

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

EXAMINATION REPORT
OF
BLOOMING GROVE TOWNSHIP
FRANKLIN COUNTY, INDIANA
January 1, 2006 to December 31, 2007



FILED
01/22/2009

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Vivian June Shepler	01-01-06 to 12-31-10
Chairman of the Township Board	Kenneth Hildebrand	01-01-06 to 12-31-08



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 BLOOMING GROVE TOWNSHIP, FRANKLIN COUNTY, INDIANA

We have examined the financial information presented herein of Blooming Grove Township (Township), for the period of January 1, 2006 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 years ended December 31, 2006 and 2007, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

December 1, 2008

BLOOMING GROVE TOWNSHIP, FRANKLIN COUNTY
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL FUND TYPES
As Of And For The Years Ended December 31, 2006 And 2007

	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
Governmental Funds:				
Township	\$ 16,394	\$ 14,282	\$ 19,937	\$ 10,739
Dog	288	55	4	339
Township Assistance	22,437	3,754	3,566	22,625
Firefighting	24,911	2,212	8,000	19,123
Levy Excess	714	-	-	714
Totals	<u>\$ 64,744</u>	<u>\$ 20,303</u>	<u>\$ 31,507</u>	<u>\$ 53,540</u>

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Governmental Funds:				
Township	\$ 10,739	\$ 18,784	\$ 25,314	\$ 4,209
Dog	339	-	339	-
Township Assistance	22,625	3,037	4,131	21,531
Firefighting	19,123	2,051	10,000	11,174
Levy Excess	714	-	714	-
Totals	<u>\$ 53,540</u>	<u>\$ 23,872</u>	<u>\$ 40,498</u>	<u>\$ 36,914</u>

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

BLOOMING GROVE TOWNSHIP, FRANKLIN 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.

BLOOMING GROVE TOWNSHIP, FRANKLIN COUNTY
EXAMINATION RESULTS AND COMMENTS

OFFICIAL BOND

The official bonds for Vivian June Shepler, Trustee, from 2006 to 2008 were not filed in the Office of 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 . . ."

OPTICAL IMAGES OF CHECKS

The financial institution did not return the actual cancelled checks with the monthly bank statements, nor did the financial institution return an optical image of the checks.

Indiana Code 5-15-6-3(a) concerning optical imaging of checks states in part:

". . . 'original records' includes the optical image of a check or deposit document when:

- (1) the check or deposit document is recorded, copied, or reproduced by an optical imaging process . . . ; and
- (2) the drawer of the check receives an optical image of the check after the check is processed for payment . . ."

Furthermore, Indiana Code 26-2-8-111 states in part:

"(a) If a law requires that certain records be retained, that requirement is met by retaining an electronic record of the information in the record that:

- (1) accurately reflects the information set forth in the record after it was first generated in its final form as an electronic record or otherwise; and
- (2) remains accessible for later reference."

"(e) If a law requires retention of a check, that requirement is satisfied by retention of an electronic record of the information on the front and back of the check in accordance with subsection (a)."

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."

BLOOMING GROVE TOWNSHIP, FRANKLIN 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)

CONDITION OF RECORDS

The following deficiencies relating to the recordkeeping were noted. A similar comment was in prior Report B28393.

1. There were a considerable number of posting errors. These errors included deposits not receipted, checks and receipts not recorded in the proper amounts and counter checks issued not posted to the records.

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)

2. The individual funds in the financial and appropriation record did not balance to the total all funds. Receipts and disbursements were not posted to the total all funds and the individual funds. Disbursements were not posted to the appropriations columns.

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

We noted the Trustee made deposits only three times each year during the examination period.

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."

ADVANCE PAYMENTS

Dates of transactions indicate that some payments were made to individuals prior to the receipt of goods or services.

