

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

EXAMINATION REPORT

OF

VAN BUREN TOWNSHIP

BROWN COUNTY, INDIANA

January 1, 2002 to December 31, 2005



FILED

11/14/2006

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Nettie P. Walls	01-01-02 to 12-31-06
Chairman of the Township Board	Michael Thompson	01-01-02 to 12-31-02
	Gary Oliver	01-01-03 to 12-31-05
	Christopher Bryan	01-01-06 to 12-31-06



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF VAN BUREN TOWNSHIP, BROWN COUNTY, INDIANA

We have examined the schedules of receipts, disbursements, and cash and investment balances of Van Buren 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

July 31, 2006

VAN BUREN TOWNSHIP, BROWN 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, 2002, 2003, 2004, And 2005

	Cash and Investments 01-01-02	Receipts	Disbursements	Cash and Investments 12-31-02
Governmental Funds:				
General	\$ 20,898	\$ 33,690	\$ 29,307	\$ 25,281
Dog	742	446	429	759
Township Assistance	12,281	4,777	10,440	6,618
Firefighting	7,377	13,395	11,304	9,468
Melott Cemetery	3,286	78	210	3,154
Grandview Church	3,066	638	541	3,163
Levy Excess	1,126	-	1,126	-
Totals	<u>\$ 48,776</u>	<u>\$ 53,024</u>	<u>\$ 53,357</u>	<u>\$ 48,443</u>

	Cash and Investments 01-01-03	Receipts	Disbursements	Cash and Investments 12-31-03
Governmental Funds:				
General	\$ 25,281	\$ 22,367	\$ 24,171	\$ 23,477
Dog	759	467	454	772
Township Assistance	6,618	3,668	9,071	1,215
Firefighting	9,468	11,424	11,329	9,563
Melott Cemetery	3,154	47	210	2,991
Grandview Church	3,163	368	1,100	2,431
Totals	<u>\$ 48,443</u>	<u>\$ 38,341</u>	<u>\$ 46,335</u>	<u>\$ 40,449</u>

	Cash and Investments 01-01-04	Receipts	Disbursements	Cash and Investments 12-31-04
Governmental Funds:				
General	\$ 23,477	\$ 122	\$ 24,232	\$ (633)
Dog	772	460	474	758
Township Assistance	1,215	3,000	4,083	132
Firefighting	9,563	-	5,254	4,309
Melott Cemetery	2,991	41	210	2,822
Grandview Church	2,431	465	690	2,206
Totals	<u>\$ 40,449</u>	<u>\$ 4,088</u>	<u>\$ 34,943</u>	<u>\$ 9,594</u>

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds:				
General	\$ (633)	\$ 17,673	\$ 23,390	\$ (6,350)
Dog	758	405	441	722
Township Assistance	132	7,207	1,257	6,082
Firefighting	4,309	3,000	5,006	2,303
Melott Cemetery	2,822	53	430	2,445
Grandview Church	2,206	579	230	2,555
Totals	<u>\$ 9,594</u>	<u>\$ 28,917</u>	<u>\$ 30,754</u>	<u>\$ 7,757</u>

The accompanying notes are an integral part of the schedules.

VAN BUREN TOWNSHIP, BROWN 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. Due to delays in completing the 2002 reassessment, the property tax collection and distribution has not functioned on the statutory schedule. Tax distributions to all governmental units have been delayed.

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.

VAN BUREN TOWNSHIP, BROWN COUNTY
EXAMINATION RESULTS AND COMMENTS

CONDITION OF RECORDS

The following deficiencies relating to the recordkeeping were present during our period of examination:

- (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 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)

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)

BANK ACCOUNT RECONCILIATIONS

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

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)

SUPPORTING DOCUMENTATION

Several payments were observed which did not contain adequate supporting documentation, such as receipts, invoices, and other public records. Due to the lack of supporting information, the validity and accountability for some money disbursed could not be established.

VAN BUREN TOWNSHIP, BROWN COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

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)

PAYMENTS FOR CEMETERY CARE

The Cemetery Care contracts to Alan and Carol Hatton for 2002, 2003, and 2004 were overpaid by \$190, \$155, and \$300, respectively. (See Summary, page __)

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)

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)

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)

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	2002	\$ 3,612.29
Township Assistance	2002	1,589.93

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."

COMPENSATION AND BENEFITS

Nettie P. Walls, Trustee, was overpaid \$50 for the examination period. Also, Mrs. Walls overpaid Social Security taxes by \$1,766.18 for the examination period. Nettie P. Walls will repay \$1,816.18 to the Township (Operating) Fund with payroll deductions during 2006.

VAN BUREN TOWNSHIP, BROWN COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

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)

INTERNAL CONTROLS - PAYROLL

We noted the following concerning the controls over the receipting, disbursing, recording, and accounting for the financial activities:

- (1) The proper taxes were not withheld from wages paid to Township Officials.
- (2) Wages paid to Township Officials were not reported on a W-2 form.
- (3) Township Form Number 17, Resolution Establishing Salaries of Township Officers and Employees, was not approved by the Township Board.

