

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

FINANCIAL STATEMENT EXAMINATION REPORT

OF

ASHLAND TOWNSHIP

MORGAN COUNTY, INDIANA

January 1, 2011 to December 31, 2011



FILED
05/16/2013

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Sandra Norman	01-01-11 to 12-31-14
Chairman of the Township Board	Kevin Wheeler	01-01-11 to 12-31-13



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the accompanying financial statement of Ashland Township (Township), for the year ended December 31, 2011. The financial statement is the responsibility of the Township's management. Our responsibility is to express an opinion on the financial statement 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 statement 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 statement 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 year.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the Township for the year ended December 31, 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 statement. The Combining Schedule 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 statement. They have not been subjected to the examination procedures applied to the financial statement and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the Township's management, Township's 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 STATEMENT

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

ASHLAND 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	\$ 235,375	\$ 21,484	\$ 56,709	\$ 200,150
Township Assistance	18,512	7,502	13,258	12,756
Fire Fighting	14,031	49,834	47,000	16,865
Rainy Day	7,939	-	-	7,939
Payroll withholding	-	667	64	603
Totals	<u>\$ 275,857</u>	<u>\$ 79,487</u>	<u>\$ 117,031</u>	<u>\$ 238,313</u>

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

ASHLAND TOWNSHIP, MORGAN COUNTY
NOTES TO FINANCIAL STATEMENT

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 statement presents the financial information for the Township.

B. Basis of Accounting

The financial statement is 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 statement. 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: planning commission charges, building department charges, copies of public records, copy machine charges, accident report copies, gun permit applications, 911 telephone services, recycling

ASHLAND TOWNSHIP, MORGAN COUNTY
NOTES TO FINANCIAL STATEMENT
(Continued)

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 statement. 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.

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.

ASHLAND TOWNSHIP, MORGAN COUNTY
NOTES TO FINANCIAL STATEMENT
(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 statement. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks. These risks may also be mitigated by the Township by recording as a disbursement any replacement items purchased.

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SUPPLEMENTARY INFORMATION – UNAUDITED

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 statement contained in this report and the financial information presented in the Annual Report of the Township which is 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.

ASHLAND 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>Payroll withholding</u>	<u>Totals</u>
Cash and investments - beginning	\$ 235,375	\$ 18,512	\$ 14,031	\$ 7,939	\$ -	\$ 275,857
Receipts:						
Taxes	4,569	4,509	962	-	-	10,040
Intergovernmental	16,808	-	-	-	-	16,808
Charges for services	-	-	29,011	-	-	29,011
Other receipts	<u>107</u>	<u>2,993</u>	<u>19,861</u>	<u>-</u>	<u>667</u>	<u>23,628</u>
Total receipts	<u>21,484</u>	<u>7,502</u>	<u>49,834</u>	<u>-</u>	<u>667</u>	<u>79,487</u>
Disbursements:						
Personal services	10,750	-	-	-	-	10,750
Supplies	6,416	-	-	-	-	6,416
Other services and charges	16,689	13,258	47,000	-	-	76,947
Other disbursements	<u>22,854</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>64</u>	<u>22,918</u>
Total disbursements	<u>56,709</u>	<u>13,258</u>	<u>47,000</u>	<u>-</u>	<u>64</u>	<u>117,031</u>
Excess (deficiency) of receipts over disbursements	<u>(35,225)</u>	<u>(5,756)</u>	<u>2,834</u>	<u>-</u>	<u>603</u>	<u>(37,544)</u>
Cash and investments - ending	<u>\$ 200,150</u>	<u>\$ 12,756</u>	<u>\$ 16,865</u>	<u>\$ 7,939</u>	<u>\$ 603</u>	<u>\$ 238,313</u>

ASHLAND TOWNSHIP, MORGAN COUNTY
EXAMINATION RESULTS AND COMMENTS

SUPPORTING DOCUMENTATION

The following payments were observed which did not contain adequate supporting documentation, such as receipts, invoices, and other public records. There was a similar comment in the prior Report B39649.

