

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

EXAMINATION REPORT

OF

BRANDYWINE TOWNSHIP

HANCOCK COUNTY, INDIANA

January 1, 2005 to December 31, 2005



FILED

10/27/2006

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Richard Digney Marc Hill	01-01-03 to 07-31-05 08-01-05 to 12-31-06
Chairman of the Township Board	Debra Hill	01-01-05 to 12-31-06



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF BRANDYWINE TOWNSHIP, HANCOCK COUNTY, INDIANA

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

STATE BOARD OF ACCOUNTS

September 7, 2006

BRANDYWINE TOWNSHIP, HANCOCK COUNTY
 SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
 ALL GOVERNMENTAL FUNDS
 As Of And For The Year Ended December 31, 2005

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds:				
General	\$ 34,961	\$ 30,199	\$ 17,571	\$ 47,589
Dog	207	-	92	115
Township Assistance	10,569	977	3,560	7,986
Firefighting	24,968	2,821	23,100	4,689
Park and Recreation	9,158	504	500	9,162
Cemetery	3,542	-	-	3,542
Fire Debt	12	665	-	677
	<hr/>	<hr/>	<hr/>	<hr/>
Totals	<u>\$ 83,417</u>	<u>\$ 35,166</u>	<u>\$ 44,823</u>	<u>\$ 73,760</u>

The accompanying notes are an integral part of the schedules.

BRANDYWINE TOWNSHIP, HANCOCK COUNTY
NOTES TO SCHEDULE

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.

BRANDYWINE TOWNSHIP, HANCOCK COUNTY
EXAMINATION RESULTS AND COMMENTS

TOWNSHIP BUDGET NOT PREPARED

A budget was not approved for 2005. The following expenditures were processed without an appropriation:

<u>Fund</u>	<u>Excess Amount Expended</u>
General	\$ 17,571.16
Assistance	3,560.40
Fire Fighting	23,100.00
Park and Recreation	500.00

Also, information was not presented for audit to indicate the Township Board conducted a meeting to adopt the 2006 Budget.

The annual meeting for the adoption of the annual budget, any special meetings, may be held at a convenient place in the township, notice of which shall be given as provided by law. The date of the meeting for the adoption of the annual budget, tax rates and tax levy shall be not later than September 20th. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 5)

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."

FEDERAL AND STATE AGENCIES - COMPLIANCE REQUIREMENTS

Not all of the 2005 compensation paid to the Trustee and the Clerk was not reported on W-2 Forms at year end. Compensation was not subjected to payroll deductions for taxes nor was the employer's share of Social Security and Medicare taxes paid. A similar comet appeared in the prior Examination Report B26709.

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.

BRANDYWINE TOWNSHIP, HANCOCK COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

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)

CONTRACTS

Payments were made for fire protection and cemetery mowing, in 2005, either without contracts or with incomplete contracts. A similar comment appeared in prior Examination Report B26709.

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)

CONDITION OF RECORDS

The following conditions 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)

- (2) There were a considerable number of posting errors. These errors included deposits not receipted, checks and receipts not recorded in the proper amounts, and interest not posted.

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)

RECEIPT ISSUANCE AND POSTING

We noted instances where the Trustee did not post receipts when money was received. The Township received Property Tax distributions, county adjusted gross income tax distributions, and commercial vehicle excise tax distributions totaling \$21,530.67 which were not posted to the 2005 records. Also, the Trustee did not issue a receipt for monies received. A similar comments appeared in prior Audit Report B21460 and Examination Report B26709.

All financial transactions pertaining to the governmental unit should be recorded in the records of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

BRANDYWINE TOWNSHIP, HANCOCK COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

Receipts shall be issued and recorded at the time of the transaction; for example, when cash or a check is received, a receipt is to be immediately prepared and given to the person making payment. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

TOWNSHIP ASSISTANCE APPLICATIONS

The Township paid a total of \$1,800 for township assistance with no applications presented for audit. We were unable to verify disbursements were made for township assistance. A similar comment appeared in prior Examination Report B26709.

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

Application for Township Assistance is to be completed by each person who applies for township assistance. The trustee has the power to administer oaths. Any person expressing a desire for assistance shall be permitted to apply, whether or not the trustee believes the person to be eligible. Each completed form must be filed in the trustee's office, whether or not relief is granted on the application. The trustee shall not extend aid to persons or families unless an affidavit setting forth the personal condition of the family has been filed within one hundred eighty (180) days prior to the date of the extension of aid. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 6)

OLD OUTSTANDING CHECKS (WARRANTS)

Our review of the bank reconcilements as of December 31, 2005, revealed checks outstanding in excess of two years.

