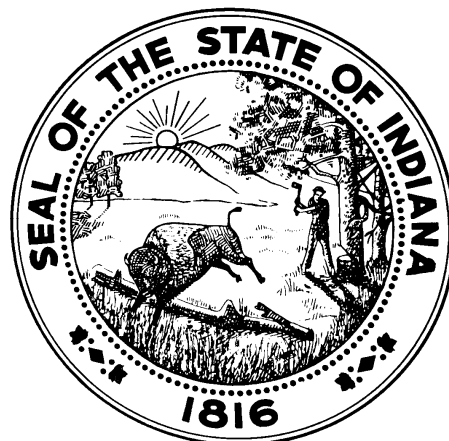


**STATE BOARD OF ACCOUNTS**  
**302 West Washington Street**  
**Room E418**  
**INDIANAPOLIS, INDIANA 46204-2769**

EXAMINATION REPORT  
OF  
WEA TOWNSHIP  
TIPPECANOE COUNTY, INDIANA  
January 1, 2005 to December 31, 2006



**FILED**  
12/28/2007



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OFFICIALS

Office

Official

Term

Trustee

Matthew F. Koehler

01-01-03 to 12-31-10

Chairman of the  
Township Board

George Buck

01-01-05 to 12-31-07



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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](http://www.in.gov/sboa)

INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF WEA TOWNSHIP, TIPPECANOE COUNTY, INDIANA

We have examined the financial information presented herein of Wea 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 26, 2007

WEA TOWNSHIP, TIPPECANOE 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	\$ 8,856	\$ 70,364	\$ 71,977	\$ 7,243
Township Assistance	(10,213)	92,813	48,979	33,621
Firefighting	42,731	179,700	187,757	34,674
Cumulative Fire	354,560	97,085	326	451,319
Dog	(159)	254	-	95
Park and Recreation	18,820	49,522	63,938	4,404
Levy Excess	-	905	-	905
Community Center Recreation	18,344	390,133	140,594	267,883
Totals	<u>\$ 432,939</u>	<u>\$ 880,776</u>	<u>\$ 513,571</u>	<u>\$ 800,144</u>

	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
Governmental Funds:				
Township	\$ 7,243	\$ 89,008	\$ 74,394	\$ 21,857
Township Assistance	33,621	58,643	46,412	45,852
Firefighting	34,674	184,163	199,487	19,350
Cumulative Fire	451,319	102,331	1,550	552,100
Dog	95	-	-	95
Park and Recreation	4,404	75,475	66,075	13,804
Levy Excess	905	5,530	905	5,530
Community Center Recreation	267,883	2,098	253,142	16,839
Totals	<u>\$ 800,144</u>	<u>\$ 517,248</u>	<u>\$ 641,965</u>	<u>\$ 675,427</u>

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

WEA TOWNSHIP, TIPPECANOE 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.

WEA TOWNSHIP, TIPPECANOE COUNTY  
EXAMINATION RESULTS AND COMMENTS

SALARY OVERPAYMENT

The Township Trustee issued himself an extra payroll check in 2006 resulting in an overpayment in salary of \$880.46. We are requesting repayment of \$880.46 for the overpayment of salary. (See Summary, page 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 17)

OFFICIAL BOND

The Township Trustee is bonded as follows:

<u>Description</u>	<u>Effective Dates</u>	<u>Coverage</u>	<u>Surety</u>
Official Bond	01-01-03 to 01-01-07	\$ 15,000	Western Surety Company Bond 68404115
Official Bond	01-01-07 to 01-01-09	15,000	Western Surety Company Bond 68404115

QUESTIONED COSTS

The Township receives a monthly cellular phone bill in the Township's name. There are three lines attached to the bills. Two of the lines have been identified by the Trustee as Township related phone lines, one belonging to his deputy, the other for himself. The third phone is a personal phone of the Trustee.

There were excessive text messaging charges in July and August 2006, billed to the Township, which the Township subsequently paid. July 2006 had 693 text messages, and August 2006 had 532 text messages. There were 1,445 text messages in 2005, and 3,172 text messages in 2006. The Township paid \$144.50 for text messages in 2005, and \$317.20 for text messages in 2006. No information was presented for examination showing any business nature of the text messages.

