

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

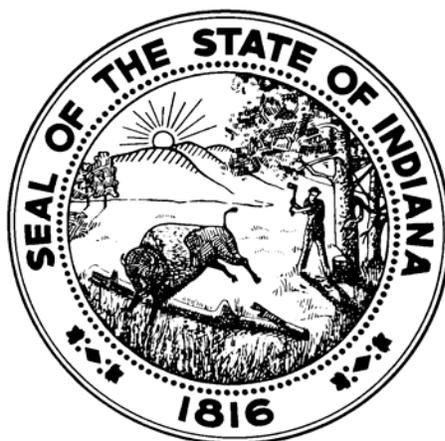
EXAMINATION REPORT

OF

NEWBURY TOWNSHIP

LAGRANGE COUNTY, INDIANA

January 1, 2005 to December 31, 2006



FILED

11/26/2007

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Burton Mawhorter Ann Glick	01-01-03 to 12-31-06 01-01-07 to 12-31-10
Chairman of the Township Board	Bruce Hostetler	01-01-05 to 12-31-07



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF NEWBURY TOWNSHIP, LAGRANGE COUNTY, INDIANA

We have examined the financial information presented herein of Newbury 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

October 9, 2007

NEWBURY TOWNSHIP, LAGRANGE COUNTY
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL 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	\$ 31,803	\$ 27,155	\$ 36,959	\$ 21,999
Dog	2,667	1,917	1,972	2,612
Township Assistance	10,039	6,510	7,335	9,214
Firefighting	13,639	31,874	33,623	11,890
Cumulative Fire	<u>17,931</u>	<u>32,654</u>	<u>12,251</u>	<u>38,334</u>
Totals	<u>\$ 76,079</u>	<u>\$ 100,110</u>	<u>\$ 92,140</u>	<u>\$ 84,049</u>

	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
Governmental Funds:				
Township	\$ 21,999	\$ 31,991	\$ 36,976	\$ 17,014
Dog	2,612	2,460	5,072	-
Township Assistance	9,214	5,400	5,609	9,005
Firefighting	11,890	24,920	33,851	2,959
Cumulative Fire	<u>38,334</u>	<u>22,680</u>	<u>15,608</u>	<u>45,406</u>
Totals	<u>\$ 84,049</u>	<u>\$ 87,451</u>	<u>\$ 97,116</u>	<u>\$ 74,384</u>

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

NEWBURY TOWNSHIP, LAGRANGE 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, culture and recreation, 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.

NEWBURY TOWNSHIP, LAGRANGE COUNTY
EXAMINATION RESULTS AND COMMENTS

BOARD MINUTES

Township Board minutes did not indicate the actions of the Township Board as to the approval of the 2005 and 2006 Fire Protection contracts or the 2006 budget. Minutes did not indicate that the Township Board elected officers at the beginning of 2007. A similar comment appeared in prior Report B25830.

Indiana Code 5-14-1.5-4(b) states: "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) Any additional information required under IC 5-1.5-2-2.5."

CONDITION OF RECORDS

The annual reports, ledger and bank reconciliations do not agree with each other. The records presented did not provide sufficient information to examine or establish beginning balances, receipts, disbursements, ending balances, or the accuracy or correctness of the transactions. The financial statements recorded in this report reflect numerous adjustments to the records. A similar comment appeared in prior Report B25830.

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)

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)

DEPOSIT OF PUBLIC FUNDS

The Trustee was depositing local tax distributions as late as 26 to 31 days after the date of distribution.

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 examination indicated the following expenditures in excess of budgeted appropriations. A similar comment appeared in prior Report B25830.

NEWBURY TOWNSHIP, LAGRANGE COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

<u>Fund</u>	<u>Year</u>	<u>Excess Amount Expended</u>
Firefighting	2006	\$ 3,237.90
Township Assistance	2006	1,892.28

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."

CONFLICT OF INTEREST DISCLOSURE

Rebecca Mawhorter, Township Clerk for 2005-2006, is the spouse of Burton Mawhorter, Township Trustee for 2005-2006. A Uniform Conflict of Interest Disclosure Statement was not filed. A similar comment appeared in prior Report B25830.

Indiana Code 35-44-1-3 states in part:

"(a) A public servant who knowingly or intentionally: (1) has a pecuniary interest in; or (2) derives a profit from; a contract or purchase connected with an action by the governmental entity served by the public servant commits conflict of interest, a Class D felony. . . ."