Date	Payee	Amount	Description
01-27-11	Sandra Norman	\$ 750.00	Lights, heat, and phone January - March
03-14-11	Sandra Norman	750.00	Utilities April - June
04-26-11	Sandra Norman	750.00	Utilities July - September
05-19-11	Sandra Norman	750.00	Utilities October - December
06-16-11	Sandra Norman	161.33	Ink, toner, and stamps
08-25-11	Sandra Norman	64.12	Mileage
08-19-11	Sandra Norman	426.95	Mileage and hotel reimbursement for training
09-30-11	Sandra Norman	426.00	October conference for hotel
11-30-11	Sandra Norman	795.25	Rent storage and insurance for 2012 and mileage
11-18-11	Sandra Norman	167.46	Mileage for the month
12-13-11	Sandra Norman	862.65	Phone and lights for January - March 2012, mileage
12-30-11	Sandra Norman	62.24	Mileage
12-15-11	Barbara Parks	445.08	Training and mileage reimbursement
12-29-11	Barbara Parks	329.94	January onference reimbursement
09-24-11	Barbara Parks	550.00	Reimbursement for State conference
09-30-11	Anthony Ridgell	250.00	Repair work
09-30-11	Travis Norman	132.00	Mileage for October
11-18-11	AT&T	122.74	Billing date 10-19-11
12-07-11	AT&T	64.47	Billing date 11-19-11
Total		<u>\$ 7,860.23</u>	

Mileage claim Form 101 was not presented for examination, nor any other documentation to support payment of mileage. Invoices, receipts, or other documentation was not presented for examination to support payment of other expense including travel expenses or reimbursement for purchase of office supplies. Sandra Norman, Trustee, was requested to reimburse the Township \$7,860.23 for the above unsupported expenses. (See Summary of Charges, page 19)

Indiana Code 36-6-8-3(b) states in part: "The township trustee is entitled to a sum for mileage in the performance of his official duties equal to the sum per mile paid to state officers and employees."

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)

The annual appropriations of a township for the expenses of renting an office and telephone expenses must, as nearly as is possible, be equal to the actual cost of those items. If the township trustee uses a part of his residence as his office, the township board shall appropriate a reasonable sum for that office space. The following audit position should cover all situations for reimbursement of telephone expenses:

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

1. A separate township office exists and has a telephone(s) listing in the telephone directory in the name of the township, 100% of the proper monthly telephone service billing and long distance township business calls may be paid.
2. The township office is in the home with a separate phone line for township business and that phone line is listed separately in the directory. The 100% reimbursement is available for township long distance business calls and also for the monthly billing.
3. If the township office is in the home, and the telephone (only phone) is in the township name in the phone directory, the additional cost of that phone being listed as a township phone is reimbursable. Up to 50% of the base monthly service billing may also be reimbursed if approved by the township board in accordance with IC 36-6-8-3. Additionally, 100% of all documented long distance township business calls may be reimbursed. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

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)

COMPENSATION AND BENEFITS

The following Township officers and employees received salary payments for the year 2011.

Sandra Norman, Trustee	\$ 6,250
Travis Norman, Clerk	1,000
Brenda Scott, Board member	2,500
Kevin Wheeler, Board member	1,000

Records presented for examination did not indicate the Township Board approved a salary resolution for 2011. There was a similar comment in the prior Report B39649.

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)

Indiana Code 36-6-6-10 states in part:

"(b) The township legislative body shall fix the:

- (1) salaries;
- (2) wages;
- (3) rates of hourly pay; and
- (4) remuneration other than statutory allowances,

of all officers and employees of the township."

ASHLAND 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 remit income tax and Social Security and Medicare withholdings for the year 2011. Also, the employer share of Social Security and Medicare was not paid. There was a similar comment in the prior report.

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)

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Additionally, officials and employees have a responsibility to perform duties in a manner in 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)

BOARD MINUTES

Not all minutes of meetings of the governing body were available for examination. May 2011 was the only minutes provided for examination. There was a similar comment in the prior report.

