

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

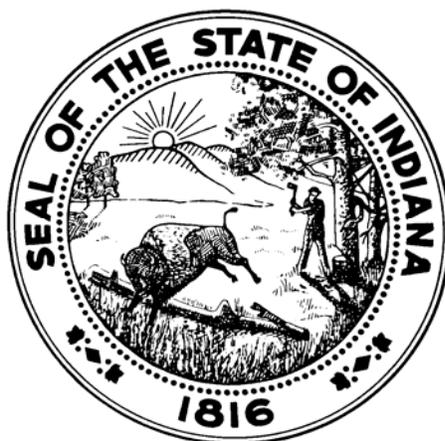
EXAMINATION REPORT

OF

BLOOMING GROVE TOWNSHIP

FRANKLIN COUNTY, INDIANA

January 1, 2002 to December 31, 2005



FILED
10/18/2006

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Vivian June Shepler	01-01-99 to 12-31-06
Chairman of the Township Board	Jeffrey Sauerland Kenneth Hildebrand	01-01-02 to 12-31-02 01-01-03 to 12-31-06



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF BLOOMING GROVE TOWNSHIP, FRANKLIN COUNTY, INDIANA

We have examined the schedules of receipts, disbursements, and cash and investment balances of Blooming Grove 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 30, 2006

BLOOMING GROVE 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	\$ 29,784	\$ 8,584	\$ 14,120	\$ 24,248
Dog	30	161	220	(29)
Township Assistance	14,750	2,459	1,024	16,185
Firefighting	16,545	23,443	6,000	33,988
Levy Excess	500	-	-	500
Totals	<u>\$ 61,609</u>	<u>\$ 34,647</u>	<u>\$ 21,364</u>	<u>\$ 74,892</u>

	Cash and Investments 01-01-03	Receipts	Disbursements	Cash and Investments 12-31-03
Governmental Funds:				
General	\$ 24,248	\$ 3,668	\$ 13,686	\$ 14,230
Dog	(29)	45	-	16
Township Assistance	16,185	1,251	2,008	15,428
Firefighting	33,988	6,262	6,053	34,197
Levy Excess	500	214	-	714
Totals	<u>\$ 74,892</u>	<u>\$ 11,440</u>	<u>\$ 21,747</u>	<u>\$ 64,585</u>

	Cash and Investments 01-01-04	Receipts	Disbursements	Cash and Investments 12-31-04
Governmental Funds:				
General	\$ 14,230	\$ 20,737	\$ 15,560	\$ 19,407
Dog	16	25	-	41
Township Assistance	15,428	5,058	900	19,586
Firefighting	34,197	3,609	7,000	30,806
Levy Excess	714	-	-	714
Totals	<u>\$ 64,585</u>	<u>\$ 29,429</u>	<u>\$ 23,460</u>	<u>\$ 70,554</u>

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds:				
General	\$ 19,407	\$ 16,157	\$ 19,170	\$ 16,394
Dog	41	247	-	288
Township Assistance	19,586	4,352	1,501	22,437
Firefighting	30,806	2,105	8,000	24,911
Levy Excess	714	-	-	714
Totals	<u>\$ 70,554</u>	<u>\$ 22,861</u>	<u>\$ 28,671</u>	<u>\$ 64,744</u>

The accompanying notes are an integral part of the schedules.

BLOOMING GROVE 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.

BLOOMING GROVE TOWNSHIP, FRANKLIN COUNTY
EXAMINATION RESULTS AND COMMENTS

OFFICIAL BOND

The official bonds for Vivian June Shepler from 2002 to 2006 were not filed in the Office of the County Recorder.

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 . . ."

GENERAL FORM 100R

The Trustee has not filed the 2002, 2003, 2004, and 2005 Form 100R, Certified Report of Names, Addresses, Duties and Compensation of Public Employees.

Each township trustee shall, during the month of January of each year, make and sign a written or printed certified report, correctly and completely showing the names and addresses of each and all officers and employees of the township and the respective duties and compensation of each. The report must be filed (on Form 100R) in the office of the State Examiner of the State Board of Accounts, Room E418, State Office Building, Indianapolis, Indiana, 46204-2765 (Indiana Code 5-11-13-1).

OVERPAYMENT OF COMPENSATION

The Trustee paid the Township Clerk and the Township Board members \$600 each in the year 2002. The salary of the Township Clerk and Township Board members, as established by the budget approved by the Township Board, for the year 2003 was \$550 each. The Trustee paid the Township Clerk and the Township Board members \$650 each in the year 2005. The salary of the Township Clerk and Township Board members was \$600 each, resulting in an overpayment of \$100 for the Township Clerk and Township Board members, respectively. We have requested that Brent Shepler, Kenneth Hildebrand, Jeff Saureland and Jeff Davis repay the township \$100 each. The officials repaid the Township on August 24, 2006. (See Summary, page 10)

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, resolution, or salary schedule adopted by the governing body unless otherwise authorized by statute. Compensation should be made in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 17)

Governmental units should collect any overpayments made. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

FEDERAL AND STATE AGENCIES - COMPLIANCE REQUIREMENTS

The Trustee did not withhold the proper amounts from the salaries of the Trustee, Township Clerk, and Township Board Members.

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)

BLOOMING GROVE TOWNSHIP, FRANKLIN COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

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)

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)

CONTRACTS

Records presented for audit indicate payments were made to Blooming Grove Volunteer Fire Department for fire protection in 2002, 2004, and 2005 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)

DEPOSIT OF PUBLIC FUNDS

We noted instances where the Trustee was depositing tax distributions up to ten months late. Dog tax receipts were deposited once a year in most cases.

Indiana Code 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."

CONDITION OF RECORDS

The following deficiencies relating to the recordkeeping were noted.

- (1) Record balances were not reconciled to depository balances.

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)

BLOOMING GROVE TOWNSHIP, FRANKLIN COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

- (2) There were a considerable number of posting errors. These errors included deposits not receipted, and checks and receipts not recorded in the proper amounts. The Township Assistance Fund was not being maintained in the Financial and Appropriation Record (Form 1C).

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

PUBLIC RECORDS RETENTION

Dog tags for 2002 and dog tax receipt books for 2005 were not presented for audit.

Indiana Code 5-15-6-3(f) concerning destruction of public records, states in part: "Original records may be disposed of only with the approval of the commission according to guidelines established by the commission."

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)

PENALTIES, INTEREST AND OTHER CHARGES

Penalties and interest totaling \$13.04 were paid to the Internal Revenue Service on October 24, 2005, for the period June 30, 2005.

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)

BLOOMING GROVE TOWNSHIP, FRANKLIN COUNTY
EXIT CONFERENCE

The contents of this report were discussed on August 30, 2006, with Vivian June Shepler, Trustee. The official concurred with our findings.

BLOOMING GROVE TOWNSHIP, FRANKLIN COUNTY
SUMMARY

	<u>Charges</u>	<u>Credits</u>	<u>Balance Due</u>
Brent Shelper, Overpayment of Salary, page 6	\$ 100	\$	\$
Refund from Brent Shelper, August 24, 2006		100	-
Kenneth Hildebrand, Overpayment of Salary, page 6	100		
Refund from Kenneth Hildebrand, August 24, 2006		100	-
Jeff Saureland, Overpayment of Salary, page 6	100		
Refund from Harvey L. Crawley, August 9, 2006		100	-
Jeff Davis, Overpayment of Salary, page 6	100		
Refund from Heather Crawley, August 24, 2006	<u> </u>	<u>100</u>	<u> </u> -
Totals	<u>\$ 400</u>	<u>\$ 400</u>	<u>\$ -</u>