

B36469

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

EXAMINATION REPORT  
OF  
VERNON TOWNSHIP  
HANCOCK COUNTY, INDIANA  
January 1, 2008 to December 31, 2009



**FILED**  
04/27/2010



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OFFICIALS

Office

Official

Term

Trustee

Rhonda Brown

01-01-07 to 12-31-10

Chairman of the  
Township Board

Gary Sharrett

01-01-08 to 12-31-10



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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF VERNON TOWNSHIP, HANCOCK COUNTY, INDIANA

We have examined the financial information presented herein of Vernon 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 Long-Term Debt, 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 30, 2010

VERNON TOWNSHIP, HANCOCK 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	\$ 223,076	\$ 95,676	\$ 71,334	\$ 247,418
Township Assistance	124,171	29,558	23,049	130,680
Cumulative Fire	267,608	44,190	20,000	291,798
Firefighting	234,018	316,558	436,554	114,022
Recreation	310,495	98,892	24,955	384,432
Dog	596	-	596	-
Rainy Day	1,919	30,751	5,110	27,560
Emergency Medical Services (EMS)	4,973	229,611	200,000	34,584
Fiduciary Fund:				
Payroll Withholdings	-	8,878	6,447	2,431
Totals	<u>\$ 1,166,856</u>	<u>\$ 854,114</u>	<u>\$ 788,045</u>	<u>\$ 1,232,925</u>
	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
Governmental Funds:				
Township	\$ 247,418	\$ 118,833	\$ 67,032	\$ 299,219
Township Assistance	130,680	31,998	19,864	142,814
Cumulative Fire	291,798	35,380	-	327,178
Firefighting	114,022	431,282	260,837	284,467
Fire Debt	-	273,000	-	273,000
Emergency Fire Loan	-	196,233	185,159	11,074
Recreation	384,432	138,995	99,319	424,108
Rainy Day	27,560	19,129	19,505	27,184
Emergency Medical Services (EMS)	34,584	217,940	252,524	-
Fiduciary Fund:				
Payroll Withholdings	2,431	7,943	7,948	2,426
Totals	<u>\$ 1,232,925</u>	<u>\$ 1,470,733</u>	<u>\$ 912,188</u>	<u>\$ 1,791,470</u>

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

VERNON TOWNSHIP, HANCOCK 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.

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.

VERNON TOWNSHIP, HANCOCK COUNTY  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF LONG-TERM DEBT  
 December 31, 2009

The Township has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:		
Notes and loans payable	\$ 273,000	\$ 26,059
Total governmental activities debt	\$ 273,000	\$ 26,059

VERNON TOWNSHIP, HANCOCK COUNTY  
EXAMINATION RESULT AND COMMENT

OFFICIAL BOND

There was not an official bond filed for the Trustee in the Office of the County Recorder for the year 2008. A continuation certificate was filed for the period January 1, 2009 to January 1, 2010. The continuation certification was in the amount of \$15,000. A similar comment appeared in prior Report B32570.

IC 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 . . ."

Until July 1, 2009, IC 5-4-1-18 stated in part:

"(c) The fiscal bodies of the respective units shall fix the amount of the bond . . . township trustees . . . as follows:

- (1) The amount must equal fifteen thousand dollars (\$15,000) for each one million dollars (\$1,000,000) of receipts of the officer's office during the last complete fiscal year before the purchase of the bond, subject to subdivision (2).
- (2) The amount may not be less than fifteen thousand dollars (\$15,000) nor more than three hundred thousand dollars (\$300,000) . . ."

Effective July 1, 2009, IC 5-4-1-18 states in part:

"(c) Except as provided in subsections (h) and (i), the fiscal bodies of the respective units shall fix the amount of the bond of. . . township trustees . . . as follows:

- (1) The amount of annual coverage must equal thirty thousand dollars (\$30,000) for each one million dollars (\$1,000,000) of receipts of the officer's office during the last complete fiscal year before the purchase of the bond, subject to subdivision (2).
- (2) The amount of annual coverage may not be less than thirty thousand dollars (\$30,000) nor more than three hundred thousand dollars (\$300,000) unless the fiscal body approves a greater amount of annual coverage for the officer or employee . . ."

The State Board of Accounts is of the audit position in order to comply with the changes made in Public Law 176 effective July 1, 2009, governments will have to purchase riders on their current bond coverage for the remainder of the calendar year; and beginning January 1, 2010, will have to provide annual bond coverage. We are also of the audit position a new bond should be obtained for each year and continuation certificates or renewals should not be used in lieu of obtaining a new bond. ((The Township Bulletin and Uniform Compliance Guidelines, Volume 286)

VERNON TOWNSHIP, HANCOCK COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on March 30, 2009, with Rhonda Brown, Trustee. The official concurred with our findings.