\$ 672</u>	<u>\$ 113,598</u>	<u>\$ 63,042</u>	<u>\$ 510</u>	<u>\$ 115,690</u>

GREGG TOWNSHIP, MORGAN COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Levy Excess	Rainy Day	Loan & Interest Payment	Capital Projects	Payroll Deduction	Totals
Cash and investments - beginning	\$ -	\$ 17,636	\$ 1,932	\$ 853	\$ (14,673)	\$ 242,735
Receipts:						
Taxes	542	37,819	145,811	-	-	661,041
Other receipts	-	36,000	-	-	26,873	156,039
Total receipts	<u>542</u>	<u>73,819</u>	<u>145,811</u>	<u>-</u>	<u>26,873</u>	<u>817,080</u>
Disbursements:						
Personal services	-	-	-	-	-	34,389
Supplies	-	-	-	-	-	377
Other services and charges	-	-	135,973	-	11,443	504,060
Capital outlay	-	-	-	-	-	33,366
Other disbursements	-	36,000	-	-	-	122,000
Total disbursements	<u>-</u>	<u>36,000</u>	<u>135,973</u>	<u>-</u>	<u>11,443</u>	<u>694,192</u>
Excess (deficiency) of receipts over disbursements	<u>542</u>	<u>37,819</u>	<u>9,838</u>	<u>-</u>	<u>15,430</u>	<u>122,888</u>
Cash and investments - ending	<u>\$ 542</u>	<u>\$ 55,455</u>	<u>\$ 11,770</u>	<u>\$ 853</u>	<u>\$ 757</u>	<u>\$ 365,623</u>

GREGG TOWNSHIP, MORGAN COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011

	<u>Township</u>	<u>Township Assistance</u>	<u>Fire Fighting</u>	<u>Rainy Day</u>	<u>Levy Excess</u>	<u>Cumulative Fire</u>
Cash and investments - beginning	\$ 2,734	\$ 672	\$ 113,598	\$ 55,455	\$ 542	\$ 63,042
Receipts:						
Taxes	147	-	51,191	-	-	20,471
Intergovernmental	50,976	44,292	40,145	-	-	5
Other receipts	23,717	6,994	-	-	-	-
Total receipts	<u>74,840</u>	<u>51,286</u>	<u>91,336</u>	<u>-</u>	<u>-</u>	<u>20,476</u>
Disbursements:						
Personal services	14,686	-	-	-	-	-
Supplies	324	-	-	-	-	-
Other services and charges	38,065	30,294	157,000	-	-	-
Capital outlay	-	-	-	-	-	44,980
Other disbursements	-	-	769	6,993	542	-
Total disbursements	<u>53,075</u>	<u>30,294</u>	<u>157,769</u>	<u>6,993</u>	<u>542</u>	<u>44,980</u>
Excess (deficiency) of receipts over disbursements	<u>21,765</u>	<u>20,992</u>	<u>(66,433)</u>	<u>(6,993)</u>	<u>(542)</u>	<u>(24,504)</u>
Cash and investments - ending	<u>\$ 24,499</u>	<u>\$ 21,664</u>	<u>\$ 47,165</u>	<u>\$ 48,462</u>	<u>\$ -</u>	<u>\$ 38,538</u>

GREGG TOWNSHIP, MORGAN COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011
 (Continued)

	Capital Projects	Dog	Fire Debt	Loan & Interest Payment	Payroll Deduction	Totals
Cash and investments - beginning	\$ 853	\$ 510	\$ 115,690	\$ 11,770	\$ 757	\$ 365,623
Receipts:						
Taxes	-	-	-	-	-	71,809
Intergovernmental	-	-	-	-	-	135,418
Other receipts	-	-	-	-	1,927	32,638
Total receipts	-	-	-	-	1,927	239,865
Disbursements:						
Personal services	-	-	-	-	-	14,686
Supplies	-	-	-	-	-	324
Other services and charges	-	-	13,236	-	-	238,595
Capital outlay	-	-	-	-	-	44,980
Other disbursements	-	-	-	-	2,294	10,598
Total disbursements	-	-	13,236	-	2,294	309,183
Excess (deficiency) of receipts over disbursements	-	-	(13,236)	-	(367)	(69,318)
Cash and investments - ending	<u>\$ 853</u>	<u>\$ 510</u>	<u>\$ 102,454</u>	<u>\$ 11,770</u>	<u>\$ 390</u>	<u>\$ 296,305</u>

GREGG TOWNSHIP, MORGAN COUNTY
EXAMINATION RESULTS AND COMMENTS

TEMPORARY TRANSFER BETWEEN FUNDS

Temporary transfers were made between the Rainy Day, Fire Fighting Fund, and Cumulative Fire Fund without a proper resolution by the Township Board. All transfers between funds were transferred back prior to December 31, 2010.

