

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

FINANCIAL STATEMENTS EXAMINATION REPORT

OF

SPENCER TOWNSHIP

HARRISON COUNTY, INDIANA

January 1, 2010 to December 31, 2012



FILED
02/25/2014

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Donald W. Satterfield	01-01-07 to 12-31-14
Chairman of the Township Board	Robert W. Smith	01-01-10 to 12-31-10
	Kenneth A. Flock	01-01-11 to 12-31-12
	Robert W. Smith	01-01-13 to 12-31-13
	Susie Flock Weigle	01-01-14 to 12-31-14



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF SPENCER TOWNSHIP, HARRISON COUNTY, INDIANA

We have examined the accompanying financial statements of Spencer Township (Township), for the period of January 1, 2010 to December 31, 2012. 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 Indiana 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 effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position and results of operations of the Township for the period of January 1, 2010 to December 31, 2012.

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 period of January 1, 2010 to December 31, 2012, 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 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.

Paul D. Joyce
Paul D. Joyce, CPA
State Examiner

January 9, 2014

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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.

SPENCER TOWNSHIP, HARRISON 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	\$ 95,864	\$ 34,278	\$ 42,427	\$ 87,715
Township Assistance	14,332	7,812	-	22,144
Fire Fighting	19,136	18,065	16,236	20,965
Cumulative Fire	44,639	14,161	6,236	52,564
Riverboat Revenue Sharing	5,133	6,318	7,180	4,271
Community Center	919	3,360	1,191	3,088
Totals	<u>\$ 180,023</u>	<u>\$ 83,994</u>	<u>\$ 73,270</u>	<u>\$ 190,747</u>

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

SPENCER TOWNSHIP, HARRISON 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	\$ 87,715	\$ 37,653	\$ 45,328	\$ 80,040
Riverboat Revenue Sharing	4,271	6,318	6,171	4,418
Township Assistance	22,144	75	-	22,219
Fire Fighting	20,965	16,929	20,632	17,262
Cumulative Fire	52,564	14,532	-	67,096
Community Center	3,088	2,150	7,353	(2,115)
Totals	<u>\$ 190,747</u>	<u>\$ 77,657</u>	<u>\$ 79,484</u>	<u>\$ 188,920</u>

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

SPENCER TOWNSHIP, HARRISON COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For The Year Ended December 31, 2012

Fund	Cash and Investments 01-01-12	Receipts	Disbursements	Cash and Investments 12-31-12
Township	\$ 80,040	\$ 29,333	\$ 58,356	\$ 51,017
Riverboat Revenue Sharing	4,418	-	5,933	(1,515)
Township Assistance	22,219	-	100	22,119
Fire Fighting	17,262	10,462	10,040	17,684
Cumulative Fire	67,096	7,058	-	74,154
Community Center	(2,115)	1,450	2,587	(3,252)
Totals	<u>\$ 188,920</u>	<u>\$ 48,303</u>	<u>\$ 77,016</u>	<u>\$ 160,207</u>

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

SPENCER TOWNSHIP, HARRISON 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.

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 Indiana 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. The basis of accounting involves the reporting of only cash and investments and the changes therein resulting from cash inflows (receipts) and cash outflows (disbursements) reported in the period in which they occurred.

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.

SPENCER TOWNSHIP, HARRISON 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 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

SPENCER TOWNSHIP, HARRISON COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

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.

SPENCER TOWNSHIP, HARRISON COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

Note 6. Pension Plan

Public Employees' Retirement Fund

Plan Description

The Indiana Public Employees' Retirement Fund (PERF) is 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 Indiana Public Retirement System (INPRS) 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 percent of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

INPRS 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:

Indiana Public Retirement System
1 North Capital Street, Suite 001
Indianapolis, IN 46204
Ph. (888) 526-1687

Funding Policy and Annual Pension Cost

The contribution requirements of the plan members for PERF are established by the Board of Trustees of INPRS.

Note 7. Cash Balance Deficits

The financial statements contain some funds with deficits in cash. This is a result of expenses exceeding estimated revenues.

SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the Township's Annual Reports for years prior to 2011 can be found on the Indiana Transparency Portal website: www.in.gov/itp/annual_reports/.

For additional financial information, the Township's Annual Report information for years 2011 and later 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.

