

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

EXAMINATION REPORT
OF
BLUE RIVER TOWNSHIP
HENRY COUNTY, INDIANA
January 1, 2004 to December 31, 2005



FILED
11/06/2006

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Joyce Cassidy	01-01-03 to 12-23-05
	Merrill Coffin	12-24-05 to 12-31-05
	Raymond Perdue	01-01-06 to 07-07-06
	Tonya Perdue	07-08-06 to 12-31-06
Chairman of the Township Board	Richard Williams	01-01-04 to 12-31-06



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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF BLUE RIVER TOWNSHIP, HENRY COUNTY, INDIANA

We have examined the schedules of receipts, disbursements, and cash and investment balances of Blue River Township (Township), for the period of January 1, 2004 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, 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

September 21, 2006

BLUE RIVER TOWNSHIP, HENRY COUNTY
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES
As Of And For The Years Ended December 31, 2004 And 2005

	Cash and Investments 01-01-04	Receipts	Disbursements	Cash and Investments 12-31-04
Governmental Funds:				
General	\$ 16,482	\$ 15,243	\$ 18,792	\$ 12,933
Dog	255	121	-	376
Township Assistance	1,021	22,507	2,998	20,530
Firefighting	32,972	27,428	17,519	42,881
Cumulative Fire	7,262	14,717	-	21,979
Totals	<u>\$ 57,992</u>	<u>\$ 80,016</u>	<u>\$ 39,309</u>	<u>\$ 98,699</u>

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds:				
General	\$ 12,933	\$ 11,963	\$ 18,810	\$ 6,086
Dog	376	116	75	417
Township Assistance	20,530	1,212	4,244	17,498
Firefighting	42,881	10,722	27,170	26,433
Cumulative Fire	21,979	3,565	22,000	3,544
Fiduciary Fund:				
Payroll Withholdings	-	183	-	183
Totals	<u>\$ 98,699</u>	<u>\$ 27,761</u>	<u>\$ 72,299</u>	<u>\$ 54,161</u>

The accompanying notes are an integral part of the schedules.

BLUE RIVER TOWNSHIP, HENRY 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.

BLUE RIVER TOWNSHIP, HENRY COUNTY
EXAMINATION RESULTS AND COMMENTS

BANK RECONCILIATIONS

Record balances were not reconciled to depository balances on December 31, 2005.

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)

CONDITION OF RECORDS

Errors relating to the recordkeeping were noted. The errors included checks not recorded and/or not recorded in the proper amounts, and interest not posted. A similar comment was in prior Audit Report B23515

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)

FEDERAL AND STATE AGENCIES - COMPLIANCE REQUIREMENTS

The Township did not remit 4th quarter, 2005 payroll taxes withheld.

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.

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)

BLUE RIVER TOWNSHIP, HENRY COUNTY
EXIT CONFERENCE

The contents of this report were discussed on September 21, 2006, with Joyce Cassidy, former Trustee; Merrill Coffin, former Trustee; and Tonya Perdue, Trustee. The officials concurred with our findings.