

**STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2765**

EXAMINATION REPORT

OF

BROOKVILLE TOWNSHIP

FRANKLIN COUNTY, INDIANA

January 1, 2002 to December 31, 2005



FILED

08/30/2006

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OFFICIALS

Office

Official

Term

Trustee

Daniel D. Dorrel

01-01-99 to 12-31-06

Chairman of the
Township Board

Frank Deutsch

01-01-02 to 12-31-06



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF BROOKVILLE TOWNSHIP, FRANKLIN COUNTY, INDIANA

We have examined the schedules of receipts, disbursements, and cash and investment balances of Brookville Township (Township), for the period of January 1, 2002 to December 31, 2005. The Township's management is responsible for the schedules. 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 schedule of receipts, disbursements, and cash and investment balances 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 schedules referred to above present fairly, in all material respects, the cash transactions of the Township for the years ended December 31, 2002, 2003, 2004, and 2005, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

August 3, 2006

BROOKVILLE TOWNSHIP, FRANKLIN COUNTY
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL FUND TYPES
As Of And For The Years Ended December 31, 2002, 2003, 2004, And 2005

	Cash and Investments 01-01-02	Receipts	Disbursements	Cash and Investments 12-31-02
Governmental Funds:				
General	\$ 33,942	\$ 38,066	\$ 20,125	\$ 51,883
Dog	437	403	349	491
Township Assistance	2,803	27,697	23,390	7,110
Firefighting	6,931	7,863	11,082	3,712
Totals	<u>\$ 44,113</u>	<u>\$ 74,029</u>	<u>\$ 54,946</u>	<u>\$ 63,196</u>

	Cash and Investments 01-01-03	Receipts	Disbursements	Cash and Investments 12-31-03
Governmental Funds:				
General	\$ 51,883	\$ 3,088	\$ 36,456	\$ 18,515
Dog	491	382	231	642
Township Assistance	7,110	38,014	37,866	7,258
Firefighting	3,712	11,814	11,636	3,890
Totals	<u>\$ 63,196</u>	<u>\$ 53,298</u>	<u>\$ 86,189</u>	<u>\$ 30,305</u>

	Cash and Investments 01-01-04	Receipts	Disbursements	Cash and Investments 12-31-04
Governmental Funds:				
General	\$ 18,515	\$ 9,424	\$ 21,038	\$ 6,901
Dog	642	354	892	104
Township Assistance	7,258	46,572	39,305	14,525
Firefighting	3,890	12,118	12,218	3,790
Totals	<u>\$ 30,305</u>	<u>\$ 68,468</u>	<u>\$ 73,453</u>	<u>\$ 25,320</u>

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds:				
General	\$ 6,901	\$ 16,656	\$ 20,275	\$ 3,282
Dog	104	304	150	258
Township Assistance	14,525	37,708	44,162	8,071
Firefighting	3,790	11,128	12,829	2,089
Cemetery	-	3,250	1,631	1,619
Totals	<u>\$ 25,320</u>	<u>\$ 69,046</u>	<u>\$ 79,047</u>	<u>\$ 15,319</u>

The accompanying notes are an integral part of the schedules.

BROOKVILLE TOWNSHIP, FRANKLIN COUNTY
NOTES TO SCHEDULES

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.

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.

BROOKVILLE TOWNSHIP, FRANKLIN COUNTY
EXAMINATION RESULTS AND COMMENTS

DOG TAX ADMINISTRATIVE FEE

Administrative fees for dog tax were not receipted to the Township Fund. The Trustee transferred \$69.50 to the Township Assistance Fund in 2002 for administrative fees.

A similar comment appeared in the prior audit report.

Indiana Code 15-5-9-1 states in part: "For each individual dog tag or kennel license issued under this chapter, the township assessor (or trustee who collects the fee) shall retain from the fee described in this section, an administrative fee of fifty cents (\$0.50). Administrative fees collected by the assessor shall be deposited in the county general fund, and administrative fees collected by the trustee shall be deposited in the township general fund."

OFFICIAL BOND

The following official bonds were not filed in the Office of the County Recorder:

Dan D. Dorrel for the years 2004 and 2005

Indiana Code 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 . . ."

APPROPRIATIONS

The records presented for audit indicated the following expenditures in excess of budgeted appropriations:

<u>Fund</u>	<u>Year</u>	<u>Excess Amount Expended</u>
Township Fund	2003	\$ 6,086
Township Assistance	2003	12,866

Indiana Code 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."

