

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

EXAMINATION REPORT

OF

BUTLER TOWNSHIP

MIAMI COUNTY, INDIANA

January 1, 2005 to December 31, 2006



FILED

02/12/2007

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OFFICIALS

Office

Official

Term

Trustee

Angela M. Stone

01-01-05 to 12-31-10

Chairman of the
Township Board

Ronald Cook

01-01-05 to 12-31-06



STATE OF INDIANA
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STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF BUTLER TOWNSHIP, MIAMI COUNTY, INDIANA

We have examined the financial information presented herein of Butler Township (Township), for the period of January 1, 2005 to December 31, 2006. The Township's management is responsible for the financial information presented herein. 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 financial information presented herein 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 financial information referred to above presents fairly, in all material respects, the financial information of the Township for the years ended December 31, 2005 and 2006, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

January 11, 2007

BUTLER TOWNSHIP, MIAMI 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, 2005 And 2006

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds:				
Township	\$ 3,398	\$ 11,296	\$ 11,070	\$ 3,624
Dog	225	155	8	372
Township Assistance	312	1,211	3,204	(1,681)
Firefighting	443	12,315	10,422	2,336
Levy Excess	-	455	-	455
Fiduciary Fund:				
Payroll Withholdings	223	299	333	189
Totals	<u>\$ 4,601</u>	<u>\$ 25,731</u>	<u>\$ 25,037</u>	<u>\$ 5,295</u>

	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
Governmental Funds:				
Township	\$ 3,624	\$ 10,339	\$ 10,869	\$ 3,094
Dog	372	8	80	300
Township Assistance	(1,681)	3,716	1,369	666
Firefighting	2,336	11,346	11,046	2,636
Levy Excess	455	-	-	455
Fiduciary Fund:				
Payroll Withholdings	189	238	-	427
Totals	<u>\$ 5,295</u>	<u>\$ 25,647</u>	<u>\$ 23,364</u>	<u>\$ 7,578</u>

The accompanying notes are an integral part of the schedules.

BUTLER TOWNSHIP, MIAMI COUNTY
NOTES TO FINANCIAL INFORMATION

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.

BUTLER TOWNSHIP, MIAMI COUNTY
EXAMINATION RESULTS AND COMMENTS

OVERPAYMENT OF SALARY

Compensation paid to the Township Trustee exceeded the amounts approved in the 2005 and 2006 Township budgets by \$2,008.59 and \$3,866.74 respectively. Compensation paid to the Deputy Township Trustee exceeded the amounts approved in the 2005 budget by \$561.30 and was less than the amount established in the 2006 by \$30.00.

The rent paid to the Trustee for 2005 and 2006 exceeded the amount approved in the 2005 and 2006 Township budgets by \$750.00 each year.

A similar comment appeared in the prior Report B26068.

Funds misappropriated, diverted or unaccounted for through malfeasance, misfeasance, or non-feasance in office of any officer or employee may be the personal obligation of the responsible officer or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

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

We requested the Trustee repay \$7,375.33 to the Township for overpayments of salary and rent. We also requested the Deputy Trustee to repay the Township \$531.30 for overpayments of salary. (See Summary, page 10)

EXAMINATION COSTS – CONDITION OF RECORDS

The research necessary to compile the data related to the overpayments by both the Trustee and the Deputy Trustee coupled with the poor or incomplete records maintained by the Trustee caused an additional examination time to be incurred.

Audit costs or other costs incurred because of poor records, nonexistent records or other inadequate bookkeeping practices may be the personal obligation of the responsible official or employee of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13) (See Summary, page 10)

Based on the current rate used for computation of examination costs, the additional costs incurred for this examination were \$1,215.64. We requested the Trustee reimburse the State of Indiana, \$1,215.64 for additional examination costs.

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."

BUTLER TOWNSHIP, MIAMI COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

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. Posting errors included bank interest not posted to the ledger, checks and receipts not recorded in the proper amounts.
3. The Township records had not been posted since June 30, 2006.

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)

DEPOSIT OF PUBLIC FUNDS

The Trustee was making deposits and posting to the ledger for local tax distributions up to 16 months after the check date. A similar comment was in prior Report B26068.

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."

APPROPRIATIONS

The records presented for audit indicated the following expenditures in excess of budgeted appropriations:

Fund	Years	Excess Amount Expended
General	2005	\$ 2,371.09
General	2006	2,990.76
Township Assistance	2005	1,626.23
Firefighting	2005	3,400.00
Firefighting	2006	3,400.00

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."

BUTLER TOWNSHIP, MIAMI COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

FEDERAL AND STATE AGENCIES - COMPLIANCE REQUIREMENTS

The Quarterly 941 Reports were not filed accurately, timely or not completed at all during the audit period. The W-2's did not agree with the unit's records. There was no Form 1099 issued for the lawn care service of \$800 in 2005. A similar comment was on the prior Report B26068.

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.

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)

OVERDRAWN CASH BALANCES

The Township Assistance Fund was overdrawn in 2005 by \$1,681.24.

The balance of any fund may not be reduced below zero. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

BUTLER TOWNSHIP, MIAMI COUNTY
EXIT CONFERENCE

The contents of this report were discussed on January 11, 2007, with Angela M. Stone, Trustee. The official concurred with our findings.

BUTLER TOWNSHIP, MIAMI COUNTY
SUMMARY

	Charges	Credits	Balance Due
Angela M. Stone, Trustee:			
Overpayment of Salary, page 6	\$ 7,375.33	\$	\$
Examination Costs - Condition of Records, page 6	1,215.64		
Timothy A. Stone, Deputy Trustee:			
Overpayment of Salary, page 6	531.30		
Paid and deposited on January 11, 2007		7,906.63	
Paid January 11, 2007, Receipt 3838		1,215.64	-
Totals	\$ 9,122.27	\$ 9,122.27	\$ -