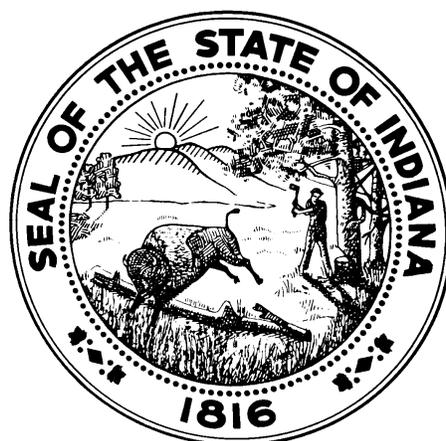


**STATE BOARD OF ACCOUNTS**  
**302 West Washington Street**  
**Room E418**  
**INDIANAPOLIS, INDIANA 46204-2769**

EXAMINATION REPORT  
OF  
WHITE RIVER TOWNSHIP  
JOHNSON COUNTY, INDIANA  
January 1, 2006 to December 31, 2006



**FILED**  
12/29/2009



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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Daniel C. Maple Jay W. Marks	01-01-02 to 12-31-06 01-01-07 to 12-31-10
Chairman of the Township Board	Forrest L. Chamber Wm. Brian Walker Mark Messick	01-01-02 to 01-24-06 01-25-06 to 12-31-06 01-01-07 to 12-31-09



**STATE OF INDIANA**  
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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF WHITE RIVER TOWNSHIP, JOHNSON COUNTY, INDIANA

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

STATE BOARD OF ACCOUNTS

July 6, 2009

WHITE RIVER TOWNSHIP, JOHNSON COUNTY  
 SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES  
 ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES  
 As Of And For The Year Ended December 31, 2006

	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
Governmental Funds:				
Township	\$ 99,242	\$ 315,562	\$ 295,598	\$ 119,206
Dog	2,069	1,983	4,052	-
Township Assistance	59,516	43,437	81,182	21,771
Rainy Day	8,183	-	-	8,183
Building	-	330	-	330
Fiduciary Fund:				
Payroll Withholdings	-	18,157	18,157	-
Totals	<u>\$ 169,010</u>	<u>\$ 379,469</u>	<u>\$ 398,989</u>	<u>\$ 149,490</u>

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

WHITE RIVER TOWNSHIP, JOHNSON 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: 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.

WHITE RIVER TOWNSHIP, JOHNSON COUNTY  
NOTES TO FINANCIAL INFORMATION  
(Continued)

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.

Note 6. Township Exchange of Property

On August 27, 2007, the Township Board and the Center Grove Community School Corporation, adopted substantially identical resolutions to exchange the Township government center building and a direct financing lease (for the purchase of equipment for the government facility), with the School Corporation, for the School Corporation's administration building, surrounding property, and the Al-Mar property located near the intersection of Whiteland Road and State Road 144.

The Lease Termination Agreement between the White River Township Government Facility Building Corporation and the White River Township Trustee was signed on December 20, 2007.

WHITE RIVER TOWNSHIP, JOHNSON COUNTY  
EXAMINATION RESULTS AND COMMENTS

INTERNAL CONTROLS – TAXES

Property, license excise, and commercial vehicle excise taxes were not always recorded in the correct fund. The following table gives the type of tax and the amounts which were incorrectly recorded in the Township Fund, that should have been recorded in the Township Assistance Fund.

<u>Type of Tax/Year</u>	<u>Amount</u>
Property tax 2006	\$ 33,566.15
License excise tax 2006	3,954.19
Commercial vehicle excise tax (CVET) 2006	<u>129.58</u>
Total	<u><u>37,649.92</u></u>

Payments or transfers which are not authorized by statute, ordinance, resolution, or court order must be reimbursed or transferred to the appropriate fund. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

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)

INTERNAL CONTROLS - CORRECTIONS TO THE RECORDS

The controls over the receipting, disbursing, recording, and accounting for the financial activities were insufficient.

The Township Fund and the Township Assistance Fund balances as of January 1, 2006, did not agree with the December 31, 2005, ending fund balances. The difference was \$2,991.89. A comparison to the 2005 annual report showed a \$2,991.89 difference in total disbursements between the two funds. Someone at the Township made an adjustment for payments to REMC after the close of the year, moving payments originally made from the Township Assistance Fund to the Township Fund.

Receipt and disbursement corrections or other errors should be corrected by memorandum entry with the issuance of a check and receipt to document the flow of the transactions. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

WHITE RIVER TOWNSHIP, JOHNSON COUNTY  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

INTERNAL CONTROLS - BUDGET

The controls over the receipting, disbursing, recording, and accounting for the financial activities were insufficient.