CONTRACTS

Records presented for audit indicate payments were made to individuals for maintaining cemeteries in 2004 and 2005 without a contract.

A similar comment appeared in the prior audit report.

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)

BROOKVILLE TOWNSHIP, FRANKLIN COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

REPAYMENTS AND TRANSFERS

The Township paid some local tax distributions from the Township Fund and the Firefighting Fund to the Township Assistance Fund in 2002 and 2003. Advance draws of tax collections caused negative distributions to the Township Fund and the Township Assistance Fund in 2005 which were withheld from the Firefighting Fund. The net amounts to be transferred between the funds are:

Township Fund to Firefighting Fund	\$ 179.53
Township Assistance Fund to Firefighting Fund	1,467.40
Township Assistance Fund to Township Fund	275.56

Payments or transfers which are not authorized by statute, ordinance, resolution, or court order must be reimbursed or transferred to the appropriate fund. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

SALARY RESOLUTION

Salaries of Township officers were set and recorded in the minutes of the Township Board each year. However, the Certificate of Appropriations signed for 2002 establishing the budgets, including salaries, did not always agree with the minutes. Township Form 17 (Resolution Recommending Salaries of Township Officers and Employees) was not presented for 2003, 2004, or 2005.

A similar comment appeared in the prior audit report.

Indiana Code 36-6-6-10 requires the township board to set the salaries; wages; rates of hourly pay; and remuneration other than statutory allowances of all township officials and employees, except assessing officials and employees, for the year 1985 and each year thereafter. However, please remember the township board should record the salaries so fixed in the Township Board minutes. A type of format for recording these salaries should be the existing format of Township Form 17. We recommended the board set the salaries of township officials and employees, except assessing officials and employees, in conjunction with the preparation and completion of the township budget. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 2)

OVERPAYMENT OF COMPENSATION

Daniel D. Dorrel, Township Trustee, received \$9,900 in payments for the years 2002, 2003, 2004, and 2005 for the position of Township Assistance Administrator. Daniel D. Dorrel also received \$4,000 for the year 2005 for Township Clerk wages.

We are not aware of any statutory provisions which would allow a trustee to circumvent a township board's authority to "fix the salaries" of a trustee by "contracting with themselves" to provide cemetery care, paying themselves from poor relief, etc. Therefore, the State Board of Accounts is of the audit position that (with the exception provided for assessing) compensation provided by a township board in accordance with Indiana Code 36-6-6-10 is all inclusive for duties performed by a trustee. (Township Bulletin and Uniform Compliance Guidelines, Volume 262)

Daniel D. Dorrel repaid the Township \$13,900 on August 8, 2006. (See summary, page 11)

BROOKVILLE TOWNSHIP, FRANKLIN COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

BANK ACCOUNT RECONCILIATIONS

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

Indiana Code 5-13-6-1(e) states in part: "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)

DISBURSEMENT DOCUMENTATION

Several payments were observed which did not contain adequate supporting documentation such as receipts, and invoices.

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)

PAYROLL DEDUCTIONS

Payments to all employees were made without payroll deductions for taxes.

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)

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)

BROOKVILLE TOWNSHIP, FRANKLIN COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

FEDERAL AND STATE AGENCIES - COMPLIANCE REQUIREMENTS

The Township did not comply with directives of the Internal Revenue Service and the Department of Revenue by failing to file W-2 forms for any employees in 2003, 2004, and 2005. Also, the Trustee did not include all of the salary paid to him on the W-2 issued in 2002.

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.

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DONATIONS

The Township donated \$500 to \$1,000 to Noah's Fireworks each year and \$200 to the Franklin County Historical Society.

Governmental funds should not be donated or given to other organizations, individuals, or governmental units unless specifically authorized by statute. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

BROOKVILLE TOWNSHIP, FRANKLIN COUNTY
EXIT CONFERENCE

The contents of this report were discussed on August 3, 2006, with Daniel D. Dorrel, Trustee.

BROOKVILLE TOWNSHIP, FRANKLIN COUNTY
SUMMARY

	Charges	Credits	Balance Due
Daniel D. Dorrel, Township Trustee: Overpayment of Compensation, page 7 Daniel D. Dorrel, Paid August 8, 2006	\$ 13,900 <hr/>	\$ 13,900 <hr/>	\$ - <hr/>
Totals	<u>\$ 13,900</u>	<u>\$ 13,900</u>	<u>\$ -</u>