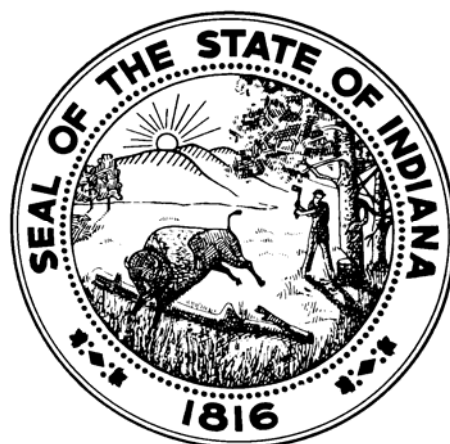


STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2765

EXAMINATION REPORT
OF
FAIRMOUNT TOWNSHIP
GRANT COUNTY, INDIANA
January 1, 2004 to December 31, 2005



FILED
10/18/2006

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Charles N. Woodruff	01-01-03 to 12-31-06
Chairman of the Township Board	Linda Earnest	01-01-04 to 12-31-04
	Morris Kelsay	01-01-05 to 12-31-05
	Ronald Wilson	01-01-06 to 12-31-06



STATE OF INDIANA
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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF FAIRMOUNT TOWNSHIP, GRANT COUNTY, INDIANA

We have examined the schedules of receipts, disbursements, and cash and investment balances of Fairmount Township (Township), for the period of January 1, 2004 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, 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

September 21, 2006

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

	Cash and Investments 01-01-04	Receipts	Disbursements	Cash and Investments 12-31-04
Governmental Funds:				
General	\$ 156	\$ 17,065	\$ 16,595	\$ 626
Dog	433	151	207	377
Township Assistance	2,340	15,695	11,952	6,083
Firefighting	64,361	45,371	59,098	50,634
Federal Revenue Sharing	11,516	110	650	10,976
Fire Equipment Debt	36	-	36	-
Totals	<u>\$ 78,842</u>	<u>\$ 78,392</u>	<u>\$ 88,538</u>	<u>\$ 68,696</u>

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds:				
General	\$ 626	\$ 25,504	\$ 14,144	\$ 11,986
Dog	377	196	77	496
Township Assistance	6,083	17,327	16,508	6,902
Firefighting	50,634	61,182	29,532	82,284
Federal Revenue Sharing	10,976	-	650	10,326
Totals	<u>\$ 68,696</u>	<u>\$ 104,209</u>	<u>\$ 60,911</u>	<u>\$ 111,994</u>

The accompanying notes are an integral part of the schedules.

FAIRMOUNT TOWNSHIP, GRANT 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. All property taxes collected by the County Treasurer and available for distribution were distributed to the Township on or prior to December 31 of the year collected.

FAIRMOUNT TOWNSHIP, GRANT COUNTY
NOTES TO SCHEDULES
(Continued)

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.

Note 6. Common Stock Investment

The Township owned 2,152 shares of Global Crossing Ltd. common stock at December 31, 2005. The original date of the stock acquisition and the original number of shares is not known. This investment is not reflected in the financial statements.

Note 7. Subsequent Event

In 2006, the Township paid \$25,000 for its share of the purchase of a fire truck. This transaction was a joint purchase with the Town of Fairmount.

FAIRMOUNT TOWNSHIP, GRANT COUNTY
EXAMINATION RESULTS AND COMMENTS

INVESTMENTS NOT AUTHORIZED BY STATUTE

The Township originally acquired common stock of the Rochester Telephone Corporation. Due to stock splits and buy outs, the Township now holds 2,152 shares of Global Crossing Ltd. A similar comment appeared in prior Audit Report B23469.

Investments should only be made in accordance with statute. Expenses related to any unauthorized investments may be the personal obligation of the responsible official or employee.

Losses related to investments and investment procedures which are not authorized by statute may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

TRANSACTION RECORDING

A temporary loan in the amount of \$3,600 from the Fire Fighting Fund to the Township Fund and the subsequent repayment were not reflected in the detail of receipts and disbursements in 2004.

All financial transactions pertaining to the governmental unit should be recorded in the records of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

TEMPORARY LOAN

A temporary loan of \$1,000 was made on December 30, 2003, from the Fire Fighting Fund to the Township Fund and has not been repaid.

Indiana Code 36-1-8-4 concerning temporary loans states in part:

"(a) . . . (3) Except as provided in subsection (b), the prescribed period must end during the budget year of the year in which the transfer occurs. (4) The amount transferred must be returned to the other fund at the end of the prescribed period. . . ."

"(b) If the fiscal body of a political subdivision determines that an emergency exists that requires an extension of the prescribed period of a transfer under this section, the prescribed period may be extended for not more than six (6) months beyond the budget year of the year in which the transfer occurs if the fiscal body does the following: (1) Passes an ordinance or a resolution that contains the following: (A) A statement that the fiscal body has determined that an emergency exists. (B) A brief description of the grounds for the emergency. (C) The date the loan will be repaid that is not more than six (6) months beyond the budget year in which the transfer occurs. (2) Immediately forwards the ordinance or resolution to the state board of accounts and the Department of Local Government Finance."

APPROPRIATIONS

Approved budget records obtained from the County Auditor's office indicated the Fire Fighting Fund expenditures exceeded budgeted appropriations in 2004 by \$20,498. A similar comment appeared in prior Audit Report B23469.

FAIRMOUNT TOWNSHIP, GRANT 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."

PUBLIC RECORDS RETENTION

The following records were not presented for audit:

<u>Records Not Presented</u>	<u>Years</u>
Township Assistance claims	2004
Budgets	2004 and 2005
Form 17A	2004 and 2005

Indiana Code 5-15-6-3(f) concerning destruction of public records, states in part: "Original records may be disposed of only with the approval of the commission according to guidelines established by the commission."

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)

SUPPORTING DOCUMENTATION

The following payments were observed which did not contain adequate supporting documentation, such as receipts, invoices, and other public records. Due to the lack of supporting information, the validity and accountability for some money disbursed could not be established.

<u>Vendor</u>	<u>Description</u>	<u>Amount</u>
S & S Fire Apparatus	Fire Equipment	\$ 22,978
Volunteer Firefighters	Clothing Allowance and Mileage Reimbursement	18,797
Mine Safety Appliances	Airpack lease	5,808
Various	Township Assistance (2004)	11,952

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)

FAIRMOUNT TOWNSHIP, GRANT COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

CAPITAL ASSET RECORDS

An inventory or record of capital assets was not maintained.

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)

FAIRMOUNT TOWNSHIP, GRANT COUNTY
EXIT CONFERENCE

The contents of this report were discussed on September 21, 2006, with Charles N. Woodruff, Trustee; and Stanley W. Corliss, Clerk. The officials concurred with our findings.