Indiana Code 36-1-8-4 states:

"The fiscal body of a political subdivision may, by resolution, permit the transfer of a prescribed amount, for a prescribed period, to a depleted fund from another fund of the political subdivision if it must be necessary to borrow money to enhance the depleted fund; there must be sufficient money on deposit to the credit of the other fund that can be temporarily transferred; the prescribed period must end during the budget year of the year in which the transfer occurs, except as authorized by IC 36-1-8-4(b); the amount transferred must be returned to the other fund at the end of the prescribed period; and, only revenues derived from the levying and collection of property taxes or special taxes or from operation of the political subdivision may be included in the amount transferred. If the fiscal body of a political subdivision determines that an emergency exists that requires an extension of the prescribed period of a transfer under this section, the prescribed period may be extended for not more than six (6) months beyond the budget year of the year in which the transfer occurs if the fiscal body does the following: (1) Passes a resolution that contains the following: (A) A statement that the fiscal body has determined that an emergency exists. (B) A brief description of the grounds for the emergency. (C) The date the loan will be repaid that is not more than six (6) months beyond the budget year in which the transfer occurs. (2) Immediately forwards the resolution to the State Board of Accounts and the Department of Local Government Finance."

OFFICIAL BOND

The following official bonds were not for the correct amount of \$30,000:

Carole Snyder:
January 1, 2009 to December 31, 2010; \$10,000 of coverage
Carole Snyder:
January 1, 2011 to December 31, 2012; \$10,000 of coverage

Indiana Code 5-4-1-18(c) states in part:

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

- (1) The amount 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 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 for the officer or employee. County auditors shall file bonds in amounts of not less than thirty thousand dollars (\$30,000), as fixed by the fiscal body of the county. The amount of the bond of any other person required to file an individual bond shall be fixed by the fiscal body of the unit at not less than fifteen thousand dollars (\$15,000)."

GREGG TOWNSHIP, MORGAN COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

TOWNSHIP ASSISTANCE

Township Assistance applications were provided for examination, however payments made from the Township Assistance Fund could not be easily traced to the application. Payments were made to the vendor on behalf of the applicant, but no listing was maintained to determine what payment went with the applicant. For the year 2011, some payments included the applicants name on the check memo, however not all were included. Additionally, not all checks paid from Township Assistant fund included supporting invoices.

Whenever the administrator of township assistance of any township grants township assistance aid to any indigent person, or to any other person or agency on a township assistance order as provided by law or obligates the township for any item properly payable from township assistance funds, the claim against such township, itemized and sworn to as provided by law, and accompanied by the original township assistance order, duly itemized and signed shall be checked with the records of the administrator of township assistance, audited, and certified to, as required by law by the trustee.

The claim, with the original township assistance order or orders attached, shall then be filed for payment. All townships are now required to pay township assistance (IC 12-20 used to provide the county auditor could pay township assistance for certain townships). Such claim or claims shall be carefully reviewed and approved by the trustee as the administrator of township assistance. The township trustee shall pay claims against the township for township assistance in the same manner that other claims against the township are paid. The township trustee, when authorized to pay claims directly to vendors, shall pay a claim within forty-five (45) days. The township trustee shall pay the claim from: (1) any balance standing to the credit of the township against which the claim is filed; or (2) from any other available fund from which advancements can be made to the township for that purpose.

Payment of all claims should be directly to a vendor and should never be to a township assistance applicant. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 6)

CONTRACTS

In 2010, the Township paid \$266,000 to Gregg Township Volunteer Fire Department. A contract for 2010 was not presented for examination. The contract presented for 2011 indicated the total payment to be \$187,670; however, the Township only paid \$157,000.

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)

PAYROLL DEDUCTIONS

Payments to members of the Township Board were made without payroll deductions for taxes in both 2010 and 2011.