There were 2,180 kb downloaded to the cellular phone in 2005, and 830 kb downloaded to the cellular phone in 2006 via wireless internet. The Township paid \$21.80 in wireless downloads in 2005, and \$8.30 in wireless internet in 2006. No information was presented for examination showing any business nature of the text messages.

The Township paid \$68.88 in media purchases charged to the cellular phone in 2005, and \$7.92 in media purchases charged to the cellular phone in 2006. No information was presented for examination showing any business nature of the text messages.

The Trustee stated a log was not being kept of the cellular phone use. The number assigned to the Trustee was not given as a contact number where he could be reached during our examination. An alternate cell phone number was given. Total cellular phone costs in 2005 were \$1,299.74, and in 2006 were \$1,763.39.

WEA TOWNSHIP, TIPPECANOE COUNTY  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

The Township is paying for cable internet access. The documentation supporting these payments indicates the bill is in the Trustee's wife's name, and service is provided at the Trustee's home address. The Township also pays two additional internet vendors for internet services. One of these is on behalf of the local fire department. The other is tied to the Township's email address listed on official Internal Revenue Service documents which is also the Township's email account for the Township Office. Total cable internet access costs to the Trustee's home in 2005 were \$449.50, and in 2006 were \$539.40.

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 unit may be the personal obligation of the responsible official or employee.

Assets of the governmental unit may not be used in a manner unrelated to the functions and purposes of the governmental unit.

Whenever an item or other asset owned by the political subdivision is entrusted to an officer or employee, to be used at times outside the normal work time for business purposes, such as a cellular phone, or vehicle, a log should be maintained which clearly shows the business use. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

Every effort should be made by the governmental unit to avoid unreasonable or excessive costs. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

#### PURCHASING BONUSES

The Township has an account for cellular phone services in the Township's name. There are three phone lines attached to the account. The Township pays a fee for all shared minutes, as well as an additional fee for a shared 7PM-7AM nights and weekends plan. The Township Trustee, Matthew F. Koehler, has indicated one of the three phone lines is a personal line. Mr. Koehler receives a discount on the personal cellular phone service, as well as total access to packaged minutes and calling plans, as a result of the Township's subscription to the cellular phone service.

The Township is paying for cable internet services attached to the Township Trustee's home cable service. As a result of the multi-line service, the cable vendor has credited \$10.00 per month to his cable bill. The Township Trustee applied the discount to his personal cable expense, and the Township has paid the full bill for internet service.

Any compensation, premium, bonus, or product earned as a result of the purchase of goods or services by the governmental unit becomes the property of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

#### PRESCRIBED FORMS

The Township Trustee is not using Township Form 1C - Financial and Appropriation Record. Alternately, the Trustee is using excel spreadsheets to post all of the transactions of the Township.

A similar comment appeared in prior Report B26864.

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)

WEA TOWNSHIP, TIPPECANOE COUNTY  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

ADVANCE PAYMENTS

The Township Trustee was paid \$845.31 of his 2005 salary in 2004. The entire 2005 approved salary for the Township Trustee was paid by August 17, 2005.

The Township Trustee was paid \$12,326.86 of his 2006 salary in 2005. The entire 2006 approved salary for the Township Trustee was paid by June 21, 2006.

Review of payroll disbursements to other township employees indicate all payroll checks are disbursed at the beginning of the payroll period, instead of after the payroll period has been completed.

Compensation and any other payments for goods and services should not be paid in advance of receipt of the goods or services unless specifically authorized by statute. Payments made for goods or services which are not received may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

CASH NECESSARY TO BALANCE

A comparison of the records to the bank account indicated a cash necessary to balance of \$226.38. A similar comment appeared in prior Report B26864.

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

DEPOSIT OF PUBLIC FUNDS

Deposits of 16 of 32 County distributions were made subsequent to the first or fifteenth day of the month.