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

	<u>Township</u>	<u>Township Assistance</u>	<u>Fire Fighting</u>	<u>Cumulative Fire</u>	<u>Riverboat Revenue Sharing</u>	<u>Community Center</u>	<u>Totals</u>
Cash and investments - beginning	\$ 95,864	\$ 14,332	\$ 19,136	\$ 44,639	\$ 5,133	\$ 919	\$ 180,023
Receipts:							
Taxes	32,203	7,812	18,065	14,161	-	-	72,241
Intergovernmental	137	-	-	-	6,318	-	6,455
Other receipts	<u>1,938</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,360</u>	<u>5,298</u>
Total receipts	<u>34,278</u>	<u>7,812</u>	<u>18,065</u>	<u>14,161</u>	<u>6,318</u>	<u>3,360</u>	<u>83,994</u>
Disbursements:							
Personal services	31,760	-	-	-	-	-	31,760
Other services and charges	10,667	-	16,236	-	7,180	1,191	35,274
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,236</u>	<u>-</u>	<u>-</u>	<u>6,236</u>
Total disbursements	<u>42,427</u>	<u>-</u>	<u>16,236</u>	<u>6,236</u>	<u>7,180</u>	<u>1,191</u>	<u>73,270</u>
Excess (deficiency) of receipts over disbursements	<u>(8,149)</u>	<u>7,812</u>	<u>1,829</u>	<u>7,925</u>	<u>(862)</u>	<u>2,169</u>	<u>10,724</u>
Cash and investments - ending	<u>\$ 87,715</u>	<u>\$ 22,144</u>	<u>\$ 20,965</u>	<u>\$ 52,564</u>	<u>\$ 4,271</u>	<u>\$ 3,088</u>	<u>\$ 190,747</u>

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

	Township	Riverboat Revenue Sharing	Township Assistance	Fire Fighting	Cumulative Fire	Community Center	Totals
Cash and investments - beginning	\$ 87,715	\$ 4,271	\$ 22,144	\$ 20,965	\$ 52,564	\$ 3,088	\$ 190,747
Receipts:							
Taxes	15,582	-	-	14,882	13,022	-	43,486
Intergovernmental	17,848	6,318	75	2,047	1,510	-	27,798
Charges for services	-	-	-	-	-	2,150	2,150
Other receipts	4,223	-	-	-	-	-	4,223
Total receipts	37,653	6,318	75	16,929	14,532	2,150	77,657
Disbursements:							
Personal services	36,235	-	-	-	-	-	36,235
Supplies	-	-	-	-	-	105	105
Other services and charges	6,493	6,171	-	20,632	-	7,248	40,544
Other disbursements	2,600	-	-	-	-	-	2,600
Total disbursements	45,328	6,171	-	20,632	-	7,353	79,484
Excess (deficiency) of receipts over disbursements	(7,675)	147	75	(3,703)	14,532	(5,203)	(1,827)
Cash and investments - ending	\$ 80,040	\$ 4,418	\$ 22,219	\$ 17,262	\$ 67,096	\$ (2,115)	\$ 188,920

SPENCER TOWNSHIP, HARRISON COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2012

	Township	Riverboat Revenue Sharing	Township Assistance	Fire Fighting	Cumulative Fire	Community Center	Totals
Cash and investments - beginning	\$ 80,040	\$ 4,418	\$ 22,219	\$ 17,262	\$ 67,096	\$ (2,115)	\$ 188,920
Receipts:							
Taxes	9,474	-	-	9,185	6,326	-	24,985
Intergovernmental	19,667	-	-	1,057	732	-	21,456
Charges for services	-	-	-	220	-	-	220
Other receipts	192	-	-	-	-	1,450	1,642
Total receipts	<u>29,333</u>	<u>-</u>	<u>-</u>	<u>10,462</u>	<u>7,058</u>	<u>1,450</u>	<u>48,303</u>
Disbursements:							
Personal services	41,173	-	-	-	-	-	41,173
Supplies	255	-	-	-	-	-	255
Other services and charges	16,928	4,433	100	10,040	-	2,587	34,088
Other disbursements	-	1,500	-	-	-	-	1,500
Total disbursements	<u>58,356</u>	<u>5,933</u>	<u>100</u>	<u>10,040</u>	<u>-</u>	<u>2,587</u>	<u>77,016</u>
Excess (deficiency) of receipts over disbursements	<u>(29,023)</u>	<u>(5,933)</u>	<u>(100)</u>	<u>422</u>	<u>7,058</u>	<u>(1,137)</u>	<u>(28,713)</u>
Cash and investments - ending	<u>\$ 51,017</u>	<u>\$ (1,515)</u>	<u>\$ 22,119</u>	<u>\$ 17,684</u>	<u>\$ 74,154</u>	<u>\$ (3,252)</u>	<u>\$ 160,207</u>

SPENCER TOWNSHIP, HARRISON COUNTY
EXAMINATION RESULTS AND COMMENTS

CONDITION OF RECORDS

The following deficiencies relating to the recordkeeping were noted during the examination period:

1. Transactions were not always posted timely.
2. There were a considerable number of posting errors.
3. Checks and receipts were not always recorded in the proper amounts.
4. Interest was not always posted.
5. Ledger balances were not properly totaled and balances not properly carried forward.

