

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

EXAMINATION REPORT  
OF  
ANDERSON TOWNSHIP  
MADISON COUNTY, INDIANA  
January 1, 2009 to December 31, 2010



**FILED**  
09/14/2011



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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Barbara Johnson Brenda Jones	01-01-07 to 12-31-10 01-01-11 to 12-31-14
Chairman of the Township Board	Larry Burns Aaron Higgins Larry Burns	01-01-09 to 12-31-09 01-01-10 to 12-31-10 01-01-11 to 12-31-11



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the financial statements of Anderson Township (Township), for the period of January 1, 2009 to December 31, 2010. The Township's management is responsible for the financial statements. 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 statements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

As discussed in Note 1, the Township prepares its financial statements on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The basis noted above is a different basis than that used in the prior year.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the Township for the years ended December 31, 2009 and 2010, on the basis of accounting described in Note 1.

The Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statements. They have not been subjected to the examination procedures applied to the financial statements and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the Township's management, Township Board, and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

August 10, 2011

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FINANCIAL STATEMENTS

ANDERSON TOWNSHIP, MADISON COUNTY  
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For The Year Ended December 31, 2009

	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
Township	\$ 6,412	\$ 156,956	\$ 115,271	\$ 48,097
Township Assistance	131,831	400,229	483,912	48,148
Payroll Withholding	-	110,010	109,589	421
Totals	<u>\$ 138,243</u>	<u>\$ 667,195</u>	<u>\$ 708,772</u>	<u>\$ 96,666</u>



ANDERSON TOWNSHIP, MADISON COUNTY  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For The Year Ended December 31, 2010

	Cash and Investments 01-01-10	Receipts	Disbursements	Cash and Investments 12-31-10
Township	\$ 48,097	\$ 92,393	\$ 115,903	\$ 24,587
Township Assistance	48,148	375,718	418,344	5,522
Levy Excess	-	1,095	-	1,095
Rainy Day	-	639	-	639
Payroll Withholding	421	147,892	148,133	180
Totals	<u>\$ 96,666</u>	<u>\$ 617,737</u>	<u>\$ 682,380</u>	<u>\$ 32,023</u>

ANDERSON TOWNSHIP, MADISON COUNTY  
NOTES TO FINANCIAL INFORMATION

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The Township was established under the laws of the State of Indiana. The Township operates under a township trustee/township board form of government and provides some or all of the following services: public safety (fire), health and social services (township assistance), and general administrative services.

The accompanying financial statements present the financial information for the Township (primary government), and does not include financial information for any of the Township's legally separate component units, which accounting principles generally accepted in the United States of America require to be reported with the financial information of the Township (primary government.)

B. Basis of Accounting

The financial statements are reported on a regulatory basis of accounting prescribed by the State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when received and disbursements are recorded when paid.

The regulatory basis of accounting differs from accounting principles generally accepted in the United States of America in that receipts are recognized when received in cash rather than when earned and disbursements are recognized when paid rather than when a liability is incurred.

C. Cash and Investments

Investments are stated at cost. Any changes in fair value of the investments are reported as receipts in the year of the sale of the investment.

D. Receipts

Receipts are presented in the aggregate on the face of the financial statements. The aggregate receipts may include, but are not limited to, the following sources:

Taxes, which can include one or more of the following: property taxes, certified shares (local option tax), property tax replacement credit (local option tax), county option income tax, wheel tax, innkeepers tax, food and beverage tax, county economic development income tax, boat and trailer excise tax county adjusted gross income tax, and other taxes that are set by the Township.

Special assessments which includes amounts levied against certain properties to defray all or part of the cost of a specific capital improvement or service deemed to benefit primarily those properties.

License and permits which includes amounts received from businesses, occupations, or nonbusinesses that must be licensed before doing business within the government's jurisdiction or permits levied according to the benefits presumably conferred by the

ANDERSON TOWNSHIP, MADISON COUNTY  
NOTES TO FINANCIAL INFORMATION  
(Continued)

permit. Examples of license and permits include: peddler licenses; dog tax licenses, auctioneer license, building and planning permits, demolition permits, electrical permits, sign permits; and gun permits.

Intergovernmental receipts which includes receipts from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of this type of receipts includes, but is not limited to: federal grants, state grants, cigarette tax distributions received from the state, motor vehicle highway distribution received from the state, local road and street distribution received from the state, financial institution tax received from the state, auto excise surtax received from the state, commercial vehicle excise tax received from the state, major moves distributions received from the state, and riverboat receipts received from the county.

