

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

EXAMINATION REPORT

OF

BONO TOWNSHIP

LAWRENCE COUNTY, INDIANA

January 1, 2005 to December 31, 2006



FILED

12/21/2007

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Sharon A. Ball George T. Wilcox	01-01-03 to 12-31-06 01-01-07 to 12-31-10
Chairman of the Township Board	Harry W. Smith	01-01-05 to 12-31-07



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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF BONO TOWNSHIP, LAWRENCE COUNTY, INDIANA

We have examined the financial information presented herein of Bono 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

September 12, 2007

BONO TOWNSHIP, LAWRENCE 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	\$ 11,150	\$ 11,923	\$ 8,142	\$ 14,931
Dog	333	42	33	342
Firefighting	103	10,155	7,050	3,208
Township Assistance	<u>3,461</u>	<u>3,465</u>	<u>1,575</u>	<u>5,351</u>
Totals	<u>\$ 15,047</u>	<u>\$ 25,585</u>	<u>\$ 16,800</u>	<u>\$ 23,832</u>

	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
Governmental Funds:				
Township	\$ 14,931	\$ 11,007	\$ 8,619	\$ 17,319
Dog	342	217	42	517
Firefighting	3,208	8,886	6,624	5,470
Township Assistance	5,351	3,207	2,082	6,476
Levy Excess	<u>-</u>	<u>1,637</u>	<u>-</u>	<u>1,637</u>
Totals	<u>\$ 23,832</u>	<u>\$ 24,954</u>	<u>\$ 17,367</u>	<u>\$ 31,419</u>

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

BONO TOWNSHIP, LAWRENCE 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.

BONO TOWNSHIP, LAWRENCE COUNTY
EXAMINATION RESULTS AND COMMENTS

COMPENSATION AND BENEFITS

The approved Township budgets indicated that the Trustee, Sharon A. Ball, was to receive \$3,300 in annual salary for 2005 and 2006. We noted that the Trustee paid herself a total of \$3,900 in salary for 2005 and 2006. The Trustee received \$3,300 for her Trustee's duties and then was paid an additional \$600 for Township Assistance Investigator duties.

<u>Employee</u>	<u>Year</u>	<u>Approved Salary</u>	<u>Amount Paid</u>	<u>Overpayment</u>
Sharon A. Ball	2005	\$ 3,300	\$ 3,900	\$ 600
Sharon A. Ball	2006	3,300	3,900	600
Total Overpayment				<u>\$ 1,200</u>

Indiana Code 36-6-4-3 states in part: "The executive shall do the following: . . . administer township assistance under IC 12-20 . . ." Therefore, the State Board of Accounts is of the audit position that the compensation of a Township Trustee, paid from the Township Fund, is for all duties (other than assessing duties, as authorized by IC 36-6-6-10), as required in IC 36-6-4-3. (Township Bulletin and Uniform Compliance Guidelines, February 2004, Vol. No. 264, Page 5)

We requested that Sharon A. Ball, former Trustee, repay \$1,200 to the Township Assistance Fund for additional compensation received as Township Assistance Investigator. (See Summary, page 9)

PAYROLL DEDUCTIONS

Payments to Township Board members in 2005 and 2006 were made without payroll deductions for Social Security and Medicare taxes.

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)

BONO TOWNSHIP, LAWRENCE COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

SUPPORTING DOCUMENTATION

Several payments were observed which did not contain adequate supporting documentation, such as receipts, invoices, and other public records.

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)

OFFICIAL BOND

The official bonds for the former Trustee were not filed in the Office of the County Recorder for the examination period. The current Trustee is bonded and the official bond is on file with the County Recorder.

Indiana Code 5-4-1-5.1(b) states in part: "Every elected or appointed officer, official, deputy, or employee of a political subdivision . . . shall file the bond in the office of the county recorder . . ."

BOARD MINUTES

The Township Board minutes were not presented for review for the examination period.

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."

BONO TOWNSHIP, LAWRENCE COUNTY
EXIT CONFERENCE

The contents of this report were discussed on August 27, 2007, with George T. Wilcox, Trustee. The official concurred with our findings.

The contents of this report were discussed on September 12, 2007, with Ronald Ball, former Clerk.

BONO TOWNSHIP TRUSTEE
LAWRENCE COUNTY
SUMMARY

<u>Description</u>	<u>Charges</u>	<u>Credits</u>	<u>Balance Due</u>
Sharon A. Ball, former Trustee:			
Compensation and Benefits, Page 6	\$ 1,200	\$	\$ 1,200
Paid September 8, 2007, Cashiers Check 111308	<u> </u>	<u>1,200</u>	<u> </u>
Totals	<u>\$ 1,200</u>	<u>\$ 1,200</u>	<u>\$ -</u>