

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

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



**FILED**  
11/05/2007



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:	
Township Assistance Procedures.....	6
Township Assistance – Burial Expense.....	6-7
Optical Images of Checks.....	7
Contracts .....	7
Federal and State Agencies – Compliance Requirements .....	8
Exit Conference.....	9

OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Robert A. Little John A. Heitz	01-01-03 to 12-31-06 01-01-07 to 12-31-10
Chairman of the Township Board	Cynthia Goley Charles Torline	01-01-05 to 12-31-06 01-01-07 to 12-31-07



**STATE OF INDIANA**  
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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF MADISON TOWNSHIP, JEFFERSON COUNTY, INDIANA

We have examined the financial information presented herein of Madison 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

September 24, 2007

MADISON 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	\$ 116,634	\$ 52,640	\$ 56,311	\$ 112,963
Dog	151	22	-	173
Township Assistance	53,461	56,291	67,320	42,432
Firefighting	84,237	85,186	105,000	64,423
Fiduciary Fund:				
Payroll Withholdings	433	13,914	13,857	490
Totals	<u>\$ 254,916</u>	<u>\$ 208,053</u>	<u>\$ 242,488</u>	<u>\$ 220,481</u>

	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
Governmental Funds:				
Township	\$ 112,963	\$ 45,855	\$ 56,889	\$ 101,929
Dog	173	-	173	-
Township Assistance	42,432	62,344	75,046	29,730
Firefighting	64,423	89,375	107,736	46,062
Fiduciary Fund:				
Payroll Withholdings	490	15,545	16,047	(12)
Totals	<u>\$ 220,481</u>	<u>\$ 213,119</u>	<u>\$ 255,891</u>	<u>\$ 177,709</u>

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

MADISON 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.

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.

MADISON TOWNSHIP, JEFFERSON COUNTY  
EXAMINATION RESULTS AND COMMENTS

TOWNSHIP ASSISTANCE PROCEDURES

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

- (1) Applications for Township Assistance (Form TA-1) did not include documentation of investigations of the applicant. Therefore, a determination could not be made as to the qualification of recipients to receive township assistance.

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 . . ."

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)

- (2) Numerous instances were noted where the Application for Township Assistance Form (TA-1) and the Application for Additional or Continuing Township Assistance Form (TA-B) were not properly or completely prepared by the applicant requesting services.

Indiana Code 12-20-6-1 states in part: "(a) 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 . . . (d) The township trustee shall may not extend additional or continuing aid to an individual or a household unless the individual with the request for assistance affirming how, if at all, the personal condition of the individual or the household has changed from that set forth in the individual's or household's most recent application."

- (3) Purchase orders were not always signed by the applicant or the vendor.

Whenever the administrator of township assistance of any township grants township assistance aid to any indigent person, or to any other person or agency on a township assistance order as provided by law or obligates the township for any item properly payable from township assistance funds, the claim against such township, itemized and sworn to as provided by law, and accompanied by the original township assistance order, duly itemized and signed shall be checked with the records of the administrator of township assistance, audited, and certified to, as required by law by the trustee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 6)

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 - BURIAL EXPENSE

We found the following two instances where payments for burial services exceeded the \$500 limit stated in the "Madison Township Trustee Burial Guidelines":

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

- (1) A payment for \$1,000 was made in the year 2005. Carl Eaglin, former Township Clerk, stated the Township decided to pay an additional \$500 due to special circumstances.
- (2) A payment for \$2,888.20 was made in the year 2006. Susan Stahl, former Bookkeeper, stated she processed the payment in error.

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)

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)."

CONTRACTS

Payments were made during 2006 in the amount of \$18,356 and \$15,280 to the Madison Township Volunteer Fire Department and the Rykers Ridge Volunteer Fire Department for fire equipment. A contract was not presented for examination.

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)

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

FEDERAL AND STATE AGENCIES - COMPLIANCE REQUIREMENT

Withholdings were not made and Internal Revenue forms were not issued for the Township's 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)

MADISON TOWNSHIP, JEFFERSON COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on September 24, 2007, with Robert A. Little, former Trustee; and John A. Heitz, Trustee. The officials concurred with our findings.