Political subdivisions are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings, and filing requirements concerning reports and other procedural matters of federal and state agencies, including opinions of the Attorney General of the State of Indiana, and court decisions. Governmental units should file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

GREGG TOWNSHIP, MORGAN COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

FEDERAL AND STATE AGENCIES - COMPLIANCE REQUIREMENTS

The Township did not comply with directives of the Internal Revenue Service by failing to pay income tax withholdings in the correct amount for the year 2011. Additionally, W-2s were not presented for examination.

Political subdivisions are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings and filing requirements concerning reports and other procedural matters of federal and state agencies, including opinions of the Attorney General of the State of Indiana, and court decisions. Governmental units should file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

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)

BANK ACCOUNT RECONCILIATIONS

Depository reconciliations of the fund balances to the bank account balances were not presented for examination for 2010 and were incorrect in 2011. As part of the examination, we performed reconciliations for the months of December 2010 and December 2011. The reconciliation was short \$278 in December 2010 and long \$259 in December 2011.

Indiana Code 5-13-6-1(e) states in part: "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)

APPROPRIATIONS

The records presented for examination indicated the following expenditures in excess of budgeted appropriations:

Fund	Years	Excess Amount Expended
Township	2010	\$ 912
Township	2011	9,052
Township Assistance	2010	10,734
Township Assistance	2011	11,103
Loan & Interest Payment	2010	8,392
Cumulative Fire	2010	5,473
Cumulative Fire	2011	13,480
Fire Debt	2011	13,236

GREGG TOWNSHIP, MORGAN COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

Indiana Code 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."

CONDITION OF RECORDS

The Township used QuickBooks for its official records. QuickBooks's reports and forms have not been approved by the State Board of Account for use by the Township. QuickBooks is a double entry system and the Township has set up cash accounts for each fund. The system does not total the transactions per account for receipts and disbursement, but instead posts a cash receipt as a positive number to the cash account and cash disbursements as a negative number to the cash account. At year end, it nets all together, therefore we could not trace the total cash receipts and cash disbursement per fund reported on the Annual Report to amounts posted to the records.

Additionally, there was a cash account titled Citizens Checking. Beginning in October 2011, all cash transactions were posted to this account instead of the individual cash accounts associated with the funds. The Citizens Checking cash account was re-categorized by the State Board of Accounts as to where each transaction should have been posted. An adjustment was approved by the Trustee and the proper amounts are reflected in this report. The Township has been instructed to make the corrections to its records.

Furthermore, property tax distributions for December 2011 were posted to an incorrect fund. Property taxes were distributed by the County Auditor as follows: \$146.92 to Township Fund; \$23,719.97 to Fire Fighting Fund; and \$9,308.65 to Cumulative Fire Fund; however, the entire distribution of \$33,175.54 was posted to the Township Assistance Fund. An adjustment was approved by the Trustee and the proper amounts are reflected in the report. The Township has been instructed to make the corrections to its records.

The bank reconciliations for 2010 were not presented for examination. Upon request the unit provided a reconciliation for December 31, 2011, however, it did not reconcile to the total cash per the general ledger. Upon further review, we found several entries double posted to the Township Assistance Fund during the period October 2011 through December 2011. An adjustment was approved by the Trustee and the proper amounts are reflected in this report. The Township has been instructed to make the corrections to its records.

1. Record balances were not reconciled to depository balances.

Indiana Code 5-13-6-1(e) states in part: "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."

2. There were a considerable number of posting errors. These errors included deposits not receipted, checks and receipts not recorded in the proper amounts, interest not posted, and nonsufficient funds checks incorrectly posted.

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)

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)

GREGG TOWNSHIP, MORGAN COUNTY
EXIT CONFERENCE

The contents of this report were discussed on December 19, 2012, with Carole Snyder, Trustee. The Official Response has been made a part of this report and may be found on page 23.

RESPONSE OF GREGG TOWNSHIP ON AUDIT EXAMINATION AND RESULTS

After review of the audit examination report, we will endeavor to correct any of the errors cited. We were acting under the guidance of Reedy and Associates and believed we were following the correct policies of the Board of Accounts and that they were up to date on our of our IRS filings.

We are now using a different firm and have brought the bookkeeping in house. We are getting assistance from the auditor and our new accounting firm. In the transition from one accounting firm to the next, some items were found to be missing, or not attended to as was our agreement with them. We also did not get any guidance from them as to the bookkeeping procedures once we left as their client. Any errors have been due to a learning process and will be remedied.

We have also now purchased the Board of Accounts approved accounting system and are no longer using quick books. This should aide in the auditing process as to where items are now posted.

Carole Snyder

Gregg Township Trustee