Indiana Code 5-11-10.5-2 states in part: "All warrants or checks drawn upon public funds of a political subdivision that are outstanding and unpaid for a period of two (2) or more years as of the last day of December of each year are void."

Indiana Code 5-11-10.5-3 states in part: "Not later than March 1 of each year, the treasurer of each political subdivision shall prepare or cause to be prepared a list in triplicate of all warrants or checks that have been outstanding for a period of two (2) or more years as of December 31 of the preceding year. The original copy of each list shall be filed with the: (1) board of finance of the political subdivision; or (2) the fiscal body of a city or town. The duplicate copy shall be transmitted to the disbursing officer of the political subdivision. The triplicate copy of each list shall be filed in the office of the treasurer of the political subdivision. If the treasurer serves also as the disbursing officer of the political subdivision, only two (2) copies of each list need be prepared or caused to be prepared by the treasurer."

Indiana Code 5-11-10.5-5 states: "(a) Upon the preparation and transmission of the copies of the list of the outstanding warrants or checks, the treasurer of the political subdivision shall enter the amounts so listed as a receipt into the fund or funds from which they were originally drawn and shall also remove the warrants or checks from the record of outstanding warrants or checks. (b) If the disbursing officer does not serve also as treasurer of the political subdivision, the disbursing officer shall also enter the amounts so listed as a receipt into the fund or funds from which the warrants or checks were originally drawn. If the fund from which the warrant or check was originally drawn is not in existence, or cannot be ascertained, the amount of the outstanding warrant or check shall be receipted into the general fund of the political subdivision."

BRANDYWINE TOWNSHIP, HANCOCK COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

COLLECTION OF AMOUNTS DUE

Hancock County Treasurer commercial vehicle excise tax distribution, Warrant 23016, dated June 10, 2005, payable to the Brandywine Trustee in the amount of \$405, is listed as outstanding by the County Treasurer's Office.

The National City Bank of Indiana issued interest checks, for a Township investment, in March and September 2005 in the amounts of \$10.83 and \$11.03, respectively. These checks are outstanding based upon information provided by bank officials.

Governmental units have a responsibility to collect amounts owed to the governmental unit pursuant to procedures authorized by statute. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

CAPITAL ASSET RECORDS

Information presented for audit did not indicate an inventory or record of capital assets using Form 369.

Every governmental unit should have a complete inventory of all capital assets owned which reflect their acquisition value. Such inventory should be recorded on the applicable Capital Asset Ledger. A complete inventory should be taken at least every two years for good internal control and for verifying account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

OFFICIAL BOND

Richard Dingey, former Trustee, did not have an official bond on file with the Hancock County Recorder for the 2005 year. A similar comment appeared in Examination Report B26709.

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 . . ."

MEETINGS OF THE TOWNSHIP BOARD

The Township Board did not present board minutes for the period September 9, 2005 through January 10, 2006. A similar comment appeared in prior Audit B21460 and Examination Report B26709.

PUBLIC PURCHASES LAW

Marc Hill, Trustee, enter into a contractual agreement, in November 2005, to purchase a commercial fire/rescue truck for Brandywine Township, at a cost of \$240,000. Evidence of Township Board approval and the acceptance of bids were not presented for audit.

BRANDYWINE TOWNSHIP, HANCOCK COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

Indiana Code 5-22-7-8 states: "A contract must be awarded with reasonable promptness by written notice to the lowest responsible and responsive bidder."

The board shall keep a record of proceedings in a separate book to be furnished by the trustee, and kept as a part of the records of the township, to be known as "The Record of the Township Board" of such township. Said record is to remain in the custody of the chairman of the board. Indiana Code 36-6-6-8

All proceedings had and decisions made by a township board must be entered of record, which record shall be open to public inspection and persons dealing with the township trustee must take notice of such record. (First National Bank v. Van Buren School Tp., 1911, 47 Ind. App. 79, 93 N.E. 863)

The secretary of the township board shall under the direction of the board record the minutes of the proceedings of each meeting in full and provide copies of the minutes to each member of the township board before the next meeting is convened. After the minutes are approved by the township board, the secretary of the township board shall place the minutes in the permanent record book. Any meeting may adjourn from day to day until the business is completed. Indiana Code 36-6-6-5, Indiana Code 36-6-6-8 (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 5)

BRANDYWINE TOWNSHIP, HANCOCK COUNTY
EXIT CONFERENCE

The contents of this report were discussed on September 14, 2006, with Marc Hill, Trustee.

BRANDYWINE TOWNSHIP, HANCOCK COUNTY
EXIT CONFERENCE

The contents of this report were discussed on September 14, 2006, with Mr. Marc Hill, Trustee.