

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

EXAMINATION REPORT
OF
GRAHAM TOWNSHIP
JEFFERSON COUNTY, INDIANA
January 1, 2005 to December 31, 2006



FILED
04/17/2007

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Earl G. Baxter Margurett Armstrong	01-01-03 to 06-01-05 06-02-05 to 12-31-10
Chairman of the Township Board	Joseph L. Armstrong Donald Armstrong Donald R. Campbell	01-01-04 to 12-31-05 01-01-06 to 12-31-06 01-01-07 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 GRAHAM TOWNSHIP, JEFFERSON COUNTY, INDIANA

We have examined the financial information presented herein of Graham 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

March 8, 2007

GRAHAM TOWNSHIP, JEFFERSON 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, 2005 And 2006

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds:				
Township	\$ 5,242	\$ 11,471	\$ 9,577	\$ 7,136
Dog	367	6	-	373
Township Assistance	9,342	1,377	2,548	8,171
Firefighting	1,418	7,367	6,000	2,785
Fiduciary Fund:				
Payroll Withholdings	345	1,056	685	716
Totals	<u>\$ 16,714</u>	<u>\$ 21,277</u>	<u>\$ 18,810</u>	<u>\$ 19,181</u>

	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
Governmental Funds:				
Township	\$ 7,136	\$ 10,913	\$ 12,677	\$ 5,372
Dog	373	33	93	313
Township Assistance	8,171	1,810	3,450	6,531
Firefighting	2,785	7,365	6,000	4,150
Fiduciary Fund:				
Payroll Withholdings	716	1,036	1,493	259
Totals	<u>\$ 19,181</u>	<u>\$ 21,157</u>	<u>\$ 23,713</u>	<u>\$ 16,625</u>

The accompanying notes are an integral part of the schedules.

GRAHAM TOWNSHIP, JEFFERSON 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, 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.

GRAHAM TOWNSHIP, JEFFERSON COUNTY
EXAMINATION RESULTS AND COMMENTS

FEDERAL AND STATE AGENCIES - COMPLIANCE REQUIREMENTS

The Township did not issue Internal Revenue Service Form W-2 to the Board members.

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)

PRESCRIBED FORMS

Township Form 17 (Resolution Recommending Salaries for Officers and Employees) was not in use.

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)

TOWNSHIP ASSISTANCE PROCEDURES

Deficiencies regarding the processing of township assistance were as follows:

1. There was no evidence that the township trustee investigated the circumstances of the applicant and each member of the applicant's household.

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 township standards approved by the Township Board were presented for our 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; . . ."

GRAHAM TOWNSHIP, JEFFERSON COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

CEMETERY CONTRACTS

Payments for cemetery care were made in 2005 and 2006, 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 contracts. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

ANNUAL REPORTS

The annual reports for 2005 and 2006 were not accurately prepared. The Annual Report funds balance was \$15,871 and the Financial and Appropriation Ledger all funds balance was \$16,625 as of December 31, 2006. The Financial and Appropriation Ledger balance reconciled to the depository.

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manuals for Townships, Chapter 13)

GRAHAM TOWNSHIP, JEFFERSON COUNTY
EXIT CONFERENCE

The contents of this report were discussed on March 8, 2007, with Margurett Armstrong, Trustee. The official concurred with our findings.