

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, 2007 to December 31, 2007



FILED
12/29/2009

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Jay W. Marks	01-01-07 to 12-31-10
Chairman of the Township Board	Mark Messick	01-01-07 to 12-31-09



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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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, 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.

July 6, 2009

STATE BOARD OF ACCOUNTS

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, 2007

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Governmental Funds:				
Township	\$ 119,206	\$ 292,190	\$ 254,075	\$ 157,321
Township Assistance	21,771	82,994	45,808	58,957
Rainy Day	8,183	7,893	-	16,076
Building Fund	330	-	300	30
Fiduciary Fund:				
Payroll Withholdings	-	15,189	15,134	55
Totals	<u>\$ 149,490</u>	<u>\$ 398,266</u>	<u>\$ 315,317</u>	<u>\$ 232,439</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.

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

WHITE RIVER TOWNSHIP, JOHNSON COUNTY
EXAMINATION RESULTS AND COMMENTS

INTERNAL CONTROLS - TAXES

Commercial vehicle excise tax (CVET) in the amount of \$68.13 that should have been receipted to the Township Assistance Fund was recorded in the Township Fund.

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 financial activities were insufficient.

There were changes or corrections made after the December 31, 2006, ledgers were printed. There was a negative \$72.73 balance in the payroll deductions fund as of December 31, 2006; however, the January 1, 2007, balance was zero.

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)

INTERNAL CONTROLS – BUDGET

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

The 2007 budget was entered incorrectly on the financial system. \$3,000 in one instance was entered into two separate line items under Medical, Hospital and Burial, which resulted in the budget category being overstated by \$3,000. However, there were no actual expenditures for the Medical, Hospital and Burial budget category for 2007.

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

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

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)

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. On October 1, 2007, the Indiana Department of Revenue issued a tax refund 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)

PRESCRIBED FORMS

Prescribed Form Investment Register 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)

INTEREST ON INVESTMENTS

Interest was rolled over into the principal amount for investments held by the Township. 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.

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)

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)

CAPITAL ASSET RECORDS

The capital asset listing did not include an estimated value of acquired assets.

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)

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

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."

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 Community Foundation, and then transferred to the "Center Grove Trails" account at the Foundation.

The current Trustee has 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)

WHITE RIVER TOWNSHIP, JOHNSON COUNTY
EXIT CONFERENCE

The contents of this report were discussed on August 3, 2009, with Jay W. Marks, Trustee; and on October 19, 2009, with Mark Messick, Chairman of the Township Board. The official response has been made a part of this report and may be found on pages 11 and 12.

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

Official Response

11-21-09

To Whom It May Concern:

Ref. 2007 WRT Examination Exit Conference

1) Internal Controls- Taxes: Corrected by the Trustees Office

2) Internal Controls: Due to circumstances beyond our control. The township accounts were not balanced for several months in 2006. The State Board of Account was contacted by this office in January 2007 and request an AUDIT of the WRT Accounts and we were advised that your office would complete an audit on your regular scheduled cycle. We were advised to do the best we could do with what we have available.

3) Internal Controls- Budget: Imputed by Prior Administration

4) Sales Tax: Indiana Department of Revenue would only allow the WRT Trustees Office to go back three years.

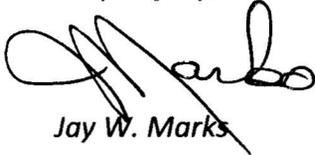
5) Capital Asset Records: These documents were viewed by SBOA employees during examination of the township records. The trustee will be working on a policy in the near future.

6) List of Employees not filed with County Treasurer: Information was submitted to county Treasurer.

7) *Collection of Amounts due: The Township Trustee wrote letters and sent them Certified Mail, one was sent back with refusal to receive.*

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 of missing funds to the Indiana State Attorney General's Office and the Indiana State Police for further review.

Respectfully,

A handwritten signature in black ink, appearing to read "Jay W. Marks". The signature is stylized with a large initial "J" and a long horizontal stroke.

*Jay W. Marks
White River Township Trustee*

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WE ARE MAKING THINGS BETTER