

## State Board Of Accounts



Township Annual Meeting  
Indianapolis  
Sheraton Keystone at the Crossing  
September 29, 2010

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## Please Contact Us

- Phone 317-232-2520
- Fax 317-232-4711
- Write 302 West Washington, 418E
- Indianapolis, Indiana 46204-2765
- Web <http://www.in.gov/sboa/>

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## SBA Resources Available

Accounting and Uniform Compliance Guideline Manual For Townships

- <http://www.in.gov/sboa/2400.htm>

The Township Bulletin and Uniform Compliance Guidelines

- <http://www.in.gov/sboa/2329.htm>

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## Form Approval Process

- Township Bulletin Volume 290
- The use of computerized systems provide for an easier process of electronic submission and approval. Accordingly, please submit all future form approval requests electronically by e-mail for consideration. You should include the request on letterhead which shows the name of the township, address, official's name submitting, etc. along with the forms requested for approval.
- The township submitting the request will receive a reply by e-mail. **Any changes required on forms submitted will be noted in red ink, scanned and a copy provided in the return e-mail.**
- Please send all electronic form approval requests to [bfancher@sboa.in.gov](mailto:bfancher@sboa.in.gov)
- Please ensure the e-mail subject line reads exactly **Form Approval 2010 (make sure you only use one space between form and approval and 2010)**. Future year submissions should include the applicable year, i.e., 2011, 2012 etc.
- Forms approval requests not submitted electronically, will also receive an e-mail reply.
- Any township desiring to receive a stamped printed copy form approval (whether submitting the form approval request electronically or by mail) may receive a stamped printed copy by return mail by forwarding a self-addressed stamped envelope.

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## Conflict Of Interest

- IC 35-44-1-3
  - Items to consider:
    - To file or not to file.
    - Single or Annual Disclosure.
    - Approval by Governing Body.

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## Conflict of Interest Process

- Township Bulletin Volume 290
- Similar to the information concerning form approvals noted above, please submit all future conflict of interest forms electronically by e-mail. The individual submitting the request will receive a reply by email.
- Please send all electronic Conflict of Interest Form submissions to [bfancher@sboa.in.gov](mailto:bfancher@sboa.in.gov)
- Please ensure the e-mail subject line reads exactly **Conflict of Interest Forms 2010 (make sure you only use one space between Forms and 2010)**. Future year submissions should include the applicable year, i.e., 2011, 2012 etc.
- Conflict of Interest Forms not submitted electronically, will also receive an e-mail reply if we can determine an e-mail address.
- Any individual desiring to receive a stamped hardcopy form approval (whether submitting the Conflict of Interest Form electronically or by mail) may receive a stamped hard copy by return mail by providing a self-addressed stamped envelope with your request.

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## Penalties and Interest

- Township Bulletin Volume 288
- We encounter situations of townships which have paid penalties and interest for either late or nonpayment of amounts owed. Reasons given for not making timely payments vary but often include references to lack of funds because of a multiple of reasons such as late tax distributions. We often have to take audit exception because our audit position is taxpayer dollars should not be used to pay penalties and interest because officials and employees have the duty to pay claims and remit taxes timely. Failure to pay claims or remit taxes in a timely manner could be an indicator of serious financial problems which should be investigated by the governmental unit. Additionally, officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the governmental unit. Any penalties, interest or other charges paid by the governmental unit may be the personal obligation of the responsible official or employee.

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## Penalties and Interest-(Cont)

- Our audit position is with the understanding various mechanisms are available to avoid having to pay penalty and interest payments from taxpayer funds.
- IC 36-1-8-4 concerning loans between funds.
- IC 36-6-6-15 concerning tax anticipation warrants.
- IC 5-13-6-3 concerning tax advances.
- IC 36-6-6-14 concerning borrowing.
- Additionally, governmental units can contact various creditors to discuss renegotiation of terms to delay payment and change rates, etc., to minimize and help avoid getting into situations that require payments of penalty and interest. Consequently, the State Board of Accounts is of the audit position taxpayer dollars should not be used to pay for penalty and interest which could have been avoided with due diligence.

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## Bonds

- Until July 1, 2009 IC 5-4-1-18 stated in part "(c) the fiscal bodies of the respective units shall fix the amount of the bond of ... township trustees... as follows:
  - (1) The amount must equal fifteen thousand dollars (\$15,000) 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 fifteen thousand dollars (\$15,000) nor more than three hundred thousand dollars (\$300,000)...
- Effective July 1, 2009 IC 5-4-1-18 states in part "(c) Except as provided in subsections (h) and (i), the fiscal bodies of the respective units shall fix the amount of the bond of ... township trustees... as follows:
  - (1) The amount of annual coverage 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 of annual coverage 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 of annual coverage for the officer or employee...

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## Bonds- Continued

- The State Board of Accounts is of the audit position continuation certificates or renewals should not be used in lieu of obtaining the required annual bond coverage.
- IC 5-4-1-5.1(b) states in part: "Every elected or appointed officer, official, deputy, or employee of a political subdivision . . . shall file the bond in the office of the county recorder . . ."

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## Annual Reports

- IC 5-11-1-4 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 filed electronically, in a manner prescribed by the state examiner that is compatible with the technology employed by the political subdivision."
- Chart of Accounts Discussion.

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## Cumulative Fire

- IC 36-8-14-2 states in part (c) "The legislative body of a unit ... may provide a cumulative building and equipment fund under IC 6-1.1-41 for the following purposes:
  - (1) The:
    - (A) purchase, construction, renovation, or addition to buildings; or
    - (B) purchase of land; used by the fire department or a volunteer fire department serving the unit.
  - (2) The purchase of firefighting equipment for use of the fire department or a volunteer fire department serving the unit, including making the required payments under a lease rental with option to purchase agreement made to acquire the equipment..."
- No reference to contractual services.

