

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

FINANCIAL STATEMENT EXAMINATION REPORT

OF

GRANT TOWNSHIP

DEKALB COUNTY, INDIANA

January 1, 2010 to December 31, 2011



FILED
05/08/2013

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Mary D. Dangler	01-01-07 to 12-31-14
Chairman of the Township Board	Dow Baker	01-01-10 to 12-31-12



STATE OF INDIANA
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INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the accompanying financial statements of Grant 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. The basis noted above is a different basis than that used in the prior period.

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 Schedule of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, Schedule of Long-Term Debt, and Schedule of Capital Assets, 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.

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

November 8, 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.

GRANT TOWNSHIP, DEKALB 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	\$ 29,218	\$ 35,471	\$ 41,752	\$ 22,937
Township Assistance	29,081	25,159	25,318	28,922
Firefighting	59,724	40,297	29,793	70,228
Cumulative Fire	61,487	11,004	16,890	55,601
Park And Recreation	3,528	2,244	1,800	3,972
Levy Excess	-	218	-	218
Rainy Day	9,960	9,579	11,588	7,951
Payroll	263	1,826	1,808	281
Totals	<u>\$ 193,261</u>	<u>\$ 125,798</u>	<u>\$ 128,949</u>	<u>\$ 190,110</u>

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

GRANT TOWNSHIP, DEKALB 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	\$ 22,937	\$ 46,725	\$ 50,432	\$ 19,230
Park And Recreation	3,972	948	2,700	2,220
Township Assistance	28,922	17,137	33,518	12,541
Firefighting	70,228	49,300	40,850	78,678
Rainy Day	7,951	-	7,856	95
Levy Excess	218	-	218	-
Cumulative Fire	55,601	10,551	16,890	49,262
Payroll	281	1,516	1,801	(4)
Totals	<u>\$ 190,110</u>	<u>\$ 126,177</u>	<u>\$ 154,265</u>	<u>\$ 162,022</u>

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

GRANT TOWNSHIP, DEKALB 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 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.

Charges for services which can include, but are not limited to the following: copies of public records, copy machine charges, park rental fees, ordinance violations.

GRANT TOWNSHIP, DEKALB COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

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 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.

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.

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.

GRANT TOWNSHIP, DEKALB COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

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.

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.

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

	Township	Township Assistance	Firefighting	Cumulative Fire	Park And Recreation	Levy Excess	Rainy Day	Payroll	Totals
Cash and investments - beginning	\$ 29,218	\$ 29,081	\$ 59,724	\$ 61,487	\$ 3,528	\$ -	\$ 9,960	\$ 263	\$ 193,261
Receipts:									
Taxes	30,248	20,365	32,010	10,630	2,244	-	9,579	-	105,076
Charges for services	-	-	8,200	-	-	-	-	-	8,200
Other receipts	5,223	4,794	87	374	-	218	-	1,826	12,522
Total receipts	35,471	25,159	40,297	11,004	2,244	218	9,579	1,826	125,798
Disbursements:									
Personal services	18,597	1,000	15,000	-	-	-	-	1,808	36,405
Supplies	2,044	24,268	1,707	-	-	-	-	-	28,019
Other services and charges	21,111	50	11,220	-	-	-	-	-	32,381
Capital outlay	-	-	1,866	16,890	1,800	-	2,000	-	22,556
Other disbursements	-	-	-	-	-	-	9,588	-	9,588
Total disbursements	41,752	25,318	29,793	16,890	1,800	-	11,588	1,808	128,949
Excess (deficiency) of receipts over disbursements	(6,281)	(159)	10,504	(5,886)	444	218	(2,009)	18	(3,151)
Cash and investments - ending	\$ 22,937	\$ 28,922	\$ 70,228	\$ 55,601	\$ 3,972	\$ 218	\$ 7,951	\$ 281	\$ 190,110

