

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

EXAMINATION REPORT
OF
WAYNE TOWNSHIP
STARKE COUNTY, INDIANA
January 1, 2005 to December 31, 2006



FILED
03/21/2007

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OFFICIALS

Office

Official

Term

Trustee

Clara Schacht

01-01-03 to 12-31-10

Chairman of the
Township Board

Venture Pacilio
Joseph Griffo

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 WAYNE TOWNSHIP, STARKE COUNTY, INDIANA

We have examined the financial information presented herein of Wayne Township (Township), for the period of January 1, 2005 to December 31, 2006. 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 presents fairly, in all material respects, the financial information of the Township for the years ended December 31, 2005 and 2006, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

February 6, 2007

WAYNE TOWNSHIP, STARKE COUNTY
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL FUND TYPES
As Of And For The Years Ended December 31, 2005 And 2006

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds:				
Township	\$ 14,186	\$ 28,956	\$ 16,042	\$ 27,100
Dog	(724)	109	170	(785)
Township Assistance	33,175	5,775	8,512	30,438
Firefighting	30,647	20,084	8,000	42,731
Park and Recreation	(770)	2,873	1,900	203
Cumulative Fire	<u>23,282</u>	<u>16,722</u>	<u>22,500</u>	<u>17,504</u>
Totals	<u>\$ 99,796</u>	<u>\$ 74,519</u>	<u>\$ 57,124</u>	<u>\$ 117,191</u>

	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
Governmental Funds:				
Township	\$ 27,100	\$ 19,338	\$ 16,179	\$ 30,259
Dog	(785)	79	149	(855)
Township Assistance	30,438	12,818	5,632	37,624
Firefighting	42,731	21,610	20,000	44,341
Park and Recreation	203	6,479	1,900	4,782
Cumulative Fire	<u>17,504</u>	<u>16,530</u>	<u>-</u>	<u>34,034</u>
Totals	<u>\$ 117,191</u>	<u>\$ 76,854</u>	<u>\$ 43,860</u>	<u>\$ 150,185</u>

The accompanying notes are an integral part of the financial information.

WAYNE TOWNSHIP, STARKE 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.

WAYNE TOWNSHIP, STARKE COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

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)

Governmental units should collect any overpayments made. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

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 13)

2005 FIRE CONTRACT

An \$8,000 payment due to the Town of North Judson for fire protection in 2005 was never made which is one-half of the contracted amount of \$16,000.

Each governmental unit is responsible for complying with the provisions of its contracts. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

PRESCRIBED FORMS

The Financial and Appropriation Record was not properly completed. Individual funds were not reconciled to the 'Total All Funds,' allowing posting errors to go undetected.

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)

ANNUAL REPORT

An Annual Report for 2005 was not presented for audit and was not advertised as required.

The annual report shall be prepared, verified, and filed with the State Board of Accounts within 30 days after the close of each fiscal year. The report must be published, within four weeks after the third Tuesday after the first Monday in January, one time in accordance with IC 5-3-1. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 2)

UNDEPOSITED CASH RECEIPTS - DOG TAX

"Trustee's Dog Tax/Kennel License Receipt's," Township Form 18, totaled \$267 and \$78, for 2005 and 2006, respectively. Bank deposits of dog tax receipts totaled \$109.25 and \$16, for 2005 and 2006, respectively. We requested the Trustee to repay the Township \$219.75 in undeposited dog tag revenues. (See Summary, page 12)

Indiana Code 5-13-6-1(c) states in part: "Public funds deposited . . . shall be deposited in the same form in which they were received."

Funds misappropriated, diverted or unaccounted for through malfeasance, misfeasance, or non-feasance in office of any officer or employee may be the personal obligation of the responsible officer or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

WAYNE TOWNSHIP, STARKE COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

DOG TAX ADMINISTRATIVE FEE

Administrative fees for dog tax were not receipted to the Township Fund.

