

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

EXAMINATION REPORT
OF
MORGAN TOWNSHIP
HARRISON COUNTY, INDIANA
January 1, 2004 to December 31, 2005



FILED
10/26/2006

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Fred Uhl	01-01-03 to 12-31-06
Chairman of the Township Board	Michael Farris Kenneth Jacobi	01-01-04 to 12-31-05 01-01-06 to 12-31-06



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INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the schedules of receipts, disbursements, and cash and investment balances of Morgan 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 5, 2006

MORGAN TOWNSHIP, HARRISON 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	\$ 92,022	\$ 13,642	\$ 13,850	\$ 91,814
Dog	737	383	440	680
Township Assistance	15,099	3,216	5,108	13,207
Riverboat	14,723	11,883	7,845	18,761
Totals	<u>\$ 122,581</u>	<u>\$ 29,124</u>	<u>\$ 27,243</u>	<u>\$ 124,462</u>

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds:				
General	\$ 91,814	\$ 13,774	\$ 13,881	\$ 91,707
Dog	680	455	376	759
Township Assistance	13,207	3,332	4,011	12,528
Riverboat	18,761	11,883	10,620	20,024
Totals	<u>\$ 124,462</u>	<u>\$ 29,444</u>	<u>\$ 28,888</u>	<u>\$ 125,018</u>

The accompanying notes are an integral part of the schedules.

MORGAN TOWNSHIP, HARRISON 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: 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.

MORGAN TOWNSHIP, HARRISON COUNTY
EXAMINATION RESULTS AND COMMENTS

BANK ACCOUNT RECONCILIATIONS

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

Indiana Code 5-13-6-1(e) states: "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."

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 ledger or control ledgers, then the responsible official or employee may be held responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

FEDERAL AND STATE AGENCIES – COMPLIANCE REQUIREMENTS

The following deficiencies were noted during the review of payroll withholdings for the examination period:

1. The employee's portion of social security taxes was not withheld properly from the Board Members compensation.
2. The Quarterly 941's filed with the Internal Revenue Service overstated taxable wages by the employee's portion of social security taxes due.
3. The Trustee remitted the employee's portion of social security taxes due with personal checks in some instances, but there were three reporting periods where the Township paid both the employer's and employees portion of the taxes due.

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 Indiana Department of Revenue. All questions concerning taxes should be directed to these agencies. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

Governmental units have a responsibility to collect amounts owed to the governmental unit pursuant to procedures authorized by statute. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

The Trustee was requested to repay \$374.45 to the Township General Fund for the employee's portion of social security taxes that was paid by the Township during the examination period. (See Summary, page 8)

MORGAN TOWNSHIP, HARRISON COUNTY
EXIT CONFERENCE

The contents of this report were discussed on September 13, 2006, with Fred Uhl, Trustee. The official concurred with our findings.

MORGAN TOWNSHIP, HARRISON COUNTY
SUMMARY

	<u>Charges</u>	<u>Credits</u>	<u>Balance Due</u>
Fred Uhl, Trustee:			
Federal and State Agencies -	\$ 374.45	\$	\$
Compliance Requirements, page 6			
Paid by Fred Uhl, Trustee, September 13, 2006	<u> </u>	<u>374.45</u>	<u> </u> -
 Totals	 <u>\$ 374.45</u>	 <u>\$ 374.45</u>	 <u>\$ </u> -