The 2006 budget was entered incorrectly on the financial system. \$8,000 was entered, in one instance, into two separate line items under Other Services and Charges, for insurance, which resulted in the budget for Other Services and charges being overstated by \$8,000. However, the actual expenditures for the insurance line item were only \$2,493.23. The Board approved budget for Capital Outlay - buildings in another instance, was entered as \$146,418 but the approved amount was actually \$147,168, a difference of \$750.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

CONDITION OF RECORDS

The following deficiencies relating to recordkeeping were noted:

- (1) Record balances were not reconciled to depository balances for 2006. Reconcilements as of December 31, 2006, were prepared by the current Trustee, staff, and volunteers during 2007.

IC 5-13-6-1(e) states: "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."

- (2) Numerous posting errors were discovered in 2007 during the reconciliation of the 2006 records. These errors included duplicate postings of commercial vehicle excise tax payment of \$186.00; the November checking account interest of \$102.56; and a transfer of funds of \$2,282.93 from the Dog Fund to the Township Fund.

A duplicate payment on the VISA credit card was made in the amount of \$272.12 on July 17, 2006. Subsequent credit card charges were made which used up the credit balance which resulted from the overpayment.

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)

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)

WHITE RIVER TOWNSHIP, JOHNSON COUNTY  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

PENALTIES, INTEREST, AND OTHER CHARGES

Information presented for examination indicates that the following penalties and interest were paid during 2006:

<u>Pay Period Date</u>	<u>Penalties</u>	<u>Interest</u>	<u>Trustee Funds</u>	<u>Maple Personal Funds</u>	<u>Check Date</u>
12-31-05	\$ 6.61	\$ 4.32	\$ 10.82	\$ -	07-30-06
12-31-05	-	20.76	50.49	-	10-23-06
03-31-06	29.50	1.39	-	30.89	06-22-06
09-30-06	<u>18.38</u>	<u>19.43</u>	<u>-</u>	<u>37.81</u>	12-26-06
Totals	<u>\$ 54.49</u>	<u>\$ 45.90</u>	<u>\$ 61.31</u>	<u>\$ 68.70</u>	

The Internal Revenue Service refunded \$304.73 on May 12, 2008, for the tax period ending December 31, 2006. The notice referred to a penalty decrease of \$282.77, interest of \$21.96, and a reduction of interest previously charged of \$4.73 for a net adjustment credit of \$309.46. We were not presented documents indicating where these amounts had been originally charged or why. The refund was made because of the Township's use of the electronic federal tax payment system to make all federal tax deposits on time for four consecutive quarters. The refund was a one time abatement of the federal tax deposit penalty plus interest.

We also noted numerous communications from the Internal Revenue Service as well as the Indiana Department of Revenue, concerning the various tax liabilities and differences or amounts owed. There also was not a clear audit trail of the amounts which were due as payroll withholdings and the amounts which were paid to the Internal Revenue Service and the Indiana Department of Revenue.

We noted a revised 941 quarterly tax form for the third quarter of 2005, dated July 30, 2006, for which a check was issued in the amount of \$1,343.59. No documents were presented for examination to indicate the reason for the revised form and payment. We also noted that there was an IRS notice, dated October 3, 2005, of an overpayment of \$1,637.55; however, due to the lack of supporting documentation, the resolution of the \$1,637.55 overpayment was unknown.

IC 5-15-6-3(f) concerning destruction of public records, states in part: "Original records may be disposed of only with the approval of the commission according to guidelines established by the commission."

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)

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.

WHITE RIVER TOWNSHIP, JOHNSON COUNTY  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

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)

FEDERAL AND STATE AGENCIES - COMPLIANCE REQUIREMENTS

Employee payroll records for the year 2006 from the computer software were not correct. There were several instances where the individuals' payroll detail of gross pay, withholding and net pay printouts were not correct. Several of the withholdings appeared to be in the wrong withholding column.

Township employees prepared spreadsheets in 2007 which included the detail for each individual payroll, to determine the correct year-to-date totals for each employee.

The W-2 for one individual appeared to be incorrect. The amount reported for local taxes on the W-2 was \$449.53, while the payroll spreadsheet year-to-date total was \$185.67, a difference of \$263.86.

The employees' W-4 tax forms were not presented for examination. Several changes were made to employee withholdings' during the year, which we were unable to verify to a revised W-4 form.

Political subdivisions are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings and filing requirements concerning reports and other procedural matters of federal and state agencies, including opinions of the Attorney General of the State of Indiana, and court decisions. Governmental units should file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

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)

PERSONAL EXPENSES

Township check Number 3522 was issued on April 13, 2006, out of the Township Fund for \$69.67 to pay the AT&T phone bill of the former Trustee's uncle, Joe McBride. A bank deposit was made on July 24, 2006, in the amount of \$69.67. A handwritten note on the bank deposit paperwork noted the following: "Dan reimbursement for utility bill AT&T (Joe) pd in error."

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)

WHITE RIVER TOWNSHIP, JOHNSON COUNTY  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

SALES TAX

Sales tax was paid for some purchases.

