

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

EXAMINATION REPORT
OF
MADISON TOWNSHIP
MONTGOMERY COUNTY, INDIANA
January 1, 2007 to December 31, 2009



FILED

05/14/2010

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OFFICIALS

Office

Official

Term

Trustee

David O. Layton

01-01-07 to 12-31-10

Chairman of the
Township Board

Steven Hudson

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, MONTGOMERY 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 19, 2010

MADISON TOWNSHIP, TIPPECANOE 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	\$ 51,318	\$ 13,962	\$ 22,883	\$ 42,397
Township Assistance	8,374	23,209	33,841	(2,258)
Firefighting	194,895	82,483	111,265	166,113
Dog	511	-	-	511
Recreation	2,240	1,707	3,058	889
Levy Excess	-	3,084	-	3,084
Totals	<u>\$ 257,338</u>	<u>\$ 124,445</u>	<u>\$ 171,047</u>	<u>\$ 210,736</u>

	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
Governmental Funds:				
Township	\$ 42,397	\$ 21,663	\$ 24,487	\$ 39,573
Township Assistance	(2,258)	92,334	63,491	26,585
Firefighting	166,113	166,612	75,406	257,319
Dog	511	-	-	511
Recreation	889	4,421	3,650	1,660
Levy Excess	3,084	-	3,084	-
Totals	<u>\$ 210,736</u>	<u>\$ 285,030</u>	<u>\$ 170,118</u>	<u>\$ 325,648</u>

	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
Governmental Funds:				
Township	\$ 39,573	\$ 14,832	\$ 26,402	\$ 28,003
Township Assistance	26,585	49,785	33,244	43,126
Firefighting	257,319	115,452	131,594	241,177
Dog	511	-	-	511
Recreation	1,660	2,937	3,650	947
Rainy Day	-	3,660	-	3,660
Totals	<u>\$ 325,648</u>	<u>\$ 186,666</u>	<u>\$ 194,890</u>	<u>\$ 317,424</u>

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

MADISON TOWNSHIP, MONTGOMERY 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.

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.

Note 6. Subsequent Event

The Township purchased a Fire Truck in the amount of \$167,001 from its Firefighting Fund on April 16, 2010.

MADISON TOWNSHIP, MONTGOMERY COUNTY
EXAMINATION RESULTS AND COMMENTS

FEDERAL AND STATE AGENCIES - COMPLIANCE REQUIREMENTS

The Madison Township Trustee did not comply with Federal and State reporting requirements during the examination period. Wages were paid and taxes were withheld; however, Federal Form 941, Employer's Quarterly Federal Tax Returns, were not prepared for 2008 and 2009. Federal Form W-2, Wage and Tax Statements, and Federal Form 1099, Miscellaneous Income Statements were not prepared during our examination period. No State reports on earnings were prepared during our examination period. A similar comment appeared in prior Reports B26921 and B30128.

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)

ANNUAL REPORT NOT FILED WITH COUNTY AUDITOR

The Township Trustee did not file the 2009 Annual Report or accompanying vouchers with the Montgomery County Auditor.

IC 36-6-6-9(a) states: "The legislative body shall meet on or before the third Tuesday after the first Monday in January of each year. At this meeting it shall consider and approve, in whole or in part, the annual report of the executive presented under IC 36-6-4-12."

IC 36-6-4-12(d) states in part: "Within ten (10) days after the legislative body's action under IC 36-6-6-9, the executive shall file a copy of the report and its accompanying vouchers, as adopted by the legislative body, in the county auditor's office."

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

TOWNSHIP ASSISTANCE STANDARDS

The Township Board established Township Assistance Standards in 1999; however, these standards have not been updated and the Township Trustee did not always follow these standards.

The Township Trustee shall process all applications for Township assistance according to uniform written standards and without consideration of the race, creed, nationality, or gender of the applicant or any member of the applicant's household.

The Township's standards for the issuance of Township assistance and the processing of applications must be:

1. Governed by the requirements of this article;
2. Proposed by the township trustee, adopted by the township board, and filed with the board of county commissioners;
3. Reviewed and updated annually to reflect changes in the cost of basic necessities in the township and changes in the law;
4. Published in a single written document, including addenda attached to the document; and
5. Posted in a place prominently visible to the public in all offices of the township trustee where township assistance applications are taken or processed.

(Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 6)

CONTRACTS

Records presented for examination indicated payments were made to the Madison Township Fire Department for fire protection services in 2007, 2008, and 2009 without a contract.

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)

OVERDRAWN FUND BALANCES

The Township Assistance Fund was overdrawn on December 31, 2007.

The balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

MADISON TOWNSHIP, MONTGOMERY COUNTY
EXIT CONFERENCE

The contents of this report were discussed on April 19, 2010, with David O. Layton, Trustee. The official concurred with our findings.