

B36924

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

EXAMINATION REPORT
OF
LOGAN TOWNSHIP
FOUNTAIN COUNTY, INDIANA
January 1, 2007 to December 31, 2009



FILED
05/12/2010

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OFFICIALS

Office

Official

Term

Trustee

Jack L. Sorters

01-01-07 to 12-31-10

Chairman of the
Township Board

Howard Crawford

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 LOGAN TOWNSHIP, FOUNTAIN COUNTY, INDIANA

We have examined the financial information presented herein of Logan 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

March 15, 2010

LOGAN TOWNSHIP, FOUNTAIN 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, 2007, 2008 And 2009

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Governmental Funds:				
Township	\$ 59,463	\$ 13,001	\$ 18,437	\$ 54,027
Dog	281	-	-	281
Township Assistance	18,395	22,338	14,866	25,867
Firefighting	50,662	16,186	9,407	57,441
Rainy Day	1,847	-	-	1,847
Fiduciary Fund:				
Payroll Withholdings	1,572	1,204	861	1,915
Totals	<u>\$ 132,220</u>	<u>\$ 52,729</u>	<u>\$ 43,571</u>	<u>\$ 141,378</u>
	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
Governmental Funds:				
Township	\$ 54,027	\$ 23,484	\$ 19,897	\$ 57,614
Dog	281	-	-	281
Township Assistance	25,867	13,430	17,510	21,787
Firefighting	57,441	3,322	4,768	55,995
Rainy Day	1,847	-	-	1,847
Fiduciary Fund:				
Payroll Withholdings	1,915	1,199	1,014	2,100
Totals	<u>\$ 141,378</u>	<u>\$ 41,435</u>	<u>\$ 43,189</u>	<u>\$ 139,624</u>
	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
Governmental Funds:				
Township	\$ 57,614	\$ 34,273	\$ 20,476	\$ 71,411
Dog	281	-	-	281
Township Assistance	21,787	28,112	25,881	24,018
Firefighting	55,995	6,995	9,536	53,454
Rainy Day	1,847	-	-	1,847
Fiduciary Fund:				
Payroll Withholdings	2,100	1,195	1,538	1,757
Totals	<u>\$ 139,624</u>	<u>\$ 70,575</u>	<u>\$ 57,431</u>	<u>\$ 152,768</u>

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

LOGAN TOWNSHIP, FOUNTAIN 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). Ordinarily taxes are to be paid in two equal installments which become delinquent if not paid by May 10 and November 10, respectively. In 2007, taxes were due June 8 and November 13 and distributed by December 31, 2007. In 2008, taxes were due November 10 and January 12, 2009 and were distributed February 10, 2009. In 2009, taxes were due July 10 and November 10 and were distributed by December 31, 2009.

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.

LOGAN TOWNSHIP, FOUNTAIN COUNTY
EXAMINATION RESULTS AND COMMENTS

BOARD MINUTES

Minutes of meetings of the governing body were not presented for examination.

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

"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.
- (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."

ANNUAL REPORT

The Annual Report for 2009 was not presented for examination.

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."

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: "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)

LOGAN TOWNSHIP, FOUNTAIN COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

DEPOSIT OF PUBLIC FUNDS

We noted an instance where the Trustee had made a deposit for a county distribution more than 60 days after receipt of of the distribution.

IC 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>Year</u>	<u>Excess Amount Expended</u>
Township Assistance	2009	<u>\$ 470</u>

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."

DOG FUND

The Township has a balance of \$281 in the Dog Fund as of December 31, 2009.

Public Law 162 provides non-code closeout provisions and provides in Section 51 (d) On or before August 1, 2006, the county auditor of each county shall distribute to the township trustees of the townships located in the county: (1) money distributed to the county under subsection (b); and (2) any money remaining in the county dog fund. An equal share of the money described in this subsection shall be distributed to each township trustee. (e) A township trustee who receives a distribution under subsection (d) shall use the distribution: (1) to pay claims filed under IC 15-5-9-9.1 (before its repeal by this act); (2) to pay fees and charges under IC 15-5-9-10 (before its repeal by this act); (3) to provide funding for the humane society designated by the county legislative body under IC 15-5-9-8(d) (before its repeal by this act) to receive a part of each dog tax payment; or (4) if the county legislative body did not designate a humane society under IC 15-5-9-8(d) (before its repeal by this act), to provide funding for the township general fund. (f) If any part of the money distributed to a township trustee under subsection (d) has not been not expended by July 1, 2007, for a purpose allowed under subsection (e), the township trustee shall distribute the remainder of the distribution received under subsection (d) to the county treasurer. If the county option dog tax under IC 6-9-39, as added by this act, is in effect in the county on July 1, 2007, the county treasurer shall deposit the money in the county option dog tax fund established under IC 6-9-39-6(a), as added by this act. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 7)

LOGAN TOWNSHIP, FOUNTAIN COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

IC 36-1-8-5 states in part:

"(a) This section applies to all funds raised by a general or special tax levy on all the taxable property of a political subdivision.

(b) Whenever the purposes of a tax levy have been fulfilled and an unused and unencumbered balance remains in the fund, the fiscal body of the political subdivision shall order the balance of that fund to be transferred as follows, unless a statute provides that it be transferred otherwise: . . .

(4) Funds of any other political subdivision, to the general fund or rainy day fund of the political subdivision, as provided in section 5.1 of this chapter."

CONTRACTS

Records presented for examination indicated payments were made for mowing in 2007, 2008, and 2009 without a contract or invoices.

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)

DISBURSEMENT DOCUMENTATION

Several payments were observed which did not contain adequate supporting documentation such as receipts and invoices. The Township Assistance Form TA-1 was not on file for all applicants. 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)

FEDERAL AND STATE AGENCIES - COMPLIANCE REQUIREMENTS

The Township did not comply with directives of the Internal Revenue Service by not filing quarterly payroll withholding payments timely and not including all payments to employees on Internal Revenue Service Forms W-2 or 1099.

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)

LOGAN TOWNSHIP, FOUNTAIN COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

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)

LOGAN TOWNSHIP, FOUNTAIN COUNTY
EXIT CONFERENCE

The contents of this report were discussed on March 15, 2010, with Jack L. Sorters, Trustee. The official concurred with our findings.