

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

EXAMINATION REPORT

OF

HARRISON TOWNSHIP

WELLS COUNTY, INDIANA

January 1, 2006 to December 31, 2007



FILED

01/27/2009

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Dorrance Stinson	01-01-03 to 12-31-10
Chairman of the Township Board	Geraldine Claghorn	01-01-06 to 12-31-08



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF HARRISON TOWNSHIP, WELLS COUNTY, INDIANA

We have examined the financial information presented herein of Harrison 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.

The Schedule of Long-Term Debt, as listed in the Table of Contents, is presented for additional analysis and is not a required part of the basic financial information. It has not been subjected to the examination procedures applied to the basic financial information and, accordingly, we express no opinion on it.

STATE BOARD OF ACCOUNTS

December 15, 2008

HARRISON TOWNSHIP, WELLS 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, 2006 And 2007

	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
Governmental Funds:				
Township	\$ 7,570	\$ 13,061	\$ 11,891	\$ 8,740
Dog	300	517	639	178
Township Assistance	23,534	315,989	328,466	11,057
Firefighting	52,058	41,720	80,926	12,852
Levy Excess	1,259	-	1,259	-
Township Assistance Debt Service	4,928	66,019	49,369	21,578
Fiduciary Fund:				
Payroll Withholdings	-	2,275	1,864	411
Totals	<u>\$ 89,649</u>	<u>\$ 439,581</u>	<u>\$ 474,414</u>	<u>\$ 54,816</u>

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Governmental Funds:				
Township	\$ 8,740	\$ 9,795	\$ 13,528	\$ 5,007
Dog	178	-	178	-
Township Assistance	11,057	132,989	114,946	29,100
Firefighting	12,852	40,503	48,967	4,388
Township Assistance Debt Service	21,578	216,212	102,460	135,330
Fiduciary Fund:				
Payroll Withholdings	411	1,979	1,894	496
Totals	<u>\$ 54,816</u>	<u>\$ 401,478</u>	<u>\$ 281,973</u>	<u>\$ 174,321</u>

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

HARRISON TOWNSHIP, WELLS 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.

HARRISON TOWNSHIP, WELLS COUNTY
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 December 31, 2007

The Township has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental Activities:		
Notes and loans payable	\$ 147,885	\$ 154,043

HARRISON TOWNSHIP, WELLS COUNTY
EXAMINATION RESULTS AND COMMENTS

TEMPORARY LOANS

Temporary loans from the Firefighting Fund to the Township Assistance Fund totaling \$67,500 were unpaid at December 31, 2005. Additional loans of \$56,500 and \$8,000 were made in 2006 and 2007, respectively. No repayments were made in either year, resulting in an unpaid balance at December 31, 2007 of \$132,000.

Temporary loans from the Township Assistance Debt Service Fund to the Township Assistance Fund totaling \$10,500 were made in 2007. No repayments were made.

Indiana Code 36-1-8-4 concerning temporary loans states in part:

"(a) . . . (3) Except as provided in subsection (b), the prescribed period must end during the budget year of the year in which the transfer occurs. (4) The amount transferred must be returned to the other fund at the end of the prescribed period. . . ."

"(b) If the fiscal body of a political subdivision determines that an emergency exists that requires an extension of the prescribed period of a transfer under this section, the prescribed period may be extended for not more than six (6) months beyond the budget year of the year in which the transfer occurs if the fiscal body does the following: (1) Passes an ordinance or a resolution that contains the following: (A) A statement that the fiscal body has determined that an emergency exists. (B) A brief description of the grounds for the emergency. (C) The date the loan will be repaid that is not more than six (6) months beyond the budget year in which the transfer occurs. (2) Immediately forwards the ordinance or resolution to the state board of accounts and the Department of Local Government Finance."

ANNUAL REPORTS

The annual reports for 2006 and 2007 did not contain a detail of receipts and disbursements for the Township Assistance Fund.

