

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

EXAMINATION REPORT
OF
SHELBY TOWNSHIP
RIPLEY COUNTY, INDIANA
January 1, 2003 to December 31, 2005



FILED
09/22/2006

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Stacey Schmaltz	01-01-03 to 12-31-06
Chairman of the Township Board	Bert Samples	01-01-03 to 12-31-06



STATE OF INDIANA
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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF SHELBY TOWNSHIP, RIPLEY COUNTY, INDIANA

We have examined the schedules of receipts, disbursements, and cash and investment balances of Shelby Township (Township), for the period of January 1, 2003 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, 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

August 16, 2006

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

	Cash and Investments 01-01-03	Receipts	Disbursements	Cash and Investments 12-31-03
Governmental Funds:				
General	\$ 27,081	\$ 2,298	\$ 10,689	\$ 18,690
Dog	432	70	132	370
Township Assistance	20,888	661	2,700	18,849
Firefighting	3,359	8,507	7,500	4,366
Totals	<u>\$ 51,760</u>	<u>\$ 11,536</u>	<u>\$ 21,021</u>	<u>\$ 42,275</u>

	Cash and Investments 01-01-04	Receipts	Disbursements	Cash and Investments 12-31-04
Governmental Funds:				
General	\$ 18,690	\$ 12,398	\$ 10,812	\$ 20,276
Dog	370	50	170	250
Township Assistance	18,849	4,697	5,641	17,905
Firefighting	4,366	11,084	7,500	7,950
Rainy Day	-	1,869	-	1,869
Totals	<u>\$ 42,275</u>	<u>\$ 30,098</u>	<u>\$ 24,123</u>	<u>\$ 48,250</u>

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds:				
General	\$ 20,276	\$ 11,295	\$ 10,782	\$ 20,789
Dog	250	58	-	308
Township Assistance	17,905	5,757	6,446	17,216
Firefighting	7,950	10,926	7,500	11,376
Rainy Day	1,869	-	-	1,869
Totals	<u>\$ 48,250</u>	<u>\$ 28,036</u>	<u>\$ 24,728</u>	<u>\$ 51,558</u>

The accompanying notes are an integral part of the schedules.

SHELBY TOWNSHIP, RIPLEY 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.

SHELBY TOWNSHIP, RIPLEY COUNTY
EXAMINATION RESULTS AND COMMENTS

TOWNSHIP ASSISTANCE PROCEDURES

We found the following deficiencies regarding the processing of township assistance:

1. The Township Trustee did not establish township assistance standards for assistance eligibility.

Indiana Code 12-20-5.5-1 states in part: "The township trustee shall process all applications for township assistance according to uniform written standards. . . ."

2. There were instances of the Application for Township Assistance (Form TA-1) not being on file for assistance provided. There were also instances of applications not being completed.

Indiana Code 12-20-6-1(a) states: "A township trustee may not extend aid to an individual or a household unless an application and affidavit setting forth the personal condition of the individual or household has been filed with the trustee within one hundred eighty (180) days before the date aid is extended."

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)

3. No evidence was presented for audit to indicate that there were investigations performed on some township assistance applicants and recipients.

Indiana Code 12-20-6-9 states in part: "If an application for township assistance is made to the township trustee . . . the township trustee . . . shall carefully investigate the circumstances of the applicant and each member of the applicant's household . . ."

4. There were instances of vendor invoices/receipts not attached to the Township Assistance Purchase Order.

Whenever the administrator of township assistance of any township grants township assistance aid to any indigent person, or to any other person or agency on a township assistance order as provided by law or obligates the township for any item properly payable from township assistance funds, the claim against such township, itemized and sworn to as provided by law, and accompanied by the original township assistance order, duly itemized and signed shall be checked with the records of the administrator of township assistance, audited, and certified to, as required by law by the trustee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 6)

APPROPRIATIONS

Disbursements exceeded budgeted appropriations as follows:

Fund	Years	Excess Amount Expended
Township Assistance	2004	\$ 2,641
Township Assistance	2005	445

SHELBY TOWNSHIP, RIPLEY COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

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."

FEDERAL AND STATE AGENCIES - COMPLIANCE REQUIREMENTS

The following deficiencies were noted regarding directives of the Internal Revenue Service:

1. Amounts paid to the Trustee for rent were not reported to the Internal Revenue Service on Form 1099.
2. Compensation paid to the Board Members had no payroll withholdings deducted and was not reported on Internal Revenue Service Form W-2.

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. 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, Chapter 13)

ADVANCE PAYMENTS

Compensation is paid to the Trustee and the Township Clerk at the first of each month for work to be performed that month.

Compensation and any other payments for goods and services should not be paid in advance of receipt of the goods or services unless specifically authorized by statute. Payments made for goods or services which are not received may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

Indiana Code 5-7-3-1 states in part: "Public officers may not draw or receive their salaries in advance."

SHELBY TOWNSHIP, RIPLEY COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

PRESCRIBED FORMS

The following prescribed forms were not in use:

1. Township Form 17 (Resolution Establishing Salaries of Township Officers and Employees)
2. General Form 100-R (Certified Report of Names, Addresses, Duties and Compensation of Public Employees)

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)

SHELBY TOWNSHIP, RIPLEY COUNTY
EXIT CONFERENCE

The contents of this report were discussed on August 16, 2006, with Stacey Schmaltz, Trustee.