Indiana Code 5-13-6-1(c) states in part: "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."

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>
Township	2005	\$ 1,462.24
Township	2006	1,065.99

A similar comment appeared in prior Report B26864.

WEA TOWNSHIP, TIPPECANOE COUNTY  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

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."

DISBURSEMENT DOCUMENTATION

Two claims reviewed did not have a detailed invoice, and one was paid from an estimate instead of an invoice. Further review of additional invoices indicates this is a normal occurrence.

Due to the lack of supporting information, the validity and accountability for some monies disbursed could not be established.

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)

CONTRACTS

Records presented for examination indicate payments were made for cemetery care 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)

PENALTIES, INTEREST, AND SALES TAXES

Information presented for examination indicates amounts were paid to utility vendors on an untimely basis. Two of sixty disbursements included amounts for late fees. The same two invoices also included amounts for sales tax. Further review of additional invoices indicates these are regular occurrences.

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)

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)

WEA TOWNSHIP, TIPPECANOE COUNTY  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

TIMELY RECORDKEEPING

We noted recreation receipts were not posted when monies were received by Trustee. The Trustee regularly posted transactions two to four weeks after the deposit date of recreation monies.

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)

RECEIPT ISSUANCE AND DEPOSIT – COMMUNITY CENTER

Receipts were not issued by the Community Center Manager at the time monies were received. Alternately, a calendar was kept and amounts were marked as paid on this calendar. Occasionally, the Manager would then write receipts out based on his calendar. Review of most recent receipts indicate a receipt has not been dated since November 14, 2006. Based on the calendar presented for examination, monies were received during the remainder of November and December 2006.

Monies collected by the Community Center Manager were remitted to the Trustee on a monthly basis. All monies should be remitted to the Trustee at least by the first and the fifteenth of the month for deposit.

It was further noted that the amounts indicated as received by the Community Center Manager were not always the same amount as remitted to the Trustee for deposit. The amounts indicated on the Community Center reservation calendar as paid by users were not always the same as the amount written on the receipt.

Receipts shall be issued and recorded at the time of the transaction; for example, when cash or a check is received, a receipt is to be immediately prepared and given to the person making payment. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

Indiana Code 5-13-6-1(c) states in part: "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."

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

COMPENSATION AND BENEFITS

Vacation eligible employees received payments in lieu of taking vacation in 2005 and 2006. The Township has no vacation policy in effect that would specify who is eligible for leave, and how much leave would be accrued. The Township does not have a policy in effect that would allow employees to be paid in lieu of taking vacation.

The substitute truck drivers are paid an hourly rate for the services provided, however there is no rate approved for substitute truck drivers on the Form 17 - Resolution Recommending Salaries of Officers and Employees.

WEA TOWNSHIP, TIPPECANOE COUNTY  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

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 17)

Each governmental unit should adopt written policy regarding the accrual and use of leave time and compensatory time and the payment of overtime. Negotiated labor contracts approved by the governing board would be considered as written policy. The policy should conform to the requirements of all state and federal regulatory agencies. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

FEDERAL AND STATE AGENCIES - COMPLIANCE REQUIREMENTS

The Township Trustee did not comply with directives of Internal Revenue Service, or the Indiana Department of Revenue. Board members and substitute truck drivers were paid without consideration of withholdings. Substitute truck drivers were not issued W2s. The Community Center Manager was paid \$1,000 that was not included on his W2, nor was it subjected to withholdings.

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)

WEA TOWNSHIP, TIPPECANOE COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on September 26, 2007, with Matthew F. Koehler, Trustee.

WEA TOWNSHIP  
TIPPECANOE COUNTY  
SUMMARY

	<u>Charges</u>	<u>Credits</u>	<u>Balance Due</u>
Matthew F. Koehler, Trustee:			
Salary Overpayment, page 6	\$ 880.46	\$	\$
Receipt Number 177, Dated September 18, 2007	<u>-</u>	<u>880.46</u>	<u>-</u>
 Totals	 <u>\$ 880.46</u>	 <u>\$ 880.46</u>	 <u>\$ -</u>