

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

EXAMINATION REPORT
OF
WRIGHT TOWNSHIP
GREENE COUNTY, INDIANA
January 1, 2004 to December 31, 2005



FILED
10/27/2006

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OFFICIALS

Office

Official

Term

Trustee

William D. Michael

01-01-03 to 12-31-06

Chairman of the
Township Board

Nolan Wilson

01-01-04 to 12-31-06



STATE OF INDIANA
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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF WRIGHT TOWNSHIP, GREENE COUNTY, INDIANA

We have examined the schedules of receipts, disbursements, and cash and investment balances of Wright 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 27, 2006

WRIGHT TOWNSHIP, GREENE 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	\$ 51,037	\$ 52,444	\$ 77,667	\$ 25,814
Dog	594	290	291	593
Township Assistance	7,885	118,718	155,790	(29,187)
Firefighting	6,222	59,609	33,621	32,210
Park and Recreation	2,487	6,961	1,757	7,691
FEMA Grant	-	64,693	64,693	-
Cumulative Fire	63,472	17,076	63,640	16,908
Totals	<u>\$ 131,697</u>	<u>\$ 319,791</u>	<u>\$ 397,459</u>	<u>\$ 54,029</u>

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds:				
General	\$ 25,814	\$ 70,779	\$ 75,401	\$ 21,192
Dog	593	300	543	350
Township Assistance	(29,187)	258,123	248,707	(19,771)
Firefighting	32,210	61,493	37,543	56,160
Park and Recreation	7,691	1,754	1,587	7,858
Fire Equipment	-	73,685	77,583	(3,898)
Cumulative Fire	16,908	16,123	8,510	24,521
Totals	<u>\$ 54,029</u>	<u>\$ 482,257</u>	<u>\$ 449,874</u>	<u>\$ 86,412</u>

The accompanying notes are an integral part of the schedules.

WRIGHT TOWNSHIP, GREENE 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.

WRIGHT TOWNSHIP, GREENE COUNTY
NOTES TO SCHEDULES
(Continued)

Note 6. Pension Plan

Public Employees' Retirement Fund

Plan Description

The Township contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF Board, most requirements of the system, and give the Township authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

PERF administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

Public Employees' Retirement Fund
Harrison Building, Room 800
143 West Market Street
Indianapolis, IN 46204
Ph. (317) 233-4162

Funding Policy and Annual Pension Cost

The contribution requirements of the plan members for PERF are established by the Board of Trustees of PERF.

Note 7. Long-Term Debt

The Township has entered into debt such as tax anticipation warrants for the administration of township assistance. The outstanding principal at December 31, 2005, was \$130,000.

Note 8. Subsequent Event

In August 2006, the Township applied to the Indiana Department of Local Government Finance for permission to borrow \$200,000 to meet the township assistance needs. As of September 27, 2006, the Indiana Department of Local Government Finance had not replied.

WRIGHT TOWNSHIP, GREENE COUNTY
EXAMINATION RESULTS AND COMMENTS

APPROPRIATIONS

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

Fund	Years	Excess Amount Expended
Township Assistance	2004	\$ 19,355
Township Assistance	2005	11,632
Firefighting	2005	3,543

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."

DUTIES OF TOWNSHIP TRUSTEE

All of the applicants reviewed during the review of township assistance provided, did not have evidence that the Trustee investigated the circumstances of the applicant and each member of the applicant's household.

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

- (1) Legal residence.
- (2) Names and ages.
- (3) Physical condition relating to sickness or health.
- (4) Present and previous occupation.
- (5) Ability and capacity to perform labor.
- (6) The cause of the applicant's or household member's condition if the applicant or household member is found to be in need and the cause can be ascertained.
- (7) Whether the applicant or a member of the applicant's household is entitled to income in the immediate future from any source, including the following:
 - (A) Past or present employment.

WRIGHT TOWNSHIP, GREENE COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

- (B) A pending claim or cause of action that may result in a monetary award being received by any member of the applicant's household claiming to be in need.
- (C) A pending determination for assistance from any other federal or state governmental entity.
- (8) The family relationships of the township assistance applicant.
- (9) Whether the township assistance applicant or members of the applicant's household have relatives able and willing to assist the applicant or a member of the applicant's household."