Indiana Code 15-5-9-1 states in part: "For each individual dog tag or kennel license issued under this chapter, the township assessor (or trustee who collects the fee) shall retain from the fee described in this section, an administrative fee of fifty cents (\$0.50). Administrative fees collected by the assessor shall be deposited in the county general fund, and administrative fees collected by the trustee shall be deposited in the township general fund."

PARK CONTRACT

A payment of \$1,900 was made to the Town of North Judson to be applied towards the Town Park in 2005 and 2006. A contract to support the payment was not available for audit.

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)

DEPOSIT OF PUBLIC FUNDS

The Trustee made only three deposits in 2005 and only two deposits in 2006. We noted instances of local tax distributions being held as long as 5 months.

Indiana Code 5-13-6-1(c) states: "The public funds collected by township trustees shall be deposited in the designated depository on or before the first and fifteenth day of each month."

TIMELY RECORDKEEPING

The Financial and Appropriation Record is being posted from the bank statements which has lead to outstanding checks not being posted in the month which they were written.

All documents and entries to records should be done in a timely manner to ensure that accurate financial information is available to allow the governmental unit to make informed management decisions and to help ensure compliance with IC 5-15-1-1 et seq., commonly referred to as the Public Records Law. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

OVERDRAWN FUND BALANCES

The fund balance of the Dog Fund was overdrawn in 2005 and 2006.

The 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)

WAYNE TOWNSHIP, STARKE COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

APPROPRIATIONS

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

<u>Fund</u>	<u>Years</u>	<u>Excess Amount Expended</u>
Cumulative Fire	2005	\$ 2,500
Fire Fighting	2006	3,000

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."

PERSONAL EXPENSES

The Township purchased \$69.90 worth of personal tax software and a one year subscription to the local newspaper for \$23.

Public funds may not be used to pay for personal items or for expenses which do not relate to the functions and purposes of the governmental unit. Any personal expenses paid by the governmental entity may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

We requested the Trustee to reimburse the Township \$92.90 for these personal expenses. (See Summary, page 12)

DISBURSEMENT DOCUMENTATION

Documentation, such as a receipt or invoice, was not available for audit for the following payments:

<u>Check Number</u>	<u>Payee</u>	<u>Amounts</u>
81	Staples	\$ 12.43
993	Walmart	54.72
1038	Cash	<u>233.71</u>
Total		<u>\$ 300.86</u>

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)

We requested the Trustee reimburse the Township \$300.86 for undocumented expenditures made. (See Summary, page 12)

WAYNE TOWNSHIP, STARKE COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

SALES TAX

We noted instances of sales tax being paid by the Township.

Governmental funds generally are exempt from the payment of sales tax on qualifying purchases. Respective tax agencies should always be contacted concerning tax exemptions and payments. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

WAYNE TOWNSHIP, STARKE COUNTY
EXIT CONFERENCE

The contents of this report were discussed on February 6, 2007, with Clara Schacht, Trustee.


WAYNE TOWNSHIP, STARKE COUNTY
SUMMARY

	Charges	Credits	Balance Due
Clara Schacht, Trustee:			
Compensation and Rent Overpayments, pages 6 and 7	\$ 4,800.00	\$ -	\$ 4,800.00
Undeposited Cash Receipts - Dog Tax, page 7	219.75	-	219.75
Personal Expenses, page 9	92.90	-	92.90
Disbursement Documentation, page 9	300.86	-	300.86
 Totals	 \$ 5,413.51	 \$ -	 \$ 5,413.51

AFFIDAVIT

STATE OF INDIANA)
)
WHITE COUNTY)

I, Pamela W. Williams, being duly sworn on my oath, state that the foregoing report based on the official records of Wayne Township, Starke County, Indiana, for the period from January 1, 2005 to December 31, 2006, is true and correct to the best of my knowledge and belief.


Field Examiner

Subscribed and sworn to before me this 14 day of March, 2007.


Notary Public

My Commission Expires: June 19, 2014
County of Residence: White