

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

EXAMINATION REPORT  
OF  
HIGHLAND TOWNSHIP  
FRANKLIN COUNTY, INDIANA  
January 1, 2002 to December 31, 2005



**FILED**  
08/30/2006



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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Alfred Abplanalp Arthur DeFossett, Jr.	01-01-02 to 12-31-05 01-01-06 to 12-31-06
Chairman of the Township Board	Susanne Schuck	01-01-02 to 12-31-06



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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF HIGHLAND TOWNSHIP, FRANKLIN COUNTY, INDIANA

We have examined the schedules of receipts, disbursements, and cash and investment balances of Highland Township (Township), for the period of January 1, 2002 to December 31, 2005. The Township's management is responsible for the schedules. Our responsibility is to express an opinion 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 schedule of receipts, disbursements, and cash and investment balances and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the schedules referred to above present fairly, in all material respects, the cash transactions of the Township for the years ended December 31, 2002, 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

July 6, 2006

HIGHLAND TOWNSHIP, FRANKLIN COUNTY  
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES  
ALL GOVERNMENTAL FUND TYPES  
As Of And For The Years Ended December 31, 2002, 2003, 2004, And 2005

	Cash and Investments 01-01-02	Receipts	Disbursements	Cash and Investments 12-31-02
Governmental Funds:				
General	\$ 4,663	\$ 13,067	\$ 14,290	\$ 3,440
Dog	444	134	459	119
Township Assistance	6,588	1,832	1,257	7,163
Firefighting	2,568	10,613	3,344	9,837
Levy Excess	352	-	-	352
Totals	<u>\$ 14,615</u>	<u>\$ 25,646</u>	<u>\$ 19,350</u>	<u>\$ 20,911</u>
	Cash and Investments 01-01-03	Receipts	Disbursements	Cash and Investments 12-31-03
Governmental Funds:				
General	\$ 3,440	\$ 6,284	\$ 10,840	\$ (1,116)
Dog	119	288	84	323
Township Assistance	7,163	779	2,260	5,682
Firefighting	9,837	4,999	4,012	10,824
Levy Excess	352	371	-	723
Totals	<u>\$ 20,911</u>	<u>\$ 12,721</u>	<u>\$ 17,196</u>	<u>\$ 16,436</u>
	Cash and Investments 01-01-04	Receipts	Disbursements	Cash and Investments 12-31-04
Governmental Funds:				
General	\$ (1,116)	\$ 10,018	\$ 10,713	\$ (1,811)
Dog	323	266	396	193
Township Assistance	5,682	3,325	1,358	7,649
Firefighting	10,824	8,134	4,948	14,010
Levy Excess	723	-	-	723
Totals	<u>\$ 16,436</u>	<u>\$ 21,743</u>	<u>\$ 17,415</u>	<u>\$ 20,764</u>
	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds:				
General	\$ (1,811)	\$ 9,733	\$ 11,729	\$ (3,807)
Dog	193	224	250	167
Township Assistance	7,649	1,221	3,267	5,603
Firefighting	14,010	7,715	4,995	16,730
Levy Excess	723	-	-	723
Totals	<u>\$ 20,764</u>	<u>\$ 18,893</u>	<u>\$ 20,241</u>	<u>\$ 19,416</u>

The accompanying notes are an integral part of the schedules.

HIGHLAND TOWNSHIP, FRANKLIN COUNTY  
NOTES TO SCHEDULES

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, 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.

HIGHLAND TOWNSHIP, FRANKLIN COUNTY  
EXAMINATION RESULTS AND COMMENTS

OFFICIAL BOND

The following official bonds were not filed in the office of the County Recorder:

Alfred Abplanalp - 2002 to 2005  
Arthur Defossett, Jr. - 2006

Indiana Code 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 . . ."

OVERDRAWN CASH BALANCES

The cash balance of the Township General Fund was overdrawn in 2003, 2004, and 2005.

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)

PAYROLL DEDUCTIONS

Payments to employees and officials were made without payroll deductions for taxes.

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)

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.

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, Page 13)

DOG TAX ADMINISTRATIVE FEE

Administrative fees for dog tax were not receipted to the Township Fund.

Indiana Code 15-5-9-1 states in part: "For each individual dog tag or kennel license issued under this chapter, the township assessor (or trustee who collects the fee) shall retain from the fee described in this section, an administrative fee of fifty cents (\$0.50). Administrative fees collected by the assessor shall be deposited in the county general fund, and administrative fees collected by the trustee shall be deposited in the township general fund."

HIGHLAND TOWNSHIP, FRANKLIN COUNTY  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

CAPITAL ASSET RECORDS

Information presented for audit did not indicate an inventory or record of 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 Assets 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)

APPROPRIATIONS

The records presented for audit indicated the following expenditures in excess of budgeted appropriations:

<u>Fund</u>	<u>Years</u>	<u>Excess Amount Expended</u>
General Fund	2002	\$ 4,770
Township Assistance	2002	260
Township Assistance	2004	358
Township Assistance	2005	2,268

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."

ANNUAL ORGANIZATION OF TOWNSHIP BOARD

The minutes of the Township Board did not indicate that the board organized each year as required.

The township board shall meet annually on or before the first Tuesday after the first Monday in January at the office of the township trustee. The board shall meet and organize annually on the above date by electing one of its members chairman and one of its members secretary for that year. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 5)

DISBURSEMENT DOCUMENTATION

Several payments were observed which did not contain adequate supporting documentation such as receipts, and invoices.