During 2013, the Township hired a contractor to maintain the Township's accounting records. Due to the numerous deficiencies noted above, the Contractor went back and reposted and corrected the 2010, 2011, and 2012, ledgers for the deficiencies noted above.

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)

BANK ACCOUNT RECONCILIATIONS

Monthly depository reconciliations of the fund balances to the bank account balances for the period January 1, 2010 to December 31, 2012, were not performed until November 2013.

Indiana Code 5-13-6-1(e) states: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

ANNUAL REPORT

The Annual Reports for 2010, 2011, and 2012 contained errors in the reporting of receipts, disbursements, and cash and investment balances. Adjustments to the financial statements presented were made to correct the deficiencies in the Annual Reports noted below:

1. Beginning cash and investment balances reported were understated by \$8,571, \$16,635, and \$14,364 for 2010, 2011, and 2012, respectively.
2. Receipts reported were overstated by \$298, \$1,957, and \$14,836 for 2010, 2011, and 2012, respectively.
3. Disbursements reported were understated by \$200, \$1,907, and \$22,283 for 2010, 2011, and 2012, respectively.

SPENCER TOWNSHIP, HARRISON COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

Indiana Code 5-11-1-4(a) states:

"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."

OVERDRAWN CASH BALANCES

The financial statements presented in this report included the following funds with overdrawn cash balances:

Fund	Amount Overdrawn	
	2011	2012
Community Center	\$ 2,115	\$ 3,252
Riverboat Revenue Sharing	-	1,515

The cash balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

PENALTIES, INTEREST, AND OTHER CHARGES

The Township pays salaries to employees and officials once a year in December. Although the Township only pays salaries once a year, federal withholdings tax deposits were being made throughout the year. A review of the quarterly 941's during the examination period indicated that the Township properly reported the tax deposits made; however, because salaries are only paid in December of each year, there was no tax liability due during the 1st, 2nd, and 3rd quarters. The total of the tax deposits made during the quarters were reported as overpayments on these 941's. Since overpayments were reported, the Internal Revenue Service began issuing refunds to the Township for some of these tax deposits. The Township received refunds totaling \$1,483.21 and \$3,863.23 during 2010 and 2011, respectively. When the Township filed their 4th quarter 941's for 2010 and 2011, they calculated the balance due based on all the tax deposits made during the year and did not adjust for the amounts that had been refunded. As a result of the refunds received, the Internal Revenue Service showed the Township had unpaid liabilities for the periods ending December 31, 2010 and 2011.

During 2011, the Township was notified by the Internal Revenue Service of the amount owed for the liability period ending December 31, 2010. The Township failed to act upon the notice and on August 30, 2011, the Internal Revenue Service issued a Notice of Levy to the Townships Financial Institution for payment. The Township's Financial Institution issued payment in the amount of \$3,626.04 on September 19, 2011. The payment consisted of \$3,564.19 for unpaid taxes and \$61.85 for penalty and interest. Officials subsequently contacted the Internal Revenue Service to resolve the unpaid liability for the period ending December 2011. Information presented for examination indicated all outstanding tax liabilities relating to the examination period had been resolved as of January 2013.

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.

SPENCER TOWNSHIP, HARRISON COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

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)

SUPPORTING DOCUMENTATION

We noted the following disbursements did not include supporting documentation to support the purchase.

<u>Date</u>	<u>Amount</u>	<u>Payee</u>	<u>Description of Purchase</u>
02-10-11	\$ 2,689	Kochert Insurance	Insurance for firehouse
01-11-12	2,743	Kochert Insurance	Insurance for firehouse
01-14-12	912	PERF	Retirement
02-24-12	1,526	PERF	Retirement
03-03-12	<u>1,500</u>	Ramsey Vol. Fire Department	Tires for fire truck
Total	<u>\$ 9,370</u>		

Due to the lack of supporting information, we could not verify the purpose of the disbursement.

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)

BOARD MINUTES MISSING

The minutes of the meetings of the Township Board for 2012 were not presented 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 section 3.5 or 3.6 of this chapter or any other statute that authorizes a governing body to conduct a meeting using an electronic means of communication."

SPENCER TOWNSHIP, HARRISON COUNTY
EXIT CONFERENCE

The contents of this report were discussed on January 9, 2014, with Kathy Satterfield, Clerk. The official concurred with our findings.