

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

EXAMINATION REPORT
OF
BUTLER TOWNSHIP
MIAMI COUNTY, INDIANA
January 1, 2007 to December 31, 2007



FILED
05/13/2008

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OFFICIALS

Office

Official

Term

Trustee

Angela M. Stone

01-01-07 to 12-31-10

Chairman of the
Township Board

Don Kunkle

01-01-07 to 12-31-08



STATE OF INDIANA
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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, 2007 to December 31, 2007. 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 year ended December 31, 2007, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

February 21, 2008

BUTLER TOWNSHIP, MIAMI COUNTY
 SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
 ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES
 As Of And For The Year Ended December 31, 2007

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Governmental Funds:				
Township	\$ 3,094	\$ 12,206	\$ 12,961	\$ 2,339
Dog	300	-	300	-
Township Assistance	666	2,585	1,018	2,233
Firefighting	2,636	2,747	4,014	1,369
Levy Excess	455	-	-	455
Fiduciary Fund:				
Payroll Withholdings	427	-	-	427
Totals	<u>\$ 7,578</u>	<u>\$ 17,538</u>	<u>\$ 18,293</u>	<u>\$ 6,823</u>

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

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, 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.

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

APPROPRIATIONS

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

<u>Fund</u>	<u>Year</u>	<u>Excess Amount Expended</u>
Township General	2007	<u>\$ 2,314</u>

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."

LIST OF EMPLOYEES NOT FILED WITH COUNTY TREASURER

Officials or employees of the Township had money due from the Township, but a list of such employees was not certified to the County Treasurer.

Indiana Code 6-1.1-22-14(a) states in part: "On or before June 1 and December 1 of each year . . . the disbursing officer of each political subdivision . . . shall certify the names and addresses of each person who has money due from the political subdivision to the treasurer of each county in which the political subdivision is located."

CONTRACTS

Payments were made to Bill Smith for mowing Lucy Allen Cemetery in 2007 without a contract being presented.

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)

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."

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)

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

OVERPAYMENT OF SALARY AND RENT

Compensation paid to the Trustee exceeded the amounts approved in the 2007 Township budget by \$615.82. Compensation paid to the Deputy Trustee was \$85 less than the amount established by the 2007 budget.

The rent paid to the Trustee for 2007 exceeded the amount approved in the 2007 Township budget by \$250.

A similar comment appeared in the prior audit report.

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, Angela M. Stone, repay \$780.82 to the Township to reimburse them for overpayments of salary and rent. The amount was repaid by the Trustee by February 20, 2008. (See Summary, page 9)

PAYROLL TAXES

The Trustee failed to pay federal payroll taxes related to her wages for a number of years. The Internal Revenue Service has estimated the tax due and assessed the Trustee for applicable taxes from 2000 to 2007. Total payments for tax, interest and penalty made to the Internal Revenue Service less amounts withheld from the Trustees pay totaled \$4,600.56.

The Trustee is currently working with the Internal Revenue Service to correct these reporting errors and calculate the correct tax due.

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)

We requested the Trustee, Angela M. Stone, reimburse the Township the total amount paid to the Internal Revenue Service of \$4,600.56 with the understanding that when this issue is settled any recovery from the Internal Revenue Service belongs to the Trustee. The amount was repaid by the Trustee by February 20, 2008. (See Summary, page 9)

BUTLER TOWNSHIP, MIAMI COUNTY
EXIT CONFERENCE

The contents of this report were discussed on February 21, 2008, with Angela M. Stone, Trustee. The official concurred with our findings.

BUTLER TOWNSHIP, MIAMI COUNTY
SUMMARY

	<u>Charges</u>	<u>Credits</u>	<u>Balance Due</u>
Angela M. Stone, Trustee:			
Payroll Taxes, page 7	\$ 4,600.56	\$	\$
Overpayment of Salary and Rent, page 7	780.82		
Reimbursed by Angela M. Stone on January 31, 2008		1,403.64	
Reimbursed by Angela M. Stone on February 20, 2008		<u>3,977.74</u>	<u>-</u>
Totals	<u>\$ 5,381.38</u>	<u>\$ 5,381.38</u>	<u>\$ -</u>