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## Fire Protection Contracts

- Some questions have been directed to us regarding asset ownership.
- Assets purchased by a governmental unit should be titled proportionately in the name of the governmental units.

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## Access To Public Records

- We have received inquiries concerning who has the responsibility regarding access and retention of public records such as when a bank/payroll vendor will be serving as an agent for an Indiana governmental unit.
- An example would be a bank only offers to provide on line access to cancelled checks.
- Indiana Commission on Public Records:  
"The bank/vendor would thus be required to maintain the checks, bank statements, payroll records, etc. for the same period as the agency. The bank/vendor may well hold the information, but the obligation remains with the agency to provide access upon request, not the bank or vendor. The agency further has the obligation to provide access to the materials throughout the required retention. In the case of cancelled checks/warrants they are currently required to be maintained for 6 (six) years after the completion of the State Board of Accounts Audit. Payroll records are dependent upon the type."

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## Audit Problems

- Discussion of issues noted in the most recent round of audits.

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**Providing Township Property and Records To Successor**

- IC 36-6-4-14, concerning trustees who do not succeed themselves in office, states in part "When his term of office expires, the executive shall:
  - (1) immediately deliver to the new executive custody of all funds and property of the township, except records necessary in the preparation of his annual report;
  - (2) deliver to the new executive, not later than the second Monday in the next January, his annual report and any records he has retained; and
  - (3) attend the annual meeting of the township legislative body held under IC 36-6-6-9, and submit to inquiries from the legislative body concerning the operation of the executive's office during the preceding calendar year."
- Therefore, the State Board of Accounts is of the audit position the trustee in office on December 31, 2006 is required to turn over to the new trustee all books, Township Bulletins, Township Manual, and records of the township.

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**Providing Township Property and Records To Successor (Continued)**

- The bank accounts should be in the name of the township, for example, "Clay Township, St. Joseph County", not in the name of the trustee. Therefore, if the account is properly in the name of the township, the change can be made at the bank by simply registering the authorized signature of the incoming trustee.
- Township business is a continuing one; a change of office need not interrupt that business.
- We suggest the outgoing trustee prepare in duplicate an itemized inventory of equipment and other assets owned by the township on December 31, to be signed by the successor and outgoing trustee. One copy is for the outgoing trustee and one copy is to be kept by the incoming trustee as a township record.
- Sometimes difficulty exists for a person in office to convey to their successor all of the knowledge gained during a term or terms of office. However, you may be able to give valuable assistance and you are urged to provide information to your successor.

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**Public Laws**

- PUBLIC LAW 115 - HOUSE ENROLLED ACT 1336 - EFFECTIVE VARIOUS DATES. PUBLIC INVESTMENT LAW (Continued)
- Money Market Mutual Funds
- Amends IC 5-13-9-2.5 to eliminate the fifty percent (50%) limitation concerning, investments in certain money market mutual funds which used to provide in part (b) The investments described in subsection (a) may not exceed fifty percent (50%) of the funds held by the officer and available for investment.

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**Public Laws**

**PUBLIC LAW 115 - HOUSE ENROLLED ACT 1336 - EFFECTIVE VARIOUS DATES. PUBLIC INVESTMENT LAW (Continued)**

**CD Quotes**

Amends IC 5-13-9-4 concerning procedures to obtain quotes on certificates of deposits to now provide in part (b): The investing officer making a deposit in a certificate of deposit shall obtain quotes of the specific rates of interest for the term of that certificate of deposit that each designated depository will pay on the certificate of deposit. Quotes may be solicited and taken by telephone. A memorandum of all quotes solicited and taken shall be retained by the investing officer as a public record of the political subdivision under IC 5-14-3. If the deposit is not placed in the designated depository quoting the highest rate of interest the investing officer shall: (1) place the deposit in the depository quoting the second or third highest rate of interest; and (2) note the reason for placing the deposit on the memorandum of quotes.

Amends IC 5-13-9-5 concerning quote procedures under the section, changing (c) If a deposit is not placed in the designated depository quoting the highest rate of interest, the investing officer shall follow the procedures and priority for placing deposits that are set forth in section 4 of this chapter and note the reason for placing the deposit on the memorandum of quotes.

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**Public Laws**

**PUBLIC LAW 115 - HOUSE ENROLLED ACT 1336 - EFFECTIVE VARIOUS DATES. PUBLIC INVESTMENT LAW (Continued)**

**CD's Selected Depositories**

Adds IC 5-13-9-5.3 to provide in part (a) In addition to the authority to invest in certificates of deposit under section 5 of this chapter, and notwithstanding any other law, . . . the fiscal body of each political subdivision . . . may by . . . resolution authorize the investing officer . . . to invest public funds in certificates of deposit in accordance with the following conditions: (1) The funds are initially invested through a depository that is selected by the investing officer. (2) The selected depository arranges for the deposit of the funds in certificates of deposit in one (1) or more federally insured banks or savings and loan associations, wherever located, for the account of the . . . political subdivision. (3) The full amount of the principal and any accrued interest of each certificate of deposit are covered by insurance of any federal deposit insurance agency. (4) The selected depository acts as a custodian for the . . . political subdivision with respect to the certificates of deposit issued for its account. (5) At the same time that the . . . political subdivision's funds are deposited and the certificates of deposit are issued, the selected depository receives an amount of deposits covered by insurance of any federal deposit insurance agency from customers of other institutions, wherever located, at least equal to the amount of the funds invested by the . . . political subdivision through the selected depository. (b) Public funds invested in accordance with subsection (a) are not subject to any security or pledging requirements that may otherwise be applicable to the deposit or investment of public funds.

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**Public Laws**

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Other Public Laws

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