B34044

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

EXAMINATION REPORT

OF

LOGAN TOWNSHIP

DEARBORN COUNTY, INDIANA

January 1, 2006 to December 31, 2007

FILED

02/02/2009

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OFFICIALS

| Office | Official | Term |
| --- | --- | --- |
| Trustee | Myrtle M. White | 01-01-03 to 12-31-10 |
| Chairman of the Township Board | Richard Baer | 01-01-06 to 12-31-08 |

# STATE OF INDIANA

**AN EQUAL OPPORTUNITY EMPLOYER**

STATE BOARD OF ACCOUNTS
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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF LOGAN TOWNSHIP, DEARBORN COUNTY, INDIANA

We have examined the financial information presented herein of Logan 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 31, 2008

LOGAN TOWNSHIP, DEARBORN 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 | $ 24,196 | $ 6,652 | $ 8,119 | $ 22,729 |
| Dog | 556 | 362 | 278 | 640 |
| Township Assistance | 16,319 | 3,021 | 4,523 | 14,817 |
| Firefighting | 51,009 | 88,314 | 75,110 | 64,213 |
| Rainy Day | 4,627 | - | - | 4,627 |
| Totals | $ 96,707 | $ 98,349 | $ 88,030 | $ 107,026 |

| | Cash and Investments 01-01-07 | Receipts | Disbursements | Cash and Investments 12-31-07 |
|---|---|---|---|---|
| Governmental Funds: | | | | |
| Township | $ 22,729 | $ 3,591 | $ 8,651 | $ 17,669 |
| Dog | 640 | - | 640 | - |
| Township Assistance | 14,817 | 1,732 | 4,456 | 12,093 |
| Firefighting | 64,213 | 38,106 | 78,420 | 23,899 |
| Rainy Day | 4,627 | - | - | 4,627 |
| Totals | $ 107,026 | $ 43,429 | $ 92,167 | $ 58,288 |

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

LOGAN TOWNSHIP, DEARBORN 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.

## BOARD MINUTES

We identified the following deficiencies regarding the keeping of the Board minutes:

1. Election of officers was not documented in the Board minutes.

   IC 36-6-6-7(a) states: "The legislative body shall meet at the office of the executive on the first Tuesday after the first Monday in January of each year. At this meeting the legislative body shall elect one (1) member as chairman for that year and one (1) member as secretary for that year."

2. Board members did not sign minutes for the years 2007 and 2008.

   IC 36-6-6-8 states: "The legislative body shall keep a permanent record of its proceedings in a book furnished by the executive. The secretary of the legislative body shall, under the direction of the legislative body, record the minutes of the proceedings of each meeting in full and shall provide copies of the minutes to each member of the legislative body before the next meeting is convened. After the minutes are approved by the legislative body, the secretary of the legislative body shall place the minutes in the permanent record book. The chairman of the legislative body shall retain the record in his custody.

## DISBURSEMENTS IN EXCESS OF APPROPRIATIONS

Disbursements exceeded approved appropriations for the Firefighting Fund for the year 2007 in the amount of $785.

IC 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."

## TOWNSHIP ASSISTANCE INVESTIGATIONS

Investigations to determine if applicants qualified to receive township assistance were not documented for 100% of the Applications for Township Assistance (Form TA-1) we examined.

IC 12-20-6-9 states in part: "If an application for poor relief 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 . . ."

A similar comment was reported in Report B29429.

## CEMETERY CONTRACTS

Payments were made to an individual in the amount of $500 in the year 2006 and the year 2007 for care of cemeteries. No written contract for this service was 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)

A similar comment was reported in Report B29429.

NO OFFICIAL BOND

An official bond was not filed in the Office of the County Recorder for Myrtle M. White, Trustee.

IC 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 . . ."

IC 5-4-1-9 states: "An officer required to give an official bond shall give the bond before the commencement of his term of office. If the officer fails to give the bond before that time, the officer may not take office.

FEDERAL AND STATE AGENCIES - COMPLIANCE REQUIREMENTS

We found the following deficiencies regarding the processing of payroll and payment to individuals for services performed:

1. Internal Revenue Service Form W-2 used to report employee compensation was not presented for examination for all employees for the years 2006 and 2007.

2. No federal or state income taxes were withheld during the years 2006 and 2007 and no Internal Revenue Service Form W-4 (Employee's Withholding Allowance Certificate) was presented for examination.

3. Amounts paid to the Trustees as rent were not reported by the Trustee on Internal Revenue Service Form 1099-MISC.

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)

A similar comment was reported in Report B29429.

PRESCRIBED FORM

The Board approves appropriations for salaries during the budget process. The Board does not separately approve salaries on Township Form 17, Resolution Recommending Salaries of Township Officers and Employees.

IC 36-6-6-10(b) states in part: "The township legislative body shall fix the:

(1) salaries;

(2) wages;

(3) rates of hourly pay; and

(4) remuneration other than statutory allowances; of all officers and employees of the township."

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)

A similar comment was reported in Report B29429.

BANK ACCOUNT RECONCILIATIONS

Depository reconciliations of the fund balances to the bank account balances were not presented for examination or were incorrect.

IC 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)

ANNUAL REPORT

Township Annual Financial Reports (Form 15) for the years 2006 and 2007 contained an error resulting from the transferring of an incorrect cash balance for the General Fund reported in the year 2004 on Form 15.

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)

A similar comment was reported in Report B29429.

LOGAN TOWNSHIP, DEARBORN COUNTY
EXIT CONFERENCE

The contents of this report were discussed on December 31, 2008, with Myrtle M. White, Trustee.