

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

EXAMINATION REPORT

OF

FAIRFIELD TOWNSHIP

DEKALB 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	Angelia Deetz	01-01-03 to 12-31-06
Chairman of the Township Board	John Reinoehl	01-01-04 to 12-31-04
	Marvin Skelly	01-01-05 to 12-31-05
	Donald Skelly	01-01-06 to 12-31-06



STATE OF INDIANA
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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF FAIRFIELD TOWNSHIP, DEKALB COUNTY, INDIANA

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

October 5, 2006

FAIRFIELD TOWNSHIP, DEKALB 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	\$ 14,191	\$ 41,972	\$ 28,018	\$ 28,145
Dog	1,030	524	315	1,239
Township Assistance	10,602	504	301	10,805
Firefighting	12,425	30,282	30,614	12,093
Community Building	70,135	143	486	69,792
Levy Excess	327	-	-	327
	<u>108,710</u>	<u>73,425</u>	<u>59,734</u>	<u>122,401</u>
Totals	<u>\$ 108,710</u>	<u>\$ 73,425</u>	<u>\$ 59,734</u>	<u>\$ 122,401</u>

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds:				
General	\$ 28,145	\$ 32,025	\$ 28,528	\$ 31,642
Dog	1,239	301	452	1,088
Township Assistance	10,805	-	2,445	8,360
Firefighting	12,093	20,401	25,995	6,499
Community Building	69,792	6,535	20,997	55,330
Debt Service	-	48,039	59,030	(10,991)
Levy Excess	327	-	-	327
	<u>122,401</u>	<u>107,301</u>	<u>137,447</u>	<u>92,255</u>
Totals	<u>\$ 122,401</u>	<u>\$ 107,301</u>	<u>\$ 137,447</u>	<u>\$ 92,255</u>

The accompanying notes are an integral part of the schedules.

FAIRFIELD TOWNSHIP, DEKALB 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.

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. Long-Term Debt

The Township has entered into a loan for the construction of a new Community Building. The outstanding principal at December 31, 2005, was \$258,652.

FAIRFIELD TOWNSHIP, DEKALB COUNTY
EXAMINATION RESULTS AND COMMENTS

CONDITION OF RECORDS

Financial records presented for audit were incomplete and not reflective of the activity of the Township Fund. The records presented did not provide sufficient information to audit or establish beginning balances, receipts, disbursements, ending balances, or the accuracy or correctness of the transactions.

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

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)

ADVANCE PAYMENTS

The Trustee issued payroll checks in advance of pay period worked. Also, the Trustee paid herself rent for the entire year at the beginning of the year.

Compensation and any other payments for goods and services should not be paid in advance of receipt of the goods or services unless specifically authorized by statute. Payments made for goods or services which are not received may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

DISBURSEMENT 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, 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)

TRANSACTION RECORDING

The Township entered into a loan for \$300,000 for a new Community Building. The activity of the loan including the initial deposit and subsequent payments to the contractor were not recorded in the Township's records.

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)

FAIRFIELD TOWNSHIP, DEKALB COUNTY
EXIT CONFERENCE

The contents of this report were discussed on October 5, 2006, with Angelia Deetz, Trustee. The official concurred with our findings.