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."

Indiana Code 5-15-6-3(f) states in part: "Original records may be disposed of only with the approval of the commission according to guidelines established by the commission."

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

APPROPRIATIONS

No budget was approved for 2011. The last approved budget was for the year 2008. The table below shows expenditures for 2011 in excess of budgeted amounts for 2008. There was a similar comment in the prior report.

Fund	Excess Amount Expended
Township	\$ 44,899
Township Assistance	8,258
Fire Fighting	17,000

Indiana Code 6-1.1-17-5(a) states in part: ". . . officers of political subdivisions shall meet each year to fix the budget, tax rate, and tax levy of their respective subdivisions . . ."

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."

Indiana Code 6-1.1-17-3.5 states in part:

"(b) This section applies to a taxing unit other than a county. If a taxing unit will impose property taxes due and payable in the ensuing calendar year, the taxing unit shall file the following information in the manner prescribed by the department of local government finance with the fiscal body of the county in which the taxing unit is located:

- (1) A statement of the proposed or estimated tax rate and tax levy for the taxing unit for the ensuing budget year.
- (2) In the case of a taxing unit other than a school corporation, a copy of the taxing unit's proposed budget for the ensuing budget year. . . .

(h) If a taxing unit fails to file the information required by subsection (b) with the fiscal body of the county in which the taxing unit is located by the time prescribed in subsection (d), the most recent annual appropriations and annual tax levy of that taxing unit are continued for the ensuing budget year."

ANNUAL REPORT

The Annual Report for 2011 was not filed electronically until May 12, 2011.

Indiana Code 5-11-1-4(a) stated during the examination period:

"The state examiner shall require from every municipality and every state or local governmental unit, entity, or instrumentality financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each fiscal year. The reports must be in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under IC 5-14-3.8-7."

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

CERTIFIED REPORT NOT FILED

The Township filed a certified report of compensation of officers and employees (Form 100-R or its equivalent) with the State Board of Accounts, however it was not filed until September 4, 2012.

Indiana Code 5-11-13-1 states in part:

"Every . . . township . . . shall during the month of January of each year prepare, make, and sign a certified report, correctly and completely showing the names and business addresses of each and all officers, employees, and agents . . . and the respective duties and compensation of each, and shall forthwith file said report in the office of the state examiner of the state board of accounts."

OFFICIAL BOND INFORMATION

Sandra Norman, Trustee, had a Public Official Bond with Auto Owners Insurance Company. The bond provided \$30,000 of coverage for the period February 10, 2011 to February 9, 2012.

ASHLAND TOWNSHIP, MORGAN COUNTY
EXIT CONFERENCE

The contents of this report were discussed on December 19, 2012, with Sandra Norman, Trustee.

ASHLAND TOWNSHIP, MORGAN COUNTY
SUMMARY OF CHARGES

	<u>Charges</u>	<u>Credits</u>	<u>Balance Due</u>
Sandra Norman, Trustee:			
Supporting Documentation, pages 13 and 14	<u>\$ 7,860.23</u>	<u>\$ -</u>	<u>\$ 7,860.23</u>

This report was forwarded to the Office of the Indiana Attorney General and the local prosecuting attorney.

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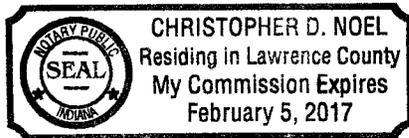
AFFIDAVIT

STATE OF INDIANA)
)
Monroe COUNTY)

I, Kylee Johnston, Field Examiner, being duly sworn on my oath, state that the foregoing report based on the official records of the Ashland Township, Morgan County, Indiana, for the period from January 1, 2011 to December 31, 2011, is true and correct to the best of our knowledge and belief.

Kylee Johnston
Field Examiner

Subscribed and sworn to before me this 22 day of April, 2013.



Christopher D. Noel
Notary Public

My Commission Expires: _____

County of Residence: _____