

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

EXAMINATION REPORT

OF

MADISON TOWNSHIP

DAVISS COUNTY, INDIANA

January 1, 2007 to December 31, 2009



FILED

04/29/2010

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OFFICIALS

Office

Official

Term

Trustee

Paul E. Shafer

01-01-07 to 12-31-10

Chairman of the
Township Board

Cindy Spears

01-01-07 to 12-31-10



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the financial information presented herein of Madison Township (Township), for the period of January 1, 2007 to December 31, 2009. 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, 2007, 2008, and 2009, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

April 5, 2010

MADISON TOWNSHIP, DAVIESS COUNTY
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL FUND TYPES
As Of And For The Years Ended December 31, 2007, 2008, And 2009

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Governmental Funds:				
Township	\$ 58,855	\$ 31,794	\$ 21,883	\$ 68,766
Township Assistance	45,686	14,383	250	59,819
Firefighting	117,811	38,256	39,309	116,758
Dog	836	282	-	1,118
	<u>223,188</u>	<u>84,715</u>	<u>61,442</u>	<u>246,461</u>
Totals	<u>\$ 223,188</u>	<u>\$ 84,715</u>	<u>\$ 61,442</u>	<u>\$ 246,461</u>

	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
Governmental Funds:				
Township	\$ 68,766	\$ 46,466	\$ 24,010	\$ 91,222
Township Assistance	59,819	-	925	58,894
Firefighting	116,758	33,851	18,991	131,618
Dog	1,118	-	-	1,118
	<u>246,461</u>	<u>80,317</u>	<u>43,926</u>	<u>282,852</u>
Totals	<u>\$ 246,461</u>	<u>\$ 80,317</u>	<u>\$ 43,926</u>	<u>\$ 282,852</u>

	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
Governmental Funds:				
Township	\$ 91,222	\$ 44,066	\$ 25,275	\$ 110,013
Township Assistance	58,894	-	1,278	57,616
Firefighting	131,618	38,154	17,907	151,865
Dog	1,118	-	1,118	-
	<u>282,852</u>	<u>82,220</u>	<u>45,578</u>	<u>319,494</u>
Totals	<u>\$ 282,852</u>	<u>\$ 82,220</u>	<u>\$ 45,578</u>	<u>\$ 319,494</u>

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

MADISON TOWNSHIP, DAVIESS 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. 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.

MADISON TOWNSHIP, DAVIESS COUNTY
EXAMINATION RESULTS AND COMMENTS

OFFICIAL BOND

The following official bond was not filed in the Office of the County Recorder:

Paul E. Shafer, 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 . . ."

BANK ACCOUNT RECONCILIATIONS

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

The Township's ledger was not reconciled to the bank by the amount of \$1,681.20 at December 31, for 2007, 2008, and 2009.

A similar comment appeared in prior reports.

IC 5-13-6-1(e) states: "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)

BOARD MINUTES

Actions taken by the Township Board were not always clear. Board minutes did not disclose all proceedings that took place and decisions made by the Township Board.

The Township Board did not organize in the year 2008.

A similar comment appeared in prior reports.

IC 5-14-1.5-4(b) states in part:

"As the meeting progresses, the following memoranda shall be kept:

- (1) The date, time, and place of the meeting.
- (2) The members of the governing body recorded as either present or absent.
- (3) The general substance of all matters proposed, discussed, or decided.

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

- (4) A record of all votes taken, by individual members if there is a roll call.
- (5) Any additional information required under IC 5-1.5-2-2.5."

FEDERAL AND STATE AGENCIES - COMPLIANCE REQUIREMENTS

The Madison Township Trustee did not prepare the Internal Revenue Service (IRS) W-2 forms correctly for the employees. The social security tax withheld and medicare tax withheld was reported with the total of both the employer and employee calculation on the employee W-2's for 2007, 2008, and 2009.

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)

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)

CONTRACTS NOT AVAILABLE FOR REVIEW

Contracts for cleaning services were not presented for review.

A similar comment appeared in prior reports.

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)

CAPITAL ASSET RECORDS

Capital asset records were not maintained. An inventory of all capital assets (vehicles, equipment, land, buildings, etc.) owned by the Township was not taken.

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

A similar comment appeared in prior reports.

Every governmental unit should have a complete inventory of all capital assets owned which reflect their acquisition value. Such inventory should be recorded on the applicable Capital Asset Ledger. A complete inventory should be taken at least every two years for good internal control and for verifying account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

ANNUAL REPORT NOT FILED ELECTRONICALLY

The Trustee did not file the Township Annual Report electronically.

IC 5-11-1-4 states:

"The state examiner shall require from every municipality and every state or local governmental unit, entity, or instrumentality financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each fiscal year. The reports must be filed electronically, in a manner prescribed by the state examiner that is compatible with the technology employed by the political subdivision."

MADISON TOWNSHIP, DAVIESS COUNTY
EXIT CONFERENCE

The contents of this report were discussed on April 5, 2010, with Paul E. Shafer, Trustee.