

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

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



FILED
10/31/2006

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Betty Stinemetz	01-01-04 to 12-31-06
Chairman of the Township Board	William F. Webb Anthony Pesaresi Christopher A. Graves	01-01-04 to 12-31-04 01-01-05 to 12-31-05 01-01-06 to 12-31-06



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the schedules of receipts, disbursements, and cash and investment balances of Harrison 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

August 28, 2006

HARRISON TOWNSHIP, PULASKI 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	\$ 21,864	\$ 13,679	\$ 12,659	\$ 22,884
Dog	406	102	106	402
Township Assistance	7,191	-	457	6,734
Firefighting	<u>17,928</u>	<u>14,869</u>	<u>8,662</u>	<u>24,135</u>
Totals	<u>\$ 47,389</u>	<u>\$ 28,650</u>	<u>\$ 21,884</u>	<u>\$ 54,155</u>

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds:				
General	\$ 22,884	\$ 14,170	\$ 13,778	\$ 23,276
Dog	402	114	102	414
Township Assistance	6,734	2,183	1,222	7,695
Firefighting	<u>24,135</u>	<u>13,191</u>	<u>10,662</u>	<u>26,664</u>
Totals	<u>\$ 54,155</u>	<u>\$ 29,658</u>	<u>\$ 25,764</u>	<u>\$ 58,049</u>

The accompanying notes are an integral part of the schedules.

HARRISON TOWNSHIP, PULASKI 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.

HARRISON TOWNSHIP, PULASKI COUNTY
EXAMINATION RESULTS AND COMMENTS

DONATIONS

The Township donated \$750 in 2004 and 2005 to the Harrison Township 4-H Club.

Governmental funds should not be donated or given to other organizations, individuals, or governmental units unless specifically authorized by statute. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

CONTRACTS

Payments were made to David Stinemetz for Cemetery Care for \$2,500 in 2004 and \$2,250 in 2005 without a contract.

Payments made or received for contractual services should be supported by a written contract. Each governmental unit is responsible for complying with the provisions of its contract. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

DISBURSMENT DOCUMENTATION

Several payments were observed which did not contain adequate supporting documentation such as receipts and invoices.

Due to the lack of supporting information, the validity and accountability for some monies disbursed could not be established.

Supporting documentation such as receipts, cancelled checks, tickets, invoices, bills, contracts, and other public records must be available for audit to provide supporting information for 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)

COMPENSATION AND BENEFITS

The Township filed W-2's for the 2005 year showed Social Security and Medicare tax withholding for each employee. However, upon review of payroll records, no withholdings were deducted from each employee's payroll check. Therefore, each employee of the Township was overpaid by the amount shown as withheld on the employee's W-2 but not deducted from the employee's check. The amount of salary was stated in the original budget prepared and signed by the Township Board. The amount not withheld from each employee's payroll check is as follows:

Betty Stinemetz, Trustee	\$ 302.94
Lisa Graves, Deputy	91.80
Christopher A. Graves, Chairman of the Township Board	28.69
William F. Webb, Board Member	28.69
Anthony Pesaresi, Board Member	28.69

We requested payment of withholding taxes reported and paid by the Township for each employee above. (See Summary, page 12)

HARRISON TOWNSHIP, PULASKI COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance resolution or salary schedule adopted by the governing body unless otherwise authorized by statute. Compensation should be made in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 17)

CONFLICT OF INTEREST

Betty Stinemetz, Trustee, is the owner of Stinemetz Tax Service which was used for accounting services. A Uniform Conflict of Interest Disclosure Statement does not appear to have been filed.

Dave Stinemetz, the spouse to the Trustee, has been paid for mowing services for Harrison Township. A Uniform Conflict of Interest Disclosure Statement does not appear to have been filed.

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 . . ."

"(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 (2) of whose support is provided during a year by the public servant."

HARRISON TOWNSHIP, PULASKI COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

SALARY OVERPAYMENT

The Trustee, Betty Stinemetz, was being compensated in the amount of \$450 for 2004 and 2005 for accounting services over and above her salary per original budget prepared and signed by the Township Board.

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, resolution or salary schedule adopted by the governing body unless otherwise authorized by statute. Compensation should be made in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 17)

We are not aware of any statutory provisions which would allow a trustee to circumvent a township board's authority to "fix the salaries" of a trustee by "contracting with themselves" to [provide cemetery care, paying themselves from poor relief, etc. Therefore, the State Board of Accounts is of the audit position that (with the exception provided for assessing) compensation provided by a township board in accordance with IC 36-6-6-10 is all inclusive for duties performed by a trustee. (Township Bulletin and Uniform Compliance Guidelines, Vol. 262, August 2003)

We requested payment from Betty Stinemetz, Trustee, in the amount of \$900 for accounting services. (See Summary, page 12)

HARRISON TOWNSHIP, PULASKI COUNTY
EXIT CONFERENCE

The contents of this report were discussed on August 28, 2006, with William F. Webb, Advisory Board Member. The official concurred with our findings.