The current Trustee, Jay W. Marks, prepared the necessary documents during 2007, to request a sales tax refund from the Indiana Department of Revenue. The Indiana Department of Revenue issued a tax refund on October 1, 2007, in the amount of \$2,723.17 for the years 2004 through July 2006.

Governmental funds generally are exempt from the payment of sales tax on qualifying purchases. Respective tax agencies should always be contacted concerning tax exemptions and payments. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

RECEIPT ISSUANCE

Receipts were not issued for money collected for the Township. There were several instances for 2006 where the source of the funds posted to the ledger could not be determined.

Receipts shall be issued and recorded at the time of the transaction; for example, when cash or a check is received, a receipt is to be immediately prepared and given to the person making payment. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

PRESCRIBED FORMS

Investment Register, Prescribed Form 350, was not in use.

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)

BOARD MINUTES

Not all minutes of meetings of the governing body were available for examination for the year 2006. Also, there were instances noted where the minutes had not been approved and/or signed.

IC 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."

WHITE RIVER TOWNSHIP, JOHNSON COUNTY  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

INTEREST ON INVESTMENTS

Interest was rolled over into the principal amount for investments held by the Township and not recorded in the records. An investment matured in 2007 and the transaction was completed and a new investment was purchased without actually depositing the funds back into the checking account and issuing a check for the new investment.

Interest on investments should not be automatically added into the investment. Instead, interest on investments should be paid to the governmental unit at each maturity date and posted to the appropriate fund. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

All financial transactions pertaining to the governmental unit should be recorded in the records of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

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)

CONTRACTS

Records presented for examination indicate payments were made to several vendors for cemetery maintenance services without written contracts.

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)

Supporting documentation such as receipts, cancelled 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)

COLLECTION OF AMOUNTS DUE FROM JOHNSON COUNTY FOUNDATION

A local bank foundation made two separate donations of \$4,000 to the Township to be used for walking trails. Additionally, a \$200 donation was made by an unidentified group or person. However, these funds were put into an account at the Johnson County Foundation, and then transferred to the "Center Grove Trails" account at the Foundation.

WHITE RIVER TOWNSHIP, JOHNSON COUNTY  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

The current Trustee requested in letters dated July 3, 2008, that these funds be returned to the White River Township Trails Fund.

Governmental units have a responsibility to collect amounts owed to the governmental unit, pursuant to procedures authorized by statute. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

CAPITAL ASSET RECORDS

Information presented for examination did not indicate a record of capital assets. A similar comment appeared in the prior Report B28154.

Every governmental unit should have a complete inventory of all fixed assets owned which reflect their acquisition value. Such inventory should be recorded on the applicable capital assets ledger. A complete inventory should be taken at least every two years for good internal control and for verifying account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

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.

IC 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 the person from the political subdivision to the treasurer of each county in which the political subdivision is located."

CEMETERY MOWING

Information provided for examination indicated the former Trustee paid the Honey Creek United Methodist Church more than \$11,700 from 2000 to 2006 for the mowing of the Church owned cemetery. There were no records presented for examination, which would indicate compliance with IC 23-14-68-1(1) and IC 23-14-68-2.

IC 23-14-68-1 states in part:

"This chapter applies to each cemetery that: (1) is without funds for maintenance; (2) was in existence on February 28, 1939; and (3) is operated by a nonprofit organization or is not managed by any viable organization."

IC 23-14-68-2 states:

"The trustee of each township shall locate and maintain all the cemeteries described in section 1(a) of this chapter that are within the township. However, a cemetery association claiming assistance under this chapter shall furnish a verified statement of assets and liabilities to the township trustee."

WHITE RIVER TOWNSHIP, JOHNSON COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on August 12, 2009, with Daniel C. Maple, former Trustee.

The contents of this report were discussed on October 19, 2009, with Mark Messick, Chairman of the Township Board.

The contents of this report were discussed on November 3, 2009, with Wm. Brian Walker, former Chairman of the Township Board.

The contents of this report were discussed on November 12, 2009, Jay W. Marks, Trustee. The official response has been made a part of this report and may be found on page 15.

***White River Township  
Johnson County  
Jay W. Marks  
Trustee***

**OFFICAL RESPONSE**

11-21-09

To Whom It May Concern:

Ref. Exit Conference for 2006 White River Township, Johnson County, Indiana

Kerry Fleming held an exit interview with me at my request over the 2006 examination of the WRT, Johnson County. With the information within the exit examination documents there appears that several areas of concern have not been reviewed. The examination fails to show where funds were miss spend by the prior administration.

With the items found by your department and items not accounted for.

I Jay W. Marks, White River Township Trustee would respectfully request on behalf of the residents of White River Township, that the State Board of Accounts turn over the findings in these documents to the Indiana State Attorney Generals Office and Indiana State Police for further review.

Respectfully,



Jay W. Marks  
White River Township Trustee

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***WE ARE MAKING THINGS BETTER***