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

	Township	Park And Recreation	Township Assistance	Firefighting	Rainy Day	Levy Excess	Cumulative Fire	Payroll	Totals
Cash and investments - beginning	\$ 22,937	\$ 3,972	\$ 28,922	\$ 70,228	\$ 7,951	\$ 218	\$ 55,601	\$ 281	\$ 190,110
Receipts:									
Taxes	27,659	838	5,553	28,609	-	-	9,129	-	71,788
Intergovernmental	14,030	110	11,584	3,371	-	-	1,077	-	30,172
Charges for services	-	-	-	17,320	-	-	-	-	17,320
Other receipts	5,036	-	-	-	-	-	345	1,516	6,897
Total receipts	46,725	948	17,137	49,300	-	-	10,551	1,516	126,177
Disbursements:									
Personal services	18,385	-	2,000	17,000	-	-	-	1,801	39,186
Supplies	2,416	-	31,368	2,921	-	-	-	-	36,705
Other services and charges	29,631	2,700	150	20,929	7,856	-	-	-	61,266
Capital outlay	-	-	-	-	-	-	16,890	-	16,890
Other disbursements	-	-	-	-	-	218	-	-	218
Total disbursements	50,432	2,700	33,518	40,850	7,856	218	16,890	1,801	154,265
Excess (deficiency) of receipts over disbursements	(3,707)	(1,752)	(16,381)	8,450	(7,856)	(218)	(6,339)	(285)	(28,088)
Cash and investments - ending	\$ 19,230	\$ 2,220	\$ 12,541	\$ 78,678	\$ 95	\$ -	\$ 49,262	\$ (4)	\$ 162,022

GRANT TOWNSHIP, DEKALB COUNTY
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 December 31, 2011

<u>Description of Debt</u>	<u>Ending Principal Balance</u>	<u>Principal and Interest Due Within One Year</u>	<u>Fund/ Department</u>
Governmental activities:			
Capital leases:			
Fire truck	\$ <u>31,885</u>	\$ <u>16,890</u>	Cumulative Fire

GRANT TOWNSHIP, DEKALB COUNTY
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS
December 31, 2011

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:	
Machinery and equipment	<u>\$ 471,992</u>

GRANT TOWNSHIP, DEKALB COUNTY
EXAMINATION RESULTS AND COMMENTS

CONFERENCE, MEAL, ROOM, AND TRAVEL REIMBURSEMENTS

During 2010 and 2011, the Trustee and her husband attended four township educational conferences in order for the Trustee to better serve the Township. Costs for the conference registration fees, meals, room, and travel for both the Trustee and her husband to attend were reimbursed in full to either the Trustee or her husband. The husband, however, is not a Township representative.

Indiana Code 36-6-6-12 states:

"Membership of township in county, state, or national associations; appropriations; expenses

Sec. 12. (a) The legislative body may appropriate money for membership of the township in county, state, or national associations that:

- (1) are of a civic, educational, or governmental nature; and
- (2) have as a purpose the improvement of township governmental operations.

The township representatives may participate in the activities of these associations, and the legislative body may appropriate money to defray the expenses of township representatives in connection with these activities.

(b) Each representative of the township attending any meeting, conference, seminar, or convention approved by the township trustee shall be allowed reimbursement for all necessary and legitimate expenses incurred while representing the township. Expenses shall be paid to each representative in accordance with the township's reimbursement policy, which may include an established per diem rate, as recommended by the township trustee and adopted by the township legislative body."

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 unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 17)

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

DISBURSEMENT DOCUMENTATION

We observed 2010 payments of \$3,800 made to Dangler Construction for cemetery work that did not contain adequate supporting documentation. In addition, we observed 2011 payments of \$8,696 made to Dangler Construction for cemetery work, \$490 made to Blake Dangler for office repair and painting, and \$170 made to Chelsea Dangler for clerical work that also did not contain adequate supporting documentation.

We reviewed the Conflict of Interest Statement for both Dangler Construction and Blake Dangler and did not note the relationship disclosure of the Trustee or any specific language that outlined the costs charged to the Township. The only supporting documentation noted for Dangler Construction were brief invoices that do not fully itemize the cost of materials and labor. The only supporting documentation noted for Blake Dangler was a contract made between him and the Township; however, the amount paid should have been invoiced for actual labor and materials. There was no Conflict of Interest Statement for Chelsea Dangler.

Due to the lack of supporting information, the validity and accountability of these payments could not be established.

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)

CAPITAL ASSET RECORDS - FIRE STATION

Information presented for examination did not indicate an inventory or record of the Township's fire station capital assets using Form 369.

Every governmental unit should have a complete inventory of all capital assets owned which reflect their acquisition value. Such inventory should be recorded on the applicable Capital Asset Ledger. A complete inventory should be taken at least every two years for good internal control and for verifying account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

GRANT TOWNSHIP, DEKALB COUNTY
EXIT CONFERENCE

The contents of this report were discussed on November 8, 2012, with Mary D. Dangler, Trustee. The official concurred with our findings.