

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

EXAMINATION REPORT

OF

HART TOWNSHIP

WARRICK COUNTY, INDIANA

January 1, 2005 to December 31, 2006



FILED

09/27/2007

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Linda Sue Feldmeier	01-01-03 to 12-31-06
	Vacant	01-01-07 to 01-09-07
	Kelly D. Hall	01-10-07 to 12-31-10
Chairman of the Township Board	Greg Carter	01-01-05 to 12-31-07



STATE OF INDIANA
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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF HART TOWNSHIP, WARRICK COUNTY, INDIANA

We have examined the financial information presented herein of Hart 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

June 18, 2007

HART TOWNSHIP, JOHNSON 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	\$ 11,802	\$ 9,063	\$ 18,408	\$ 2,457
Dog	300	92	-	392
Township Assistance	(14,510)	5,861	4,535	(13,184)
Firefighting	13,614	9,416	20,000	3,030
Park and Recreation	5,428	6,301	4,000	7,729
Fire Debt	26,480	85,491	60,060	51,911
	<u>43,114</u>	<u>116,224</u>	<u>107,003</u>	<u>52,335</u>
Totals	<u>\$ 43,114</u>	<u>\$ 116,224</u>	<u>\$ 107,003</u>	<u>\$ 52,335</u>
	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
Governmental Funds:				
Township	\$ 2,457	\$ 18,169	\$ 21,333	\$ (707)
Dog	392	73	100	365
Township Assistance	(13,184)	20,512	6,183	1,145
Firefighting	3,030	19,012	18,334	3,708
Park and Recreation	7,729	2,506	6,066	4,169
Fire Debt	51,911	89,392	80,553	60,750
	<u>52,335</u>	<u>149,664</u>	<u>132,569</u>	<u>69,430</u>
Totals	<u>\$ 52,335</u>	<u>\$ 149,664</u>	<u>\$ 132,569</u>	<u>\$ 69,430</u>

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

HART TOWNSHIP, WARRICK 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.

HART TOWNSHIP, WARRICK COUNTY
EXAMINATION RESULTS AND COMMENTS

APPROPRIATIONS

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

<u>Fund</u>	<u>Year</u>	<u>Excess Amount Expended</u>
General	2005	\$ 4,587
Recreation	2005	66

A similar comment was contained in the prior report.

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."

BOARD MINUTES

No minutes of meetings of the governing body were available for examination. A similar comment appeared in several prior reports.

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."

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.

A similar comment appeared in several prior reports.

HART TOWNSHIP, WARRICK COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

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)

DOG TAX ADMINISTRATIVE FEE

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

A similar comment appeared in several prior reports.

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."

OPTICAL IMAGES OF CHECKS

The financial institution did not return the actual cancelled checks with the monthly bank statements, but instead returned an optical image of only the front side of the checks.

Indiana Code 5-15-6-3(a) concerning optical imaging of checks states in part:

". . . 'original records' includes the optical image of a check or deposit document when:

- (1) the check or deposit document is recorded, copied, or reproduced by an optical imaging process . . . ; and
- (2) the drawer of the check receives an optical image of the check after the check is processed for payment . . ."

Furthermore, Indiana Code 26-2-8-111 states in part:

(a) "If a law requires that certain records be retained, that requirement is met by retaining an electronic record of the information in the record that:

- (1) accurately reflects the information set forth in the record after it was first generated in its final form as an electronic record or otherwise; and
- (2) remains accessible for later reference."

(e) "If a law requires retention of a check, that requirement is satisfied by retention of an electronic record of the information on the front and back of the check in accordance with subsection (a)."

HART TOWNSHIP, WARRICK COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

OVERDRAWN FUND BALANCES

The Township Assistance Fund was overdrawn in 2005.

The General Fund was overdrawn in 2006.

A similar comment was contained in the prior report.

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)

PRESCRIBED FORMS

The following prescribed forms were not in use:

Township Form 16 - Township Trustee's Receipt
Township Form 17 - Resolution Establishing Salaries of
Township Officers and Employees

A similar comment was included in the prior report.

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)

HART TOWNSHIP, WARRICK COUNTY
EXIT CONFERENCE

The contents of this report were discussed on June 18, 2007, with Kelly D. Hall, Trustee.