

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

EXAMINATION REPORT

OF

VANBUREN TOWNSHIP

DAVISS COUNTY, INDIANA

January 1, 2005 to December 31, 2006



FILED

09/26/2007

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OFFICIALS

Office

Official

Term

Trustee

Fred Parsons
Steve R. Riggins

01-01-05 to 12-31-06
01-01-07 to 12-31-10

Chairman of the
Township Board

Thomas Kaiser

01-01-05 to 12-31-07



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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 VANBUREN TOWNSHIP, DAVIESS COUNTY, INDIANA

We have examined the financial information presented herein of VanBuren 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

August 15, 2007

VANBUREN TOWNSHIP, DAVIESS COUNTY
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
GOVERNMENTAL 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	\$ 133,347	\$ 21,719	\$ 16,371	\$ 138,695
Dog	773	441	431	783
Township Assistance	24,134	-	-	24,134
Firefighting	<u>2,509</u>	<u>6,152</u>	<u>5,000</u>	<u>3,661</u>
Totals	<u>\$ 160,763</u>	<u>\$ 28,312</u>	<u>\$ 21,802</u>	<u>\$ 167,273</u>
	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
Governmental Funds:				
Township	\$ 138,695	\$ 22,097	\$ 19,489	\$ 141,303
Dog	783	293	441	635
Township Assistance	24,134	-	-	24,134
Firefighting	<u>3,661</u>	<u>6,371</u>	<u>5,000</u>	<u>5,032</u>
Totals	<u>\$ 167,273</u>	<u>\$ 28,761</u>	<u>\$ 24,930</u>	<u>\$ 171,104</u>

The accompanying notes are an integral part of the financial information.

VANBUREN TOWNSHIP, DAVIESS 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. All property taxes collected by the County Treasurer and available for distribution were distributed to the Township on or prior to December 31 of the year collected.

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.

VANBUREN TOWNSHIP, DAVIESS COUNTY
EXAMINATION RESULTS AND COMMENTS

BOARD MINUTES

Minutes of the Van Buren Township Board were reviewed for the period beginning January 1, 2005 and ending December 31, 2006. The minutes were found to be very brief with little detail about matters discussed. Salaries were discussed but figures were never recorded in 2005. Contracts for cemetery care and fire protection were never noted in the Board minutes as being approved. The Board only met twice in 2006. There was no documentation of election of officers, salary approval, budget approval, cemetery care contract approval, or fire protection approval.

Indiana Code 5-14-1.5-4 states in part:

"(b) As the meeting progresses, the following memoranda shall be kept:

- (1) The date, time, and place of the meeting.
- (2) The members of the governing body recorded as either present or absent.
- (3) The general substance of all matters proposed, discussed, or decided.
- (4) A record of all votes taken, by individual members if there is a roll call.
- (5) An additional information required under IC 5-1.5-2-2.5."

DEPOSIT OF PUBLIC FUNDS

We noted instances where the Trustee was not making deposits timely. Receipts were found to have been held for up to five months before being deposited into the bank.

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."

TEMPORARY LOAN

A temporary loan of \$5,000 was made in 2004 from the Township Fund to the Firefighting Fund and not repaid by December 31, 2004. The outstanding balance to be paid back to the Township Fund as of December 31, 2006, was \$2,928.10.

Indiana Code 36-1-8-4 concerning temporary loans states in part:

"(a) . . . (3) Except as provided in subsection (b), the prescribed period must end during the budget year of the year in which the transfer occurs. (4) The amount transferred must be returned to the other fund at the end of the prescribed period. . . ."

FIREFIGHTING CONTRACTS

Supporting documentation, agreements, or contracts for firefighting services provided by the Volunteer Fire Department were not presented for examination.

VANBUREN TOWNSHIP, DAVIESS 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 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)

PRESCRIBED FORMS

The following prescribed form was not in use:

General Form 99B - Employee Earnings Record
Township Form 6 - Township Trustee Check
Township Form 16 - Township Trustee Receipt
Township Form 17 - Resolution Establishing Salaries of
Township Officers and Employees

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

Penalties and interest totaling \$3,042.96 were paid to the Internal Revenue Service on December 18, 2006, for the tax periods ending December 31, 1999, 2000, 2001, and 2002. The amount was deducted directly from the Township's bank account. Due to lack of information presented for examination the reason for the penalties and interest was unclear. The Township also received a letter from the Internal Revenue Service dated April 19, 2007, for the tax period ending December 31, 2002 and 2003, for failure to file W-2 forms. The letter requested payment of penalties and interest of \$991.92. The current Township Trustee, Steve R. Riggins, forwarded the letter to the prior Township Trustee, Fred Parsons. Future penalties and interest will result from failure to file required Internal Revenue Service forms.

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)

Fred Parsons stated that on August 8, 2007, he sent a payment of \$991.92 to the Internal Revenue Service.

VANBUREN TOWNSHIP, DAVIESS COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

ANNUAL REPORT

An annual report for 2006 was not presented for examination.

The annual report shall be prepared, verified, and filed with the State Board of Accounts within 30 days after the close of each fiscal year. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 2)

SUPPORTING DOCUMENTATION

Payments for salaries and office rent were observed which did not contain adequate supporting documentation. Due to the lack of supporting information, the validity and accountability for some money disbursed could not be established.

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)

BANK ACCOUNT RECONCILIATIONS

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

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."

VANBUREN TOWNSHIP, DAVIESS COUNTY
EXIT CONFERENCE

The contents of this report were discussed on August 15, 2007, with Steve R. Riggins, Trustee.

The contents of this report were discussed on August 15, 2007, by phone, with Fred Parsons, former Trustee.