

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

EXAMINATION REPORT
OF
BEAVER TOWNSHIP
NEWTON COUNTY, INDIANA
January 1, 2008 to December 31, 2009



FILED
04/14/2010

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Officials	2
Independent Accountant's Report.....	3
Financial Information:	
Schedules of Receipts, Disbursements, and Cash and Investment Balances	4
Notes to Financial Information	5-6
Supplementary Information:	
Schedule of Funding Progress	7
Examination Results and Comments:	
Capital Assets.....	8
Disbursement Documentation	8
Penalties, Interest, and Other Charges	8-9
Bank Account Reconciliations	9
Exit Conference.....	10

OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Shirley A. Deardurff Mindy M. Mathis	01-01-07 to 11-24-09 12-16-09 to 12-31-10
Chairman of the Township Board	Daniel C. Baird	01-01-08 to 12-31-10



STATE OF INDIANA
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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF BEAVER TOWNSHIP, NEWTON COUNTY, INDIANA

We have examined the financial information presented herein of Beaver Township (Township), for the period of January 1, 2008 to December 31, 2009. 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, 2008 and 2009, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The Schedule of Funding Progress, as listed in the Table of Contents, is presented for additional analysis and is not a required part of the basic financial information. It has not been subjected to the examination procedures applied to the basic financial information and, accordingly, we express no opinion on it.

STATE BOARD OF ACCOUNTS

March 9, 2010

BEAVER TOWNSHIP, NEWTON COUNTY
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES
As Of And For The Years Ended December 31, 2008 And 2009

	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
Governmental Funds:				
Township	\$ 49,011	\$ 128,228	\$ 123,937	\$ 53,302
Township Assistance	12,439	3,425	3,042	12,822
Fire Fighting	82,716	107,334	70,247	119,803
Landfill Donation	69,987	109,964	167,868	12,083
Rental	3,640	1,720	596	4,764
Township Miscellaneous	1,548	4,042	-	5,590
Rainy Day	26,737	3,791	-	30,528
Cumulative Fire	17,054	5,823	-	22,877
Fire Claim	1,023	380	-	1,403
Levy Excess	1,338	-	1,338	-
	<u>265,493</u>	<u>364,707</u>	<u>367,028</u>	<u>263,172</u>
Totals	<u>\$ 265,493</u>	<u>\$ 364,707</u>	<u>\$ 367,028</u>	<u>\$ 263,172</u>
	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
Governmental Funds:				
Township	\$ 53,302	\$ 330,450	\$ 345,273	\$ 38,479
Township Assistance	12,822	4,817	4,964	12,675
Fire Fighting	119,803	105,732	168,765	56,770
Landfill Donation	12,083	103,457	50,449	65,091
Rental	4,764	1,933	2,620	4,077
Township Miscellaneous	5,590	-	960	4,630
Rainy Day	30,528	18,899	-	49,427
Cumulative Fire	22,877	5,982	-	28,859
Fire Claim	1,403	-	-	1,403
Levy Excess	-	-	-	-
	<u>263,172</u>	<u>571,270</u>	<u>573,031</u>	<u>261,411</u>
Totals	<u>\$ 263,172</u>	<u>\$ 571,270</u>	<u>\$ 573,031</u>	<u>\$ 261,411</u>

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

BEAVER TOWNSHIP, NEWTON 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. 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.

BEAVER TOWNSHIP, NEWTON COUNTY
NOTES TO FINANCIAL INFORMATION
(Continued)

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. Pension Plan

Public Employees' Retirement Fund

Plan Description

The Township contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF Board, most requirements of the system, and give the Township authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

PERF administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

Public Employees' Retirement Fund
Harrison Building, Room 800
143 West Market Street
Indianapolis, IN 46204
Ph. (317) 233-4162

Funding Policy and Annual Pension Cost

The contribution requirements of the plan members for PERF are established by the Board of Trustees of PERF.

BEAVER TOWNSHIP, NEWTON COUNTY
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF FUNDING PROGRESS

Public Employees' Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Excess of Assets Over (Unfunded) AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Excess (Unfunded) AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-06	\$ 16,095	\$ 20,062	\$ (3,967)	80%	\$ 23,822	(17%)
07-01-07	21,078	24,476	(3,398)	86%	25,006	(14%)
07-01-08	27,372	69,072	(41,700)	40%	26,057	(160%)

BEAVER TOWNSHIP, NEWTON COUNTY
EXAMINATION RESULTS AND COMMENTS

CAPITAL ASSET RECORDS

The Township did not maintain a record of capital assets using Form 369. A similar comment was in the prior Report B31911.

Every governmental unit should have a complete inventory of all capital assets owned which reflects their acquisition value. Such inventory should be recorded on the applicable Capital Asset 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)

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)

PENALTIES, INTEREST, AND OTHER CHARGES

Amounts payable to some vendors and other suppliers of goods and services were not being paid until one to two months after the invoice dates. The late payments resulted in the Township incurring \$24.64 in finance charges and \$15.00 in late fees on three of the disbursements examined.

BEAVER TOWNSHIP, NEWTON COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

Penalties and interest totaling \$31.53 were paid to the Internal Revenue Service in 2008.

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)

BANK ACCOUNT RECONCILIATIONS

Depository reconciliations of the fund balances to the bank account balances were incorrect. The bank reconciliation shows cash short of \$275.12. A similar comment was in prior Report B31911.

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."

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)

BEAVER TOWNSHIP, NEWTON COUNTY
EXIT CONFERENCE

The contents of this report were discussed on March 9, 2010, with Mindy M. Mathis, Trustee. The official concurred with our findings.