SUPPORT BY RELATIVES

All of the township assistance applications reviewed received aid more than twice and there was no documentation provided for audit that the Trustee contacted relatives before granting aid a second time.

Indiana Code 12-20-6-10 states in part: "If an applicant who applies for township assistance or a member of the applicant's household has a relative living in the township who is able to assist the applicant or member of the applicant's household, the township trustee shall, as administrator of township assistance and before granting aid a second time, ask the relative to help the applicant or member of the applicant's household, either with material relief or by furnishing employment."

WORKFARE AS CONDITION FOR RECEIVING TOWNSHIP ASSISTANCE

No information presented for audit indicated that the Township Trustee requested that any township assistance recipient perform work within the county or an adjoining township in any other county for any nonprofit agency or governmental unit.

Indiana Code 12-20-11-1 states:

"(a) The township trustee shall obligate any adult member of a recipient household to do any work needed to be done within the county or an adjoining township in any other county for any nonprofit agency or governmental unit, including the state, having jurisdiction in those townships, unless:

- (1) the obligated individual is not physically able to perform the proposed work;
- (2) the obligated individual is a minor or is at least sixty-five (65) years of age;
- (3) the obligated individual has full-time employment at the time the recipient receives township assistance;
- (4) the obligated individual is needed to care for an individual as a result of the individual's age or physical condition;

WRIGHT TOWNSHIP, GREENE COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

- (5) the township trustee determines that there is no work available for any adult member of the recipient household; or
- (6) the individual obligated to perform the work is, at the direction of the township trustee, attending:
 - (A) courses under section 3 of this chapter; or
 - (B) a job training program under IC 12-20-12-1 or another job training program approved by the township trustee.
- (b) The township trustee shall determine a township assistance applicant's suitability to perform available work under this section. The township trustee may provide for medical examinations necessary to make the determination.
- (c) A township assistance recipient shall perform an amount of work that equals the value of assistance received by the township assistance recipient or the recipient's household. The township assistance recipient shall receive credit for the work performed, as assigned by the township trustee, at a rate not less than the federal minimum wage.
- (d) The unit of government or nonprofit agency for which work is performed under this section shall furnish the necessary tools, materials, or transportation, unless the trustee agrees in writing to furnish the necessary tools, materials, or transportation.
- (e) Supervision of the work of a township assistance recipient under this section is the responsibility of the governmental unit or nonprofit agency for which the work is performed.
- (f) The township trustee shall see that a township assistance recipient performing work under this section is covered by adequate liability insurance for injuries or damages suffered by or caused by the township assistance recipient.
- (g) A township assistance recipient may not be assigned to work that would result in the displacement of governmental employees or in the reduction of hours worked by governmental employees.
- (h) The failure of a township assistance recipient to perform work assigned by the township trustee within a reasonable period required by the township trustee is a basis for denying further assistance to the recipient or the recipient's household for not more than one hundred eighty (180) days, unless the recipient shows good cause for not performing the work."

OVERDRAWN CASH BALANCES

The cash balance of the Township Assistance Fund was overdrawn \$29,187 in 2004. The cash balance of the Township Assistance Fund was overdrawn \$19,771 and the Fire Equipment Fund was overdrawn \$3,898 in 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)

WRIGHT TOWNSHIP, GREENE COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

EXCESSIVE OR UNREASONABLE COSTS

The Township Trustee paid \$155,790 in 2004 and \$248,707 in 2005 for township assistance. Which is an increase from the prior year of \$41,684 or 36.53% in 2004 and \$92,917 or 59.64% in 2005. The Township borrowed \$130,000 in tax anticipation warrants in 2005 to cover the increase cost of township assistance. As of August 31, 2006, township assistance expenditures totaled \$168,100. The Township petitioned the Indiana Department of Local Government Finance in August 2006, to borrow \$200,000 to meet outstanding township assistance vouchers.

Every effort should be made by the governmental unit to avoid unreasonable or excessive costs. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

WRIGHT TOWNSHIP, GREENE COUNTY
EXIT CONFERENCE

The contents of this report were discussed on October 10, 2006, with William D. Michael, Trustee.