Compensation and any other payments for goods and services should not be paid in advance of receipt of the goods or services unless specifically authorized by statute. Payments made for goods or services which are not received may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

BLOOMING GROVE TOWNSHIP, FRANKLIN COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

PENALTIES, INTEREST, AND OTHER CHARGES

Penalties and interest totaling \$52.71 were paid to the Internal Revenue Service in 2007 for the period January to June 2007. A similar comment was in the prior Report B28393. We have requested that Vivian June Shepler, Trustee, repay the Township \$52.71. (See Summary, page 12)

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)

OVERPAYMENT OF COMPENSATION AND BENEFITS

Vivian June Shepler, Trustee, received \$568.00 and \$583.33 in excess payments for the years 2006 and 2007 which were not included in the budget as approved by the Township Board. The Trustee also received \$750.00 in office rent in 2006; however, the budgeted amount was \$150.00 for utilities and \$300.00 for rent. The Trustee did not withhold the proper amount from her salary which caused the Township to pay a portion of the employees' share of withholdings on the 941 in 2006. We have requested that Vivian June Shepler, Trustee, repay the Township \$1,151.33 in excess salary, \$300.00 in excess office rent, and \$369.47 for the employee share of withholdings paid by the Township. (See Summary, page 12)

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, resolution or salary schedule adopted by the governing body unless otherwise authorized by statute. Compensation should be made in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 17)

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

APPROPRIATIONS

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

<u>Fund</u>	<u>Years</u>	<u>Excess Amount Expended</u>
Township Assistance	2006	\$ 1,566.05
Township Fund	2007	2,789.71

BLOOMING GROVE TOWNSHIP, FRANKLIN COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

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."

DISBURSEMENT DOCUMENTATION

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

Due to the lack of supporting information, the validity and accountability for some monies 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)

TOWNSHIP ASSISTANCE

The following deficiencies were noted in the examination of Township assistance:

Some applicants receiving Township assistance for food, shelter and heating did not apply for public assistance administered by other governmental entities. The Trustee continued to supply assistance to these same individuals.

Indiana Code 12-20-6-5 states in part:

"If . . . an applicant or a member of the applicant's household who is granted emergency township assistance . . . may be eligible for public assistance other than township assistance, the applicant shall, not more than fifteen (15) working days after the date that emergency township assistance was granted, file an application for public assistance . . . administered by the division of family resources and county offices or another federal or state governmental entity. An applicant or a member of the applicant's household who fails to file an application for public assistance . . . may not be granted township assistance for sixty (60) days following the grant of township assistance on an emergency basis."

Applicants were not required to seek employment.

Indiana Code 12-20-10-1 states:

"If a township assistance applicant is in good health or if any members of the applicant's household are in good health, the township trustee . . . shall require the individuals who are able to work to seek employment. The township trustee shall refuse to furnish any township assistance until the township trustee is satisfied that the township assistance applicant or members of the applicant's household are endeavoring to find work."

Applicants were not required to perform work for receipt of assistance.

BLOOMING GROVE TOWNSHIP, FRANKLIN COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

Indiana Code 12-20-10-2 states:

"If:

(1) a township assistance applicant is in good health and able to work; and

(2) either:

(A) the township trustee . . . offers employment to the township assistance applicant, regardless of whether the compensation for the work is in the form of money, house rent, or commodities consisting of the necessaries of life; or

(B) employment at a reasonable compensation is offered by any other individual, governmental agency, or employer; the township trustee . . . shall not furnish township assistance to the applicant until the township assistance applicant performs the work or shows just cause for not performing the work."

There was no evidence of investigation on any of the applications.

Indiana Code 12-20-6-9 states:

"If an application for township assistance is made to the township trustee as administrator of township assistance, the township trustee, as administrator of township assistance, shall carefully investigate the circumstances of the applicant and each member of the applicant's household . . ."

GENERAL FORM 100R

The Trustee has not filed the 2006 and 2007 Form 100R, Certified Report of Names, Addresses, Duties and Compensation of Public Employees.

Each township trustee shall, during the month of January of each year, make and sign a written or printed certified report, correctly and completely showing the names and addresses of each and all officers and employees of the township and the respective duties and compensation of each. The report must be filed (on Form 100R) in the office of the State Examiner of the State Board of Accounts, Room E418, State Office Building, Indianapolis, Indiana, 46204-2765 (Indiana Code 5-11-13-1).

BLOOMING GROVE TOWNSHIP, FRANKLIN COUNTY
EXIT CONFERENCE

The contents of this report were discussed on December 1, 2008, with Vivian June Shepler, Trustee. The official concurred with our findings.

BLOOMING GROVE TOWNSHIP, FRANKLIN COUNTY
SUMMARY

	Charges	Credits	Balance Due
Vivian June Shepler, Trustee:			
Penalties, Interest, and Other Charges, page 8	\$ 52.71	\$ 52.71	\$ -
Overpayment of Compensation and Benefits, page 8	1,820.80	1,820.80	-
 Totals	 \$ 1,873.51	 \$ 1,873.51	 \$ -