

STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

EXAMINATION REPORT

OF

CRAIG TOWNSHIP

SWITZERLAND COUNTY, INDIANA

January 1, 2004 to December 31, 2005



FILED
02/28/2007

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Officials	2
Independent Accountant's Report	3
Financial Information:	
Schedules of Receipts, Disbursements, and Cash and Investment Balances	4
Notes to Financial Information.....	5
Examination Results and Comments:	
Board Minutes.....	6
Federal and State Agencies - Compliance Requirements	6
Township Assistance Procedures.....	6-7
Overdrawn Fund Balance	7
Appropriations.....	7
Salary Approvals.....	8
Salary Overpayments	8
Advance Payments of Salaries.....	8
Donations.....	8-9
Exit Conference	10
Summary	11

OFFICIALS

Office

Official

Term

Trustee

Anthony Jackson

01-01-03 to 12-31-10

Chairman of the
Township Board

Linda D. Andrew

01-01-04 to 12-31-07



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

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

INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF CRAIG TOWNSHIP, SWITZERLAND COUNTY, INDIANA

We have examined the financial information presented herein of Craig Township (Township), for the period of January 1, 2004 to December 31, 2005. The Township's management is responsible for the financial information presented herein. 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 financial information presented herein 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 financial information referred to above present fairly, in all material respects, the financial information 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

February 5, 2007

CRAIG TOWNSHIP, SWITZERLAND 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:				
Township	\$ 14,639	\$ 21,641	\$ 24,342	\$ 11,938
Dog	310	11	11	310
Township Assistance	11,801	5,302	10,754	6,349
Firefighting	8,853	3,590	8,331	4,112
Riverboat	32,472	21,594	32,004	22,062
Fiduciary Fund:				
Payroll Withholdings	69	922	902	89
Totals	<u>\$ 68,144</u>	<u>\$ 53,060</u>	<u>\$ 76,344</u>	<u>\$ 44,860</u>

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds:				
Township	\$ 11,938	\$ 18,900	\$ 23,711	\$ 7,127
Dog	310	6	10	306
Township Assistance	6,349	8,449	9,553	5,245
Firefighting	4,112	3,893	9,500	(1,495)
Riverboat	22,062	22,409	25,400	19,071
Fiduciary Fund:				
Payroll Withholdings	89	936	947	78
Totals	<u>\$ 44,860</u>	<u>\$ 54,593</u>	<u>\$ 69,121</u>	<u>\$ 30,332</u>

The accompanying notes are an integral part of the schedules.

CRAIG TOWNSHIP, SWITZERLAND COUNTY
NOTES TO FINANCIAL INFORMATION

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.

CRAIG TOWNSHIP, SWITZERLAND COUNTY
EXAMINATION RESULTS AND COMMENTS

BOARD MINUTES

Minutes of meetings of the Township Board for the period January 1, 2004 to January 17, 2006, were not presented for examination.

Indiana Code 5-14-1.5-4(b) states: "As the meeting progresses, the following memoranda shall be kept:

- (1) The date, time, and place of the meeting.
- (2) The members of the governing body recorded as either present or absent.
- (3) The general substance of all matters proposed, discussed, or decided.
- (4) A record of all votes taken, by individual members if there is a roll call.
- (5) Any additional information required under IC 5-1.5-2-2.5 or IC 20-12-63-7."

FEDERAL AND STATE AGENCIES - COMPLIANCE REQUIREMENTS

We found the following regarding the processing of payroll and payment to individuals for services performed:

- 1) Payments to employees were made without payroll deductions for taxes and W-2's being issued.
- 2) The Township did not issue Internal Revenue Service Form 1099 MISC to individuals paid for cemetery care services.

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)

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)

TOWNSHIP ASSISTANCE PROCEDURES

We found the following deficiencies regarding the processing of township assistance:

- 1) Township Assistance Applications:
 - (a) 10% of Applications for Township Assistance (Form TA-1) we examined were not on file.
 - (b) No investigations were documented to determine if applicants qualified to receive township assistance.

CRAIG TOWNSHIP, SWITZERLAND COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

Indiana Code 12-20-6-1(a) states: "A township trustee may not extend aid to an individual or a household unless an application and affidavit setting forth the personal condition of the individual or household has been filed with the trustee within one hundred eighty (180) days before the date aid is extended."

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

- 2) No written township assistance standards were presented for examination.

Indiana Code 12-20-5.5 states in part:

"(a) The township trustee shall process all applications for the township assistance according to uniform written standards . . ."

"(b) The township's standards for the issuance of township assistance and the processing of applications must be: . . . proposed by the township trustee, adopted by the township board, and filed with the board of county commissioners;"

- 3) 10% of the Township Assistance Purchase Orders we examined were not signed by the applicant, vendor, or supported by proper itemization.

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)

OVERDRAWN FUND BALANCE

The Firefighting Fund was overdrawn \$1,495 at December 31, 2005.

The balance of any fund may not be reduced below zero. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

APPROPRIATIONS

The records presented for examination showed that expenditures exceeded appropriations by \$500 in the Firefighting Fund for the year 2005.

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."

CRAIG TOWNSHIP, SWITZERLAND COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

SALARY APPROVALS

The Township did not use Form 17 (Resolution Recommending Salaries of Township Officers and Employees) to document approval of salaries for Township Officers and Employees.

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)

SALARY OVERPAYMENTS

The following officials were paid in excess of the salaries approved by the Township Board:

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Betty Lucas	Clerk	\$ 650.00
Anthony Jackson	Trustee	<u>27.68</u>
Total		<u>\$ 677.68</u>

Indiana Code 36-6-10(b) states in part: "The township legislative body shall fix the : (1) salaries; (2) wages; (3) rates of hourly pay; and (4) remuneration other than statutory allowances; of all officers and employees of the township."

Each governmental unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

Upon our request, Betty Lucas, Clerk, refunded \$650.00 to Craig Township on February 7, 2007. Upon our request, Anthony Jackson, Township Trustee, refunded \$27.68. (See Summary, page 11)

ADVANCE PAYMENTS OF SALARIES

Dates of transactions showed payments for annual salaries made to the Township Trustee and the Township Clerk were paid in full prior to the end of the year.

Indiana Code 5-7-3-1 states in part: "Public officers may not draw or receive their salaries in advance."

DONATIONS

The Township paid \$16,000 and \$18,500 in 2004 and 2005, respectively to various not-for-profit organizations. No contracts were presented for our examination showing the purpose of the payments.

CRAIG TOWNSHIP, SWITZERLAND COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

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)

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 contracts. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

CRAIG TOWNSHIP, SWITZERLAND COUNTY
EXIT CONFERENCE

The contents of this report were discussed on February 5, 2007, with Anthony Jackson, Trustee.

CRAIG TOWNSHIP, SWITZERLAND COUNTY
SUMMARY

	<u>Charges</u>	<u>Credits</u>	<u>Balance Due</u>
Betty Lucas			
Salary Overpayment - Clerk, Page 8	\$ 650.00	\$ -	\$ -
Paid February 5, 2007	<u>-</u>	<u>650.00</u>	<u>-</u>
Total Betty Lucas	<u>650.00</u>	<u>650.00</u>	<u>-</u>
Anthony Jackson			
Salary Overpayment - Township Trustee, Page 8	27.68	-	-
Paid February 5, 2007	<u>-</u>	<u>27.68</u>	<u>-</u>
Total Anthony Jackson	<u>27.68</u>	<u>27.68</u>	<u>-</u>
Totals	<u>\$ 677.68</u>	<u>\$ 677.68</u>	<u>\$ -</u>