The contents of this report were discussed on September 13, 2006, with Lisa Graves, Deputy; and Christopher A. Graves, Chairman of the Township Member. The officials concurred with our findings.

The contents of this report were discussed on September 14, 2006, with Anthony Pesaresi, Board Member. The official concurred with our findings.

The contents of this report were discussed on August 31, 2006, with Betty Stinemetz, Trustee. The official response has been made a part of this report and may be found on pages 10 and 11.

HARRISON TOWNSHIP TRUSTEE

PULASKI COUNTY, INDIANA

395 NORTH 400 EAST
WINAMAC, INDIANA 46996
TEL. (574) 946-3472 FAX (574) 946-4295

BETTY L. STINEMETZ

September 8, 2006

State Board of Accounts
302 W Washington St
4th Floor, Rm E418
Indianapolis IN 46204-2765

Re: Official Response to Audit

Dear State Board of Accounts,

I am the Harrison Township Trustee in Pulaski County and I am writing in response to the 2004 - 2005 audit conducted in August, 2006.

I have been told I have to repay the township \$900 for accounting service thru Stinemetz Tax Service because I am the trustee and I also own Stinemetz Tax Service. The auditor, Chris Girton, said I cannot pay for accounting service because I am getting paid for keeping the books when I draw my trustee salary even tho it is ok for another trustee (who is also getting paid thru their salary to keep the township books) to pay Stinemetz Tax Service for accounting.

Because township software plus the yearly maintenance fee is so expensive and most small townships cannot justify the cost and then still have to purchase computer equipment to run it on, Stinemetz Tax Service purchased the software and paid the fees. The tax service then provided the accounting service to more than one township.

I, as Stinemetz Tax Service have always made my office equipment and many small supplies available for free use to the township but now, I am being told I have to pay for this software out of my own pocket in order to be able to use it for Harrison Township. I can see the point of not charging for my time but I should at least be able to bill for the use of the software and possibly the equipment to run it and print it on or go back and bill for part of the original cost of the software. We are in the 21st Century and this is the age of computers, still the State Board of Accounts has not made provisions for exceptional situations like this. I could have done this as an individual just as easily. I am surprised more townships have not banded together for this purpose and most likely one of the trustees would have done the work. It would be totally impractical for a professional accountant to invest

in the software for this purpose and they would charge much higher fees. My main purpose was just to make it economically feasible to be able to use the software for Harrison Township.

Also, we trustees do not understand the inconsistency of these audits. I believe this is the fourth audit I have had since taking office. None of them have been consistent with other township's audits. If five townships are all doing five things incorrectly but the same way, some townships will get comments of part of them and some townships will get comments on another part of them but all the townships will never get comments on all of them. And something that gets commented in one audit may not be commented in the next audit or vice versa. We get the feeling the auditors are evaluated on finding something wrong in every audit and if they don't, they are perceived as not doing a good job.

Sincerely yours,

A handwritten signature in cursive script that reads "Betty Stinemetz". The signature is written in black ink and is positioned above the typed name.

Betty Stinemetz
Harrison Township Trustee
Pulaski County

HARRISON TOWNSHIP, PULASKI COUNTY
SUMMARY

	<u>Charges</u>	<u>Credits</u>	<u>Balance Due</u>
Betty Stinemetz, Trustee:			
Compensation and Benefits, pages 6-7	\$ 302.94	\$	\$
Deposit made September 2, 2006		302.94	-
Salary Overpayment, page 8	900.00		
Deposit made October 24, 2006		900.00	-
Lisa Graves, Deputy:			
Compensation and Benefits, pages 6-7	91.80		
Deposit made September 11, 2006		91.80	-
Christopher A. Graves, Board Member:			
Compensation and Benefits, pages 6-7	28.69		
Deposit made September 11, 2006		28.69	-
William F. Webb, Board Member:			
Compensation and Benefits, pages 6-7	28.69		
Deposit made September 2, 2006		28.69	-
Anthony Pesaresi, Board Member:			
Compensation and Benefits, pages 6-7	28.69		
Deposit made October 26, 2006		28.69	-
Totals	<u>\$ 1,380.81</u>	<u>\$ 1,380.81</u>	<u>\$ -</u>