

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

EXAMINATION REPORT

OF

LOGAN TOWNSHIP

FOUNTAIN COUNTY, INDIANA

January 1, 2005 to December 31, 2006



FILED
09/20/2007

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OFFICIALS

Office

Official

Term

Trustee

Jack L. Sorters

01-01-03 to 12-31-10

Chairman of the
Township Board

Howard Crawford

01-01-05 to 12-31-07



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF LOGAN TOWNSHIP, FOUNTAIN COUNTY, INDIANA

We have examined the financial information presented herein of Logan 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

July 2, 2007

LOGAN TOWNSHIP, FOUNTAIN 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	\$ 41,877	\$ 17,588	\$ 13,178	\$ 46,287
Dog	139	22	-	161
Township Assistance	25,227	12,879	14,046	24,060
Firefighting	36,692	14,383	7,560	43,515
Rainy Day	1,847	-	-	1,847
Fiduciary Fund:				
Payroll Withholdings	1,184	1,132	1,258	1,058
Totals	<u>\$ 106,966</u>	<u>\$ 46,004</u>	<u>\$ 36,042</u>	<u>\$ 116,928</u>

	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
Governmental Funds:				
Township	\$ 46,287	\$ 25,945	\$ 12,769	\$ 59,463
Dog	161	120	-	281
Township Assistance	24,060	7,203	12,868	18,395
Firefighting	43,515	15,337	8,190	50,662
Rainy Day	1,847	-	-	1,847
Fiduciary Fund:				
Payroll Withholdings	1,058	1,159	645	1,572
Totals	<u>\$ 116,928</u>	<u>\$ 49,764</u>	<u>\$ 34,472</u>	<u>\$ 132,220</u>

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

LOGAN TOWNSHIP, FOUNTAIN 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.

LOGAN TOWNSHIP, FOUNTAIN COUNTY
EXAMINATION RESULTS AND COMMENTS

PUBLIC RECORDS RETENTION

The records listed below were not presented for examination:

- (1) contracts for fire protection;
- (2) bank statement for the month ended 01-31-05;
- (3) twenty-one of twenty-six township assistance applications (Township Form TA-1) selected for testing.

Similar comments were included in prior Reports B16469 and B25127.

Indiana Code 5-15-6-3(f) concerning destruction of public records, states in part: "Original records may be disposed of only with the approval of the commission according to guidelines established by the commission."

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)

APPROPRIATIONS

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

<u>Fund</u>	<u>Years</u>	<u>Excess Amount Expended</u>
General	2005	\$ 13,178
Township Assistance	2005	14,046
Firefighting	2005	7,560
Firefighting	2006	1,390

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."

FEDERAL AND STATE AGENCIES - COMPLIANCE REQUIREMENTS

The Township Trustee Internal Revenue Service (IRS) understated gross wages on the IRS 941 Forms. Wages were understated by \$1,310 each on the 941 Forms for the fourth quarters of 2005 and 2006. The salary for the Township Assistance Investigator, which is paid in a lump sum in November, was omitted from the calculation.

LOGAN TOWNSHIP, FOUNTAIN COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

We also noted that the IRS 941 Form and tax payment for the quarter ended June 30, 2006, was not remitted in a timely manner. Penalty and interest charges were assessed in the amount of \$39.83 and were paid from personal funds.

The wages reported on the W-3 for 2005 did not match the wages reported on the IRS 941s. The W-3 and the W-2 for the Trustee were overstated by \$40.

Political subdivisions are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings and filing requirements concerning reports and other procedural matters of federal and state agencies, including opinions of the Attorney General of the State of Indiana, and court decisions. Governmental units should file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

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)

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Failure to pay claims or remit taxes in a timely manner could be an indicator of serious financial problems which should be investigated by the governmental unit.

Additionally, officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the governmental unit.

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)

BOARD MINUTES

The Township Board did not keep minutes of meetings of the governing body for the examination period. A similar comment was included in prior Report B25127.

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."

LOGAN TOWNSHIP, FOUNTAIN COUNTY
EXIT CONFERENCE

The contents of this report were discussed on July 2, 2007, with Jack L. Sorters, Trustee. The official concurred with our findings.