"(c) This section does not prohibit a public servant from having a pecuniary interest in or deriving a profit from a contract or purchase connected with the governmental entity served . . . (3) if the public servant: (A) is an elected public servant . . . and (B) makes a disclosure under subsection (d)(1) through (d)(6)."

"(d) A disclosure required by this section must: (1) be in writing; (2) describe the contract or purchase to be made by the governmental entity; (3) describe the pecuniary interest that the public servant has in the contract or purchase; (4) be affirmed under penalty of perjury; (5) be submitted to the governmental entity and be accepted by the governmental entity in a public meeting of the governmental entity prior to final action on the contract or purchase; (6) be filed within fifteen (15) days after final action on the contract or purchase with: (A) the state board of accounts; and (B) . . . the clerk of the circuit court in the county where the governmental entity takes final action on the contract or purchase . . ."

"(g) A public servant has a pecuniary interest in a contract or purchase if the contract or purchase will result or is intended to result in an ascertainable increase in the income or net worth of: (1) the public servant; or (2) a dependent of the public servant who: (A) is under the direct or indirect administrative control of the public servant; or (B) receives a contract or purchase order that is reviewed, approved, or directly or indirectly administered by the public servant . . ."

"(k) As used in this section, 'dependent' means any of the following: (1) The spouse of a public servant. (2) A child, stepchild, or adoptee (as defined in IC 31-3-4-1) of a public servant who is: (A) unemancipated; and (B) less than eighteen (18) years of age. (3) Any individual more than one-half (2) of whose support is provided during a year by the public servant."

NEWBURY TOWNSHIP, LAGRANGE COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

PERSONAL EXPENSES

Newbury Township prepaid health insurance premiums on September 15, 2006, on behalf of Rebecca Mawhorter, Township Clerk, to Westview School Corporation, for the time period September 1, 2006 to August 31, 2007. The amount paid was \$4,691.29. Rebecca Mawhorter is retired from the School Corporation but may remain on the health insurance plan until she turns 65 years of age by paying 100% of the premium. An interlocal cooperation agreement between the School Corporation and Township was not presented for examination in accordance with Indiana Code 36-1-7-2. Burt Mawhorter, the Trustee, is the spouse of Rebecca Mawhorter. Burt Mawhorter did not run for office in 2006, and therefore the Mawhorters knew that neither one of them would be employed by Newbury Township after 12-31-06. According to Jerry Hawkins, Financial Director at Westview School Corporation, the health insurance premiums could be paid semiannually or annually. The Mawhorters could also have paid four months of the premium from the Township (\$1,563.76) and eight months of the premium from their personal bank account (\$3,127.53). Rebecca Mawhorter reimbursed Newbury Township \$3,127.53 on October 15, 2007, for the health insurance premiums prepaid on her behalf for the time period beginning January 1, 2007, and ending August 31, 2007.

Public funds may not be used to pay for personal items or for expenses which do not relate to the functions and purposes of the governmental unit. Any personal expenses paid by the governmental entity may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

Indiana Code 36-1-7-2 states in part: "(a)A power that may be exercised by an Indiana political subdivision and by one (1) or more other governmental entities may be exercised:

- (1) by one (1) or more entities on behalf of others; or
- (2) jointly by the entities.

Entities that want to do this must, by . . . resolution, enter into a written agreement . . ."

PENALTIES, INTEREST AND OTHER CHARGES

A fee of \$150 was paid to Lake City Bank on December 13, 2005, for the past due payment of the December 2004 fire rescue truck promissory note. The late fee was charged to the Township's account on December 24, 2004.

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)

NEWBURY TOWNSHIP, LAGRANGE COUNTY
EXIT CONFERENCE

The contents of this report were discussed on October 4, 2007, with Ann Glick, Trustee. The official concurred with our findings.

The contents of this report were discussed on October 9, 2007, with Burton Mawhorter, former Trustee.

NEWBURY TOWNSHIP, LAGRANGE COUNTY
LAGRANGE COUNTY
SUMMARY

	<u>Charges</u>	<u>Credits</u>	<u>Balance Due</u>
Rebecca Mawhorter, former Township Clerk:			
Personal Expenses, pages 7 and 8	\$ 3,127.53	\$ -	\$ 3,127.53
Repaid October 15, 2007	<u>-</u>	<u>3,127.53</u>	<u>(3,127.53)</u>
 Totals	 <u>\$ 3,127.53</u>	 <u>\$ 3,127.53</u>	 <u>\$ -</u>