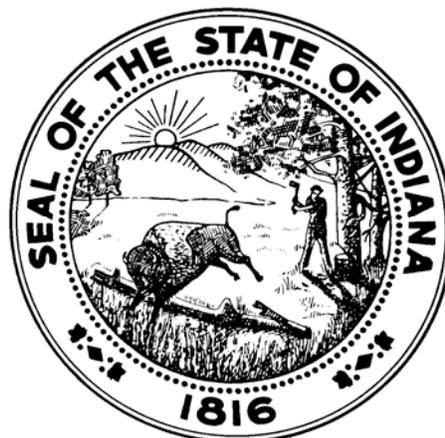


**STATE BOARD OF ACCOUNTS**  
**302 West Washington Street**  
**Room E418**  
**INDIANAPOLIS, INDIANA 46204-2769**

EXAMINATION REPORT  
OF  
BROWNSVILLE TOWNSHIP  
UNION COUNTY, INDIANA  
January 1, 2003 to December 31, 2005



**FILED**  
12/15/2006



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OFFICIALS

Office

Official

Term

Trustee

Fred Lunsford

01-01-03 to 12-31-06

Chairman of the  
Township Board

Marilyn Showalter

01-01-03 to 12-31-06



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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF BROWNSVILLE TOWNSHIP, UNION COUNTY, INDIANA

We have examined the schedules of receipts, disbursements, and cash and investment balances of Brownsville Township (Township), for the period of January 1, 2003 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, 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

November 20, 2006

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

	Cash and Investments 01-01-03	Receipts	Disbursements	Cash and Investments 12-31-03
Governmental Funds:				
General	\$ 11,898	\$ 8,464	\$ 6,218	\$ 14,144
Dog	402	103	102	403
Township Assistance	3,757	-	509	3,248
Firefighting	8,054	10,948	9,112	9,890
Levy Excess	236	-	-	236
Totals	<u>\$ 24,347</u>	<u>\$ 19,515</u>	<u>\$ 15,941</u>	<u>\$ 27,921</u>

	Cash and Investments 01-01-04	Receipts	Disbursements	Cash and Investments 12-31-04
Governmental Funds:				
General	\$ 14,144	\$ 7,000	\$ 6,338	\$ 14,806
Dog	403	119	103	419
Township Assistance	3,248	-	1,180	2,068
Firefighting	9,890	11,239	7,249	13,880
Rainy Day	-	471	-	471
Levy Excess	236	-	-	236
Totals	<u>\$ 27,921</u>	<u>\$ 18,829</u>	<u>\$ 14,870</u>	<u>\$ 31,880</u>

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds:				
General	\$ 14,806	\$ 4,310	\$ 6,569	\$ 12,547
Dog	419	117	119	417
Township Assistance	2,068	2,010	923	3,155
Firefighting	13,880	10,295	10,625	13,550
Rainy Day	471	-	-	471
Levy Excess	236	-	-	236
Totals	<u>\$ 31,880</u>	<u>\$ 16,732</u>	<u>\$ 18,236</u>	<u>\$ 30,376</u>

The accompanying notes are an integral part of the schedules.

BROWNSVILLE TOWNSHIP, UNION 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.

Note 6. Subsequent Event

On March 31, 2006, the Township entered into a loan agreement with Center Township, Brownsville Township, Liberty Township, Harmony Township and the Town of Liberty for \$100,000 for the purchase of a 2006 Freightliner fire truck.

BROWNSVILLE TOWNSHIP, UNION COUNTY  
EXAMINATION RESULT AND COMMENT

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: "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 number of posting errors. These errors included a deposit shown as a disbursement, and checks and receipts not recorded in the fund columns.

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)

- (3) Budget order for 2003 and the annual report for 2005 were not presented for examination.

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)

BROWNSVILLE TOWNSHIP, UNION COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on November 20, 2006, with Fred Lunsford, Trustee. The official concurred with our finding.