

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

EXAMINATION REPORT

OF

ST. MARY'S TOWNSHIP

ADAMS COUNTY, INDIANA

January 1, 2004 to December 31, 2005



**FILED**  
10/24/2006



TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Officials .....	2
Independent Accountant's Report .....	3
Schedules of Receipts, Disbursements, and Cash and Investment Balances.....	4
Notes to Schedules .....	5
Examination Results and Comments:	
Receipt Issuance .....	6
Federal and State Agencies – Compliance Requirements .....	6
Sales Tax .....	7
Disbursement Documentation .....	7
Deposits .....	7
Conflict of Interest Disclosure .....	7-8
Exit Conference .....	9

OFFICIALS

Office

Official

Term

Trustee

Russell E. Cook

01-01-03 to 12-31-06

Chairman of the  
Township Board

Harvey L. Jones  
Max Reidenbach

01-01-04 to 12-31-04  
01-01-05 to 12-31-06



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
302 WEST WASHINGTON STREET  
ROOM E418  
INDIANAPOLIS, INDIANA 46204-2765

Telephone: (317) 232-2513  
Fax: (317) 232-4711  
Web Site: [www.in.gov/sboa](http://www.in.gov/sboa)

INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF ST. MARY'S TOWNSHIP, ADAMS COUNTY, INDIANA

We have examined the schedules of receipts, disbursements, and cash and investment balances of St. Mary's 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

ST. MARY'S TOWNSHIP, ADAMS COUNTY  
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES  
ALL GOVERNMENTAL AND FIDUCIARY 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	\$ 7,769	\$ 7,207	\$ 12,652	\$ 2,324
Dog	754	380	454	680
Township Assistance	25,479	2,972	1,542	26,909
Firefighting	10,787	5,859	9,370	7,276
Park and Recreation	13,145	12,967	10,215	15,897
Cemetery	6,363	901	61	7,203
Fiduciary Fund:				
Cemetery Endowment	16,653	-	-	16,653
Totals	<u>\$ 80,950</u>	<u>\$ 30,286</u>	<u>\$ 34,294</u>	<u>\$ 76,942</u>

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds:				
General	\$ 2,324	\$ 21,694	\$ 14,615	\$ 9,403
Dog	680	450	380	750
Township Assistance	26,909	4,530	1,294	30,145
Firefighting	7,276	15,644	9,813	13,107
Park and Recreation	15,897	15,593	11,533	19,957
Cemetery	7,203	824	1,814	6,213
Fiduciary Fund:				
Cemetery Endowment	16,653	-	-	16,653
Totals	<u>\$ 76,942</u>	<u>\$ 58,735</u>	<u>\$ 39,449</u>	<u>\$ 96,228</u>

The accompanying notes are an integral part of the schedules.

ST. MARY'S TOWNSHIP, ADAMS 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, 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. 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.

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.

ST. MARY'S TOWNSHIP, ADAMS COUNTY  
EXAMINATION RESULTS AND COMMENTS

RECEIPT ISSUANCE

Receipts were not issued for township building and park rental. A rental contract is used, but often is incomplete.

Receipts shall be issued and recorded at the time of the transaction; for example, when cash or a check is received, a receipt is to be immediately prepared and given to the person making payment. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

FEDERAL AND STATE AGENCIES - COMPLIANCE REQUIREMENTS

The Township Trustee did not complete proper reporting to the Internal Revenue Service for payments for mowing Township cemeteries and the Township Park for 2004 and for Park and Recreation duties and office rent for 2005. The W-2 Wage and Tax Statement was incorrectly issued for the Township Clerk in 2005 and for the Township Assistance Investigators for 2004 and 2005. Form 941 Employer's Quarterly Federal Tax Return was incorrectly completed during 2004 and 2005.

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)

Indiana Code 36-6-4-3 states in part: "The executive shall do the following: . . . administer poor relief under IC 12-20 . . ." Therefore, the State Board of Accounts is of the audit position that the compensation of a Township Trustee, paid from the Township Fund, is for all duties (other than assessing duties, as authorized by IC 36-6-6-10), as required in IC 36-6-4-3." (Township Bulletin and Uniform Compliance Guidelines, Volume 264)

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)

A similar comment appeared in prior Examination Report B23884.

ST. MARY'S TOWNSHIP, ADAMS COUNTY  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

SALES TAX

Sales tax was paid on some items purchased.

Governmental funds generally are exempt from the payment of sales tax on qualifying purchases. Respective tax agencies should always be contacted concerning tax exemptions and payments. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

DISBURSEMENT DOCUMENTATION

The Trustee was reimbursed for mileage without filing Mileage Claim, General Form 101.

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)

DEPOSITS

Tax distributions received in February 2004, December 2004, and June 2005, were deposited on October 27, 2004, January 24, 2005, and September 9, 2005, respectively.

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."

CONFLICT OF INTEREST DISCLOSURE

Rebecca Cook, Township Clerk, is the spouse of Russell E. Cook, Trustee. A Uniform Conflict of Interest Disclosure Statement does not appear to have been filed. A similar comment was noted in prior Examination Report B23884.

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 . . ."

ST. MARY'S TOWNSHIP, ADAMS 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 (1/2) of whose support is provided during a year by the public servant."

ST. MARY'S TOWNSHIP, ADAMS COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on September 21, 2006, with Russell E. Cook, Trustee.  
The official concurred with our findings.