

Follow up regarding group discussion of 1) impact of property tax caps, 2) Indiana state legislative discussion on the inefficiency of township government, 3) impact of sale of WRT Administration building on WRT tax rate

Trustee sold the Township Admin building in order to reduce expense the township had been incurring to pay for the building. Annual cost of the building was prox \$146,000 of the roughly \$400,000 township budget. By selling the building the residents would expect the township tax rate to decrease substantially. The building was sold in 2007. See chart below showing budget and tax rate from 2006 through 2010.

	2006	2007	2008	2009	2010
Budget (\$000)	\$421	\$415	\$389	\$420	\$420/\$366
Tax Rate (per \$00)	\$.0089	\$.0083	\$.0083	\$.0108	\$.0106

Even though the sale of the building in 2007 resulted in a \$146,000 drop in expenses, neither the budget nor the tax rate reflected this decrease. The logical conclusion would be that the township should have excess cash.

Review of the Annual Financial Report Sent to the State Board of Accounts showed the following cash/investment balances at the end of 2007, 2008, and 2009.

	12/31/07	12/31/08	12/31/09
Cash/Investments (\$000)	\$209	\$324	\$274 ?????

Obvious question would seem to be “why would cash and investments DECREASE in 2009 when the budget has remained virtually the same as it was in 2006 while in both 2008 and 2009 the township expenses dropped by \$146,000?”

To answer that question it was necessary to do a more detailed examination of 2008 and 2009 reports sent to the State Board of Accounts.

Following are conclusions that resulted from that examination:

- A check from the county dated Dec 30, 2009 was received in the mail on Jan 4, 2010 but was not treated as a 2009 receipt. The amount of that check was \$103,982.65. The check clearly related to 2009 as a similar check is mailed out every year end. The explanation offered for failing to properly record this check was that it wasn't physically received until the mail was opened on January 4. However legal bills were also received on January 4 or thereafter and such bills were recorded as 2009 expenses. Why was a check received on January 4 not treated as 2009 business while at the same time legal bills received on January 4 or later WERE treated as 2009 business??

- A review of the financial statements showed that many of the receipts from the county were being misclassified by the Township office.
- The amount of interest income was misstated in 2008. The amount reported on township financial statements was \$1028.84 and the amount reported on the IRS 1099 was \$4026.26. No entry was made in 2009 to correct this difference.
- The interest income on the 2009 report also appears to be incorrect. The above error from 2008 was not corrected in 2009. In addition the interest income reported for the CD held throughout 2009 seems to have been understated. Interest income alone at 3.5% on the \$125,000 CD held in 2009 is \$4375 but income on the 2009 report was only \$3,679.58
- More important than the above is the fact that the 2008 report failed to include a CD that was purchased for \$174,437.14. It also failed to report the sale of a \$150,000 CD. In addition the 2009 report showed a purchase and sale of a \$125,000 CD when it appears that no such purchase or sale occurred during the year.

CONCLUSION IS THAT IN BOTH 2008 AND 2009 RECORD KEEPING AND FINANCIAL REPORTING ARE UNSATISFACTORY. THIS MAY WELL BE THE CASE IN OTHER TOWNSHIPS AND THE SITUATION IN WHITE RIVER TOWNSHIP JUST SUPPORTS THE LEGISLATIVE EFFORT TO MOVE THE FUNCTION OF TOWNSHIP GOVERNMENT TO THE COUNTY LEVEL.

4/9/2010