Due to the lack of supporting information, the validity and accountability for some monies disbursed 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)

HIGHLAND TOWNSHIP, FRANKLIN COUNTY  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

OVERPAYMENT OF COMPENSATION AND EXPENSES

Alfred Abplanalp, Trustee, paid himself \$7,000 in 2002 for compensation and expenses. The salary and expenses of the Trustee, as established by the budget approved by the Township Board, for the year 2002 were \$5,675. The Trustee paid himself \$7,500, \$8,100 and \$9,200, in 2003, 2004, and 2005, for compensation and expenses. The salary and expenses of the Trustee, as established by the budget approved by the Township Board, for the years 2003, 2004, and 2005 were \$6,625 for each of the years which combined with the overpayment for 2002 resulted in an overpayment of \$6,250 for the examination period.

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)

Governmental units should collect any overpayments made. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

(See Summary, page 13)

PRESCRIBED FORMS

The following prescribed forms were not in use:

Township Assistance forms TA-1, TA-1A, TA-1B

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)

CONFLICT OF INTEREST DISCLOSURE

Susanne Schuck, Township Clerk, is the Chairman of the Township Board. A Uniform Conflict of Interest Disclosure Statement does not appear to have been filed.

Indiana Code 35-44-1-3 states in part:

"(a) A public servant who knowingly or intentionally: (1) has a pecuniary interest in; or (2) derives a profit from; a contract or purchase connected with an action by the governmental entity served by the public servant commits conflict of interest, a Class D felony . . ."

"(c) This section does not prohibit a public servant from having a pecuniary interest in or deriving a profit from a contract or purchase connected with the governmental entity served . . . (3) if the public servant; (A) is an elected public servant . . . and (B) makes a disclosure under subsection (d)(1) through (d)(6)."

"(d) A disclosure required by this section must: (1) be in writing; (2) describe the contract or purchase to be made by the governmental entity; (3) describe the pecuniary interest that the public servant has in the contract or purchase; (4) be affirmed under penalty of perjury; (5) be submitted to the governmental entity and be accepted by the governmental entity in a public meeting of the governmental entity prior to final action on the contract or purchase; (6) be filed within fifteen (15) days after final action on the contract or purchase with: (A) the state board of accounts; and (B) . . . the clerk of the circuit court in the county where the governmental entity takes final action on the contract or purchase . . ."

HIGHLAND TOWNSHIP, FRANKLIN COUNTY  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

"(g) A public servant has a pecuniary interest in a contract or purchase if the contract or purchase will result or is intended to result in an ascertainable increase in the income or net worth of: (1) the public servant; or (2) a dependent of the public servant who: (A) is under the direct or indirect administrative control of the public servant; or (B) receives a contract or purchase order that is reviewed, approved, or directly or indirectly administered by the public servant . . ."

"(k) As used in this section, 'dependent' means any of the following: (1) The spouse of a public servant. (2) A child, stepchild, or adoptee (as defined in IC 31-3-4-1) of a public servant who is: (A) unemancipated; and (B) less than eighteen (18) years of age. (3) Any individual more than one-half (½) of whose support is provided during a year by the public servant."

CERTIFIED REPORT OF NAMES, ADDRESSES, DUTIES, AND  
COMPENSATION OF PUBLIC EMPLOYEES FORM 100R

The Trustee has not filed the 2002, 2003, 2004, and 2005 Form 100R, Certified Report of Names, Addresses, Duties, and Compensation of Public Employees.

Each year during the month of January each township trustee must complete a Certified Report of Names, Addresses, Duties and Compensation of Public Employees, Form 100R, and send the same properly certified to the State Examiner of the State Board of Accounts. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 2)

SALARY RESOLUTION

Salaries of Township officers and employees were not set or recorded in the minutes of the Township Board during the entire audit period. There were no Township Form 17s presented for audit.

Indiana Code 36-6-6-10 requires the township board to set the salaries; wages; rates of hourly pay; and remuneration other than statutory allowances for all township officials and employees, except assessing officials and employees, for the year 1985 and each year thereafter. However, please remember the township board should record the salaries so fixed in the Township Board minutes. A type of format for recording these salaries should be the existing format of Township Form 17. We recommend the board set the salaries of township officials and employees, except assessing officials and employees, in conjunction with the preparation and completion of the township budget. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 2)

HIGHLAND TOWNSHIP, FRANKLIN COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on July 6, 2006, with Alfred L. Abplanalp, former Trustee; and Arthur DeFossett, Jr., Trustee. The official response has been made a part of this report and may be found on page 11.

State Board of Accounts  
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I Alfred Alpland was paid extra money plus my salary for taking care of deleted Grave yards in Highland Twp. Mike Wright told me to put this money on my salary so it would not be a Conflict of Interest. We had plenty money in our Twp fund & we didn't think it was necessary to increase our budget. Bonita Hnecht was paid \$350 also

Alfred S. Alpland

HIGHLAND TOWNSHIP, FRANKLIN COUNTY  
SUMMARY

	<u>Charges</u>	<u>Credits</u>	<u>Balance Due</u>
Alfred Abplanalp, former Trustee:			
Overpayment of Compensation and Expenses, page 8			
Year 2002	\$ 1,325	\$	\$
Year 2003	875		
Year 2004	1,475		
Year 2005	2,575		
Payment by Alfred Abplanalp to Highland Township	<u>          </u>	<u>6,250</u>	<u>-</u>
Totals	<u>\$ 6,250</u>	<u>\$ 6,250</u>	<u>\$ -</u>