

STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2765

EXAMINATION REPORT

OF

HARRISON TOWNSHIP

BLACKFORD COUNTY, INDIANA

January 1, 2003 to December 31, 2005



FILED

08/09/2006

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Officials	2
Independent Accountant's Report	3
Notes	4
Examination Results and Comments:	
Condition of Records	5
Federal and State Agencies – Compliance Requirements	5
Deposit of Public Funds	5
Bank Account Reconciliations	6
List of Employees Not Filed with County Treasurer	6
Penalties, Interest and Other Charges	6
Exit Conference	7
Summary	8

OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Ann M. Fletcher William R. Smith	01-01-03 to 06-30-04 07-01-04 to 12-31-06
Chairman of the Township Board	William McCammon Michael Chaney James Rhoton Michael Chaney	01-01-03 to 12-31-03 01-01-04 to 12-31-04 01-01-05 to 12-31-05 01-01-06 to 12-31-06



STATE OF INDIANA
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INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the records of receipts, disbursements, and cash and investment balances of Harrison Township (Township), for the period of January 1, 2003 to December 31, 2005. The Township's management is responsible for the records.

The records referred to above did not reconcile to depository balances and included erroneous amounts. Ending balances did not carry forward to the next year. As a result, the financial schedules are not included in this report.

Because of the restrictions on our examination discussed in the preceding paragraph, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on whether the schedules referred to above present fairly, in all material respects, the cash transactions of the Township for the years ended December 31, 2003, 2004, and 2005, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

June 20, 2006

HARRISON TOWNSHIP,
BLACKFORD COUNTY
NOTES

Note 1. Introduction

The Township was established under the laws of the State of Indiana. The Township provides the following services: public safety, health and social services, culture and recreation, and general administrative services.

Note 2. Fund Accounting

The Township uses funds to report on its cash and investments and the results of its operations on a cash basis. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities.

Note 3. Budgets

The operating budget is initially prepared and approved at the local level. In addition, funds for which property taxes are levied are subject to final approval by the Indiana Department of Local Government Finance.

Note 4. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the Township in June and December. 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% 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 become delinquent if not paid by May 10 and November 10, respectively.

Note 5. Deposits and Investments

Deposits, made in accordance with Indiana Code 5-13, with financial institutions in the State of Indiana at year end were 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 statute (IC 5-13-9) authorizes 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.

HARRISON TOWNSHIP,
BLACKFORD COUNTY
EXAMINATION RESULTS AND COMMENTS

CONDITION OF RECORDS

Financial records presented for audit were incomplete and not reflective of the activity of the Township. No minutes of Township Board meetings for the three years were available. No ledger was available for 2003. Several transactions were either not posted or were incorrectly posted to the ledger in 2004 and 2005. The records presented did not provide sufficient information to audit or establish beginning balances, receipts, disbursements, ending balances, or the accuracy or correctness of the transactions.

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

FEDERAL AND STATE AGENCIES - COMPLIANCE REQUIREMENTS

The Township Trustees Annual Reports contained numerous errors.

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)

DEPOSIT OF PUBLIC FUNDS

Seventeen percent (17%) of the total tax distributions were over nine months late being deposited. Another 46% were not deposited by the first or fifteenth day of the month.

Indiana Code 5-13-6-1(c) states in part: "The public funds collected by township trustees shall be deposited in the designated depository on or before the first and fifteenth day of each month."

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

BANK ACCOUNT RECONCILIATIONS

Depository reconciliations of the fund balances to the bank account balances were not presented for audit.

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

LIST OF EMPLOYEES NOT FILED WITH COUNTY TREASURER

Officials or employees of the Township had money due from the Township, but a list of such employees was not certified to the County Treasurer.

Indiana Code 6-1.1-22-14(a) states in part: "On or before June 1 and December 1 of each year . . . the disbursing officer of each political subdivision . . . shall certify the names and addresses of each person who has money due from the political subdivision to the treasurer of each county in which the political subdivision is located."

PENALTIES, INTEREST AND OTHER CHARGES

Penalties and interest totaling \$511.18 were paid to the Internal Revenue Service in September 2004 for the period January 1, 2003 through March 31, 2004. (See Summary, page 8)

Officials and employees have the duty to pay claims and remit taxes in a timely fashion . . . 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)

HARRISON TOWNSHIP,
BLACKFORD COUNTY
EXIT CONFERENCE

The contents of this report were discussed on June 26, 2006, with William R. Smith, Trustee; Kelli J. Shriver, Clerk; Michael Chaney, Chairman of the Township Board; and Ann M. Fletcher, former Trustee.

HARRISON TOWNSHIP,
BLACKFORD COUNTY
SUMMARY

	Charges	Credits	Balance Due
Penalties and interest charged by Internal Revenue Service and paid by Township in September 2004:			
For first quarter of 2003	\$ 129.12	\$ -	\$ 129.12
For second quarter of 2003	118.25	-	118.25
For third quarter of 2003	107.81	-	107.81
For fourth quarter of 2003	98.25	-	98.25
For first quarter of 2004	57.75	-	57.75
Received from former Trustee Ann M. Fletcher:			
Deposited on July 14, 2006	-	511.18	(511.18)
 Totals	 \$ 511.18	 \$ 511.18	 \$ -