The Township Trustee's Report of Receipts and Disbursements for the Calendar Year is an abstract report of receipts and disbursements for the calendar year. The form is provided by the State Board of Accounts along with applicable instructions. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 2)

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)

HARRISON TOWNSHIP, WELLS COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

APPROPRIATIONS

The following expenditures were in excess of budgeted appropriations:

<u>Fund</u>	<u>Years</u>	<u>Excess Amount Expended</u>
Firefighting	2006	\$ 32,926
Township Assistance	2006	77,211
Firefighting	2007	967
Township Assistance	2007	83,830

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 - TOWNSHIP ASSISTANCE

Several payments did not contain adequate supporting documentation. There was \$38,341 of disbursements with no supporting documentation in 2006, which included 22 checks in excess of \$500. The largest of the checks was \$4,945 paid to a vendor for rent assistance. There was \$22,536 of disbursements with no supporting documentation in 2007, which included 11 checks in excess of \$500. The largest of the checks was \$11,000 paid to a vendor for rent assistance.

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)

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)

HARRISON TOWNSHIP, WELLS COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

The claim, with the original township assistance order or orders attached, shall then be filed for payment. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 6)

EVIDENCE OF INVESTIGATION - TOWNSHIP ASSISTANCE

A review of Township assistance applications disclosed minimal evidence of investigation as to actual need of the applicant. None of the applications observed included sufficient information to determine eligibility, such as employment history, other sources of help and expense information. Sixty percent of the applications selected for review and available for examination did not include any applicant's signature.

Rent was paid for one applicant for all 24 months of the examination period. Eleven applicants' rent was paid for ten months or more of the examination period. Nine applicants' utilities were paid fifteen times or more during the examination period. The applications indicated no inquiry of other means to relieve the need.

The township trustee shall carefully investigate the circumstances of the applicant and each member of the applicant's household to ascertain their legal residence, their physical condition relating to sickness or health, their present and previous occupation, their names and ages, the ability and capacity for labor of all members of the household, and the cause of the applicant's or household members condition if the applicant's household member is found to be in distress and the cause can be ascertained, whether an applicant or member of the applicant's household is entitled to income in the immediate future from any source including past or present employment, pending claims that may result in monetary award, or pending determination for assistance from any other federal or state governmental entity. (Form TA-1) The trustee shall ascertain, as far as possible, whether such persons have relatives able and willing to assist them. Indiana Code 12-20-6-9 (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 6)

An application for township assistance is not considered complete until all adult members of the requesting household have signed: (1) the township assistance application; and (2) any other form, instrument, or document: (A) required by law; or (B) determined necessary for investigative purposes by the trustee, as contained in the township assistance guidelines. IC 12-20-6-8 (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 6)

TOWNSHIP ASSISTANCE APPLICATIONS

79% of the Township assistance applications could not be located. Those applications that were located were dated from December 4, 2004 to January 13, 2006. Each of these individuals continued to receive assistance after 180 days from the application date had passed.

HARRISON TOWNSHIP, WELLS COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

The trustee shall not extend aid to persons or families unless an affidavit setting forth the personal condition of the family has been filed within one hundred eighty (180) days prior to the date of the extension of aid. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 6)

TOWNSHIP ASSISTANCE - PAYMENTS TO RELATIVE

Township assistance funds were used to pay for shelter at a rental house owned by the applicant's mother. There were nine payments in 2006 totaling \$1,650. There were five payments in 2007 totaling \$2,100.

A trustee may not use township assistance funds to pay for the cost of an applicant's shelter with a relative who is the applicant's landlord if the applicant lives in the same household as the relative; or housing separate from the relative and either the housing is unencumbered by mortgage; or the housing has not been previously rented by the relative to a different tenant at reasonable market rates for at least six (6) months. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 6)

If shelter payments are made to a relative of a township assistance applicant on behalf of the applicant or a member of the applicant's household, the trustee may file a lien against the relative's real property for the amount of township assistance shelter assistance granted. Indiana Code 12-20-6-10 (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 6)

HARRISON TOWNSHIP, WELLS COUNTY
EXIT CONFERENCE

The contents of this report were discussed on December 15, 2008, with Dorrance Stinson, Trustee. The official concurred with our findings.