Charges for services which can include, but are not limited to the following: planning commission charges, building department charges, copies of public records; copy machine charges; accident report copies, gun permit applications, 911 telephone services; recycling fees, dog pound fees; emergency medical service fees, park rental fees; swimming pool receipts; cable tv receipts; ordinance violations; fines and fees, bond forfeitures, court costs, and court receipts.

Fines and forfeits which includes receipts derived from fines and penalties imposed for the commission of statutory offenses, violation of lawful administrative rules and regulations (fines), and for the neglect of official duty and monies derived from confiscating deposits help as performance guarantees (forfeitures).

Net proceeds from borrowings which includes receipts from general obligation bonds, notes and loans.

Intergovernmental loan activity which includes amounts received from other funds as loans on a temporary basis.

Transfers in which includes funds authorized by statute, ordinance, resolution or court order to be transferred in from another fund.

Internal service receipts which are comprised mostly of fees received for services performed for other funds.

Fiduciary receipts which are comprised mostly of contributions to the pensions funds from state and local sources.

E. Disbursements

Disbursements are presented in the aggregate on the face of the financial statements. The aggregate disbursements may include, but are not limited to, the following uses:

Personal services which includes outflows for salaries, wages and related employee benefits provided for all persons employed. In those units where sick leave, vacation leave, overtime compensation, and other such benefits are appropriated separately, such payments would also be included.

ANDERSON TOWNSHIP, MADISON COUNTY  
NOTES TO FINANCIAL INFORMATION  
(Continued)

Supplies which includes articles and commodities that are entirely consumed and materially altered when used and/or show rapid depreciation after use for a short period of time. Examples of supplies include office supplies, operating supplies, and repair and maintenance supplies.

Other services and charges which includes, but is not limited to: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance; and rental charges.

Debt service principle and interest which includes fixed obligations resulting from financial transactions previously entered into by the Township. It includes all expenditures for the reduction of the principal and interest of the Township's general obligation indebtedness.

Capital outlay which includes all outflows for land, infrastructure, buildings, improvements, machinery and equipment having an appreciable and calculable period of usefulness.

Interfund loan payments and loans made which includes amounts that are owed to a particular fund by another fund.

Transfers out which includes funds authorized by statute, ordinance, resolution or court order to be transferred to another fund.

F. Interfund Transfers

The Township may, from time to time, transfer money from one fund to another. These transfers, if any, are included as a part of the receipts and disbursements of the affected funds and as a part of total receipts and disbursements. The transfers are used for cash flow purposes as provided by various statutory provisions.

G. Fund Accounting

Separate funds are established, maintained, and reported by the Township. Each fund is used to account for money received from and used for specific sources and uses as determined by various regulations. Restrictions on some funds are set by statute while other funds are internally restricted by the Township. The money accounted for in a specific fund may only be available for use for certain, legally restricted purposes. Additionally, some funds are used to account for assets held by the Township in a trustee capacity as an agent of individuals, private organizations, other funds, or other governmental units and therefore the funds cannot be used for any expenditures of the unit itself.

Note 2. Budgets

The operating budget is initially prepared and approved at the local level. The fiscal officer of the Township submits a proposed operating budget to the governing board for the following calendar year. The budget is advertised as required by law. Prior to adopting the budget, the governing board conducts public hearings and obtains taxpayer comments. Prior to November 1, the governing board approves the budget for the next year. The budget for funds for which property taxes are levied is subject to final approval by the Indiana Department of Local Government Finance.

ANDERSON TOWNSHIP, MADISON COUNTY  
NOTES TO FINANCIAL INFORMATION  
(Continued)

Note 3. Property Taxes

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the Township in June and December; however, situations can arise which would delay the distributions. 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 normally become delinquent if not paid by May 10 and November 10, respectively.

Note 4. Deposits and Investments

Deposits, made in accordance with state statute (IC 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 5. Risk Management

The Township may be exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents; and natural disasters.

These risks can be mitigated through the purchase of insurance, establishment of a self-insurance fund, and/or participation in a risk pool. The purchase of insurance transfers the risk to an independent third party. The establishment of a self-insurance fund allows the Township to set aside money for claim settlements. The self-insurance fund would be included in the financial statements. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks. These risks may also be mitigated by the Township by recording as a disbursement and replacement items purchased.

Note 6. Pension Plan

Public Employees' Retirement Fund

Plan Description

The Indiana Public Employees' Retirement Fund (PERF) is a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF Board,

ANDERSON TOWNSHIP, MADISON COUNTY  
NOTES TO FINANCIAL INFORMATION  
(Continued)

most requirements of the system, and give the Township authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

PERF administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

Public Employees' Retirement Fund  
Harrison Building, Room 800  
143 West Market Street  
Indianapolis, IN 46204  
Ph. (317) 233-4162

Funding Policy and Annual Pension Cost

The contribution requirements of the plan members for PERF are established by the Board of Trustees of PERF.

SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the Township's Annual Reports can be found on the Indiana Transparency Portal website: [www.in.gov/itp/annual\\_reports/](http://www.in.gov/itp/annual_reports/).

ANDERSON TOWNSHIP, MADISON COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2009

	<u>Township</u>	<u>Township Assistance</u>	<u>Payroll Withholding</u>	<u>Totals</u>
Cash and investments - beginning	\$ 6,412	\$ 131,831	\$ -	\$ 138,243
Receipts:				
Taxes	153,057	355,203	-	508,260
Other receipts	<u>3,899</u>	<u>45,026</u>	<u>110,010</u>	<u>158,935</u>
Total receipts	<u>156,956</u>	<u>400,229</u>	<u>110,010</u>	<u>667,195</u>
Disbursements:				
Personal services	68,554	264,597	-	333,151
Supplies	1,230	2,783	-	4,013
Other services and charges	42,032	61,610	-	103,642
Capital outlay	3,455	40,000	-	43,455
Other disbursements	<u>-</u>	<u>114,922</u>	<u>109,589</u>	<u>224,511</u>
Total disbursements	<u>115,271</u>	<u>483,912</u>	<u>109,589</u>	<u>708,772</u>
Excess (deficiency) of receipts over disbursements	<u>41,685</u>	<u>(83,683)</u>	<u>421</u>	<u>(41,577)</u>
Cash and investments - ending	<u>\$ 48,097</u>	<u>\$ 48,148</u>	<u>\$ 421</u>	<u>\$ 96,666</u>



ANDERSON TOWNSHIP, MADISON COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2010

	Township	Township Assistance	Levy Excess	Rainy Day	Payroll Withholding	Totals
Cash and investments - beginning	\$ 48,097	\$ 48,148	\$ -	\$ -	\$ 421	\$ 96,666
Receipts:						
Taxes	87,804	364,237	-	-	-	452,041
Charges for services	500	-	-	-	-	500
Other receipts	4,089	11,481	1,095	639	147,892	165,196
Total receipts	<u>92,393</u>	<u>375,718</u>	<u>1,095</u>	<u>639</u>	<u>147,892</u>	<u>617,737</u>
Disbursements:						
Personal services	69,793	264,877	-	-	-	334,670
Supplies	5,022	2,180	-	-	-	7,202
Other services and charges	36,657	77,849	-	-	-	114,506
Capital outlay	4,431	-	-	-	-	4,431
Other disbursements	-	73,438	-	-	148,133	221,571
Total disbursements	<u>115,903</u>	<u>418,344</u>	<u>-</u>	<u>-</u>	<u>148,133</u>	<u>682,380</u>
Excess (deficiency) of receipts over disbursements	<u>(23,510)</u>	<u>(42,626)</u>	<u>1,095</u>	<u>639</u>	<u>(241)</u>	<u>(64,643)</u>
Cash and investments - ending	<u>\$ 24,587</u>	<u>\$ 5,522</u>	<u>\$ 1,095</u>	<u>\$ 639</u>	<u>\$ 180</u>	<u>\$ 32,023</u>

ANDERSON TOWNSHIP, MADISON COUNTY  
EXAMINATION RESULTS AND COMMENTS

**TRAVEL POLICY**

A travel policy was not presented for examination. Due to the lack of a travel policy, we were unable to test travel expenditures to guidelines established by the Township Board.

Each governmental unit should adopt a written travel policy in conformity with applicable statutes. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

**ANNUAL REPORT**

When reviewing the Annual Report to the Township's Ledger, it was identified that the Township did not report the activity of the Payroll Withholding fund on the Annual Report. The total of receipts and disbursements for Township were understated on the 2009 and 2010 Annual Reports because of this omission. The examined financial statements presented include the proper activity of the Payroll Withholding fund for the two year period.

Indiana Code 5-11-1-4 states:

"(a) 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."

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

**CONTRACTS**

Records presented for examination indicated payments were made for mowing services in 2009 and 2010 without a contract. In 2009, the Township paid \$7,397.17 and in 2010, the unit paid \$6,804.98 for mowing services.

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)

ANDERSON TOWNSHIP, MADISON COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on August 10, 2011, with Brenda Jones, Trustee; Barbara Johnson, former Trustee; and Larry Burns, Chairman of the Township Board. The officials concurred with our findings.