

B36858

**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, 2008 to December 31, 2009



**FILED**  
05/10/2010



## 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
Examination Results and Comments:	
Overpayment of Compensation.....	6
Penalties, Interest, and Other Charges .....	6
Bank Account Reconciliations .....	7
Condition of Records .....	7
Disbursement Documentation .....	7-8
Official Bond .....	8
Deposit of Public Funds.....	8-9
Appropriations.....	9
List of Employees Not Filed With County Treasurer .....	9
Certified Report of Names, Addresses, Duties and Compensation of Public Employees .....	9
Exit Conference.....	10
Summary .....	11

OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Vivian June Shepler	01-01-07 to 12-31-10
Chairman of the Township Board	Kenneth Hildebrand	01-01-08 to 12-31-10



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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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, 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.

STATE BOARD OF ACCOUNTS

April 14, 2010

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, 2008 And 2009

	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
Governmental Funds:				
Township	\$ 4,209	22,039	17,315	\$ 8,933
Township Assistance	21,531	832	3,874	18,488
Firefighting	11,174	1,745	11,000	1,919
	<u>36,914</u>	<u>24,616</u>	<u>32,190</u>	<u>29,340</u>
Totals	<u>\$ 36,914</u>	<u>\$ 24,616</u>	<u>\$ 32,190</u>	<u>\$ 29,340</u>
	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
Governmental Funds:				
Township	\$ 8,933	21,998	18,384	\$ 12,547
Township Assistance	18,488	1	2,025	16,464
Firefighting	1,919	12,079	11,000	2,998
	<u>29,340</u>	<u>34,079</u>	<u>31,409</u>	<u>32,010</u>
Totals	<u>\$ 29,340</u>	<u>\$ 34,079</u>	<u>\$ 31,409</u>	<u>\$ 32,010</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, 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.

BLOOMING GROVE TOWNSHIP, FRANKLIN COUNTY  
EXAMINATION RESULTS AND COMMENTS

OVERPAYMENT OF COMPENSATION

Vivian June Shepler, Trustee, received \$25.10 and \$54.70 in excess payments for the years 2008 and 2009 due to miscalculations of net pay and a mathematical error on one paycheck. A similar comment was in prior Report B33926.

The Trustee does not have a surety bond as required by IC 5-4-1-8. We have requested that Vivian June Shepler repay the township \$79.80 in excess salary. (See Summary, page 11)

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

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 stature. Compensation should be mad in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 17)

PENALTIES, INTEREST, AND OTHER CHARGES

Information presented for examination indicates that amounts payable to the Internal Revenue Service are not being paid on a timely basis. A similar comment was in prior Reports B28393 and B33926.

A late payment of \$267.75 was made on July 11, 2008, to the Internal Revenue Service for the period ending June 30, 2007. An additional payment of \$252.45 was made on February 9, 2010, for the same period, resulting in an overpayment. The Township received a refund for the overpayment March 9, 2010.

Penalties and interest totaling \$100.98 were incurred for payroll taxes for the periods ending June 30, 2008, and June 30, 2009. However, the penalties and interest were paid by the Trustee in the form of a personal check to the Internal Revenue Service on February 10, 2010.

An analysis of the remittances to the Internal Revenue Service for payments due in the examination period disclosed several late payments that will be assessed penalties and interest in the future.

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)

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

BANK ACCOUNT RECONCILIATIONS

Depository reconciliations of the fund balances to the bank account balances were not presented for examination.

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)

CONDITION OF RECORDS

The following deficiencies relating to the recordkeeping were noted. A similar comment was in prior Reports B28393 and B33926.

There were a considerable number of posting errors which included deposits not receipted to the records and checks and receipts not recorded in the proper amounts,

The individual funds in the Financial and Appropriation Record did not balance to the total of all funds. Township Assistance receipts and disbursements were not posted to the Total All Funds columns. Disbursements were not posted to the appropriations columns.

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)

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)

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)

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)

DISBURSEMENT DOCUMENTATION

Payments to the Internal Revenue Service (IRS) were observed which did not contain adequate supporting documentation. IRS Forms 941 were not always fully completed, and some contained mathematical errors and missing information. Several filings required resubmission and resulted in penalties and interest.

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

Due to the lack of supporting information, the validity and accountability for some monies disbursed could not be established, and payment of amounts due could not be confirmed.

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)

OFFICIAL BOND

An official bond for the Trustee was not filed in the office of the County Recorder. No payments for an official bond were noted in the ledger or on the copies of checks during the examination period.

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 of . . . 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. . . ."

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 . . ."

DEPOSIT OF PUBLIC FUNDS

We noted instances where the Trustee did not deposit local tax distribution checks for as long as three months after issue. A distribution check issued on October 8, 2008, had not been deposited or posted to the records. The check was located by the Trustee, and was deposited on April 13, 2010. Additionally, the County Auditor issued two replacement checks on April 15, 2009, for May 1, 2006, tax distributions.

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

IC 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."

APPROPRIATIONS

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

<u>Fund</u>	<u>Year</u>	<u>Excess Amount Expended</u>
Township	2008	<u>\$ 783.36</u>

IC 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."

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."

CERTIFIED REPORT OF NAMES, ADDRESSES, DUTIES  
AND COMPENSATION OF PUBLIC EMPLOYEES

The Trustee has not filed the 2008 and 2009 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, 46204-2769 (IC 5-11-13-1).

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)

BLOOMING GROVE TOWNSHIP, FRANKLIN COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on April 14, 2010, with Vivian June Shepler, Trustee.

BLOOMING GROVE TOWNSHIP, FRANKLIN COUNTY  
SUMMARY

	<u>Charges</u>	<u>Credits</u>	<u>Balance Due</u>
Vivian June Shepler, Trustee: Overpayment of Compensation, page 6	<u>\$ 79.80</u>	<u>\$ 79.80</u>	<u>\$ -</u>