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)

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control. (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)

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)

VAN BUREN TOWNSHIP, BROWN COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

PRESCRIBED FORMS

The appropriation columns on the Financial and Appropriation Record (Township Form Number 1C) were not completed during the audit period.

There was no evidence of investigations on Application for Township Assistance (Township Form Number TA-1).

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)

PENALTIES, INTEREST AND OTHER CHARGES

The proper taxes were not withheld from wages paid to Township Officials.

Wages paid to Township Officials were not reported on a W-2 form.

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)

VAN BUREN TOWNSHIP, BROWN COUNTY
EXIT CONFERENCE

The contents of this report were discussed on July 31, 2006, and October 2, 2006, with Nettie P. Walls, Trustee. The official response has been made a part of this report and may be found on pages 11 and 12.

Nettie Walls
Van Buren Twp Trustee
7768 Becks Grove Rd
Freetown, IN 47235

Phone 812-988-7783

State Board of Accounts
302 W Washington St RM 418
Indianapolis, IN 46204-2765
Attention: Chuck Nemeth

October 10, 2006

Official Response

Dear Sir:

I have just been informed by Kerry Fleming, that I am expected to pay back \$645.00 to the Township, for the years of 2002, 2003, & 2004. This is for Cemetary care. I do not believe that I have overspent. The fact is that I have a very unique situation in my township. I budget an amount in the Township Budget for the cemeteries that are taken care of by the Township. I have two additional cemeteries, Mellot Cemetary, and Grandview Church Cemetary. Each have their own funds, and are not budgeted. I have always always stayed within the budget for the Township Cemeteries. The amounts in question are the amounts for the other two.

This is simply a misunderstanding. When I made out the contracts, I whited out the amount per cemetary so that I could write in the new amounts per cemetary. I wrote in the amount for the Twp budgets, but I forgot to fill in the other amounts. This is the way this has always been handled. I am sending you a copy of one of the previous years contracts, so that you can see how it has always been done. I just cannot ask for any of the money to be paid back, with the price of gas and other expenses, at the price we are paying, it would just not be fair. I have had other people who are in the mowing business, want this contract. They want at least twice the amount of money.

Please reconsider this decision. If I have to in the future, I will have seperate contracts for each cemetary, and for the Township Cemeteries.

Thanks for your consideration.

Sincerely,



C O N T R A C T

This Agreement, dated the 17th day of February, 1999,
BY AND BETWEEN, Alan & Carol Blatten,
of SR 1355, Free town, IN 47235,
ADDRESS, CITY & STATE & ZIP CODE
hereinafter referred to as the Contractor, and Nettie Walls
the Trustee of

Van Buren TOWNSHIP, BROWN COUNTY, INDIANA, hereinafter referred to as the "Trustee;" do hereby agree as follows:

1. Contractor agrees to perform the grass mowing and maintenance, in general, of the various Township maintained Cemeteries, located in Van Buren Township, Brown County, Indiana, of which it is agreed that there are _____ cemeteries, namely: Swich - Sullivan - Poplar Grove corner Lucas - Spiker - Policy when accessible
Plus 4 lots at 70⁰⁰ & 4 Grandview at 50⁰⁰ time, the location of which are agreed to be well-known to both parties, for the 4 year of maintenance. 1999 to Dec 31, 2004
2. That the Contractor agrees to perform such work, as needed and required, but for a minimum of 3 times during the year, for the sum of \$ 1500.00 per season or year, whichever is appropriate, and same shall be paid to the Contractor upon satisfactory performance of his duties for these cemeteries by the Trustee from his budgeted funds for same, as follows: paid in 3 to 4 payments as needed
3. Contractor will mow the grass at these cemeteries, and same will include trimming around fences, etc., to keep same mowed in a neat fashion, and will also include removal of any and all rubbish found from time to time in said cemeteries.

IN WITNESS WHEREOF, the parties have signed their names hereto, the date above written, and agree to each satisfactorily carry out the terms of the Contract, the Contractor agreeing to furnish the necessary equipment, labor, expenses for fuel, and trash removal, and the contracting Trustee agrees to promptly pay said Contractor, upon the terms above written, and hereby sign their names in witness thereof.

Carol Blatten Alan Blatten
CONTRACTOR

Nettie Walls
CONTRACTING TRUSTEE

VAN BUREN TOWNSHIP, BROWN COUNTY
SUMMARY

	<u>Charges</u>	<u>Credits</u>	<u>Balance Due</u>
Alan and Carol Hatton:			
Payments for Cemetery Care, page 7			
2002 Cemeteries Mowing	\$ 190	\$	\$
2003 Cemeteries Mowing	155		
2004 Cemeteries Mowing	300		
Paid by Alan and Carol Hatton, November 10, 2006, receipt 766059	<u> </u>	<u>645</u>	<u>-</u>
Totals	<u>\$ 645</u>	<u>\$ 645</u>	<u>\$ -</u>