

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

EXAMINATION REPORT
OF
SHELBY TOWNSHIP
RIPLEY COUNTY, INDIANA
January 1, 2006 to December 31, 2007



FILED
01/26/2009

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OFFICIALS

Office

Official

Term

Trustee

Stacey Schmaltz

01-01-03 to 12-31-10

Chairman of the
Township Board

Bert Samples

01-01-06 to 12-31-08



STATE OF INDIANA
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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

INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF SHELBY TOWNSHIP, RIPLEY COUNTY, INDIANA

We have examined the financial information presented herein of Shelby Township (Township), for the period of January 1, 2006 to December 31, 2007. 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, 2006 and 2007, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

December 2, 2008

SHELBY TOWNSHIP, RIPLEY COUNTY
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL FUND TYPES
As Of And For The Years Ended December 31, 2006 And 2007

	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
Governmental Funds:				
Township	\$ 20,789	\$ 13,807	\$ 10,525	\$ 24,071
Dog	308	-	8	300
Township Assistance	17,216	4,676	3,553	18,339
Firefighting	11,376	8,161	7,500	12,037
Rainy Day	1,869	-	-	1,869
Totals	<u>\$ 51,558</u>	<u>\$ 26,644</u>	<u>\$ 21,586</u>	<u>\$ 56,616</u>

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Governmental Funds:				
Township	\$ 24,071	\$ 10,899	\$ 12,033	\$ 22,937
Dog	300	-	-	300
Township Assistance	18,339	1,073	3,874	15,538
Firefighting	12,037	7,067	9,000	10,104
Rainy Day	1,869	-	-	1,869
Totals	<u>\$ 56,616</u>	<u>\$ 19,039</u>	<u>\$ 24,907</u>	<u>\$ 50,748</u>

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

SHELBY TOWNSHIP, RIPLEY 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.

SHELBY TOWNSHIP, RIPLEY COUNTY
EXAMINATION RESULTS AND COMMENTS

BOARD MINUTES NOT AVAILABLE

The Board minutes for the year 2007 were not presented for examination. Stacey Schmaltz, Trustee, stated that minutes were taken and she was not aware of what happened to the year 2007 minutes.

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."

CONDITION OF RECORDS

The following deficiencies relating to the recordkeeping were noted.

1. Reconciliations between cash balances recorded on the Financial and Appropriation Record and depository balances were not presented for examination.

Indiana Code 5-13-6-1(e) states in part: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

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)

2. The columns on the Financial and Appropriation Record (Form 1C) for total receipts and disbursements did not agree with total receipts and disbursements of all the separate funds. Examples of errors found included the following:

SHELBY TOWNSHIP, RIPLEY COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

a. A tax distribution received in the year 2006 in the amount of \$2,709.86 was recorded in the year 2006 in the receipts for all funds column but was not recorded in the General Fund.

b. A receipt in the amount of \$544.56 was recorded as a disbursement in the General Fund.

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)

OFFICIAL BOND

Stacey Schmaltz, Trustee, did not have an official bond filed in the office of the County Recorder for the term beginning January 1, 2007.

Indiana Code 5-4-1-5.1(b) states in part: "Every elected or appointed officer, official, deputy, or employee of a political subdivision . . . shall file the bond in the office of the county recorder . . ."

ADVANCE PAYMENTS

Dates of transactions show that salary payments were being made to the Trustee and Clerk a month in advance of services being performed.

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)

SHELBY TOWNSHIP, RIPLEY COUNTY
EXIT CONFERENCE

The contents of this report were discussed on December 2, 2008, with Stacey Schmaltz, Trustee.