

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

EXAMINATION REPORT  
OF  
NEWBURY TOWNSHIP  
LAGRANGE COUNTY, INDIANA  
January 1, 2007 to December 31, 2009



**FILED**  
05/12/2010



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OFFICIALS

Office

Official

Term

Trustee

Ann Glick

01-01-07 to 12-31-10

Chairman of the  
Township Board

Jerrald Hostetler

01-01-07 to 12-31-10



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF NEWBURY TOWNSHIP, LAGRANGE COUNTY, INDIANA

We have examined the financial information presented herein of Newbury Township (Township), for the period of January 1, 2007 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, 2007, 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 21, 2010

NEWBURY TOWNSHIP, LAGRANGE COUNTY  
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES  
ALL GOVERNMENTAL FUND TYPES  
As Of And For The Years Ended December 31, 2007, 2008, And 2009

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Governmental Funds:				
Township	\$ 17,014	\$ 33,297	\$ 33,330	\$ 16,981
Township Assistance	9,005	17,211	5,089	21,127
Firefighting	2,959	72,190	34,360	40,789
Cumulative Fire	45,406	26,467	-	71,873
Totals	<u>\$ 74,384</u>	<u>\$ 149,165</u>	<u>\$ 72,779</u>	<u>\$ 150,770</u>

	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
Governmental Funds:				
Township	\$ 16,981	\$ 49,976	\$ 28,174	\$ 38,783
Township Assistance	21,127	14,143	10,114	25,156
Firefighting	40,789	58,748	34,257	65,280
Cumulative Fire	71,873	22,896	-	94,769
Totals	<u>\$ 150,770</u>	<u>\$ 145,763</u>	<u>\$ 72,545</u>	<u>\$ 223,988</u>

	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
Governmental Funds:				
Township	\$ 38,783	\$ 53,150	\$ 33,441	\$ 58,492
Township Assistance	25,156	24,024	8,966	40,214
Firefighting	65,280	83,204	31,629	116,855
Rainy Day	-	3,843	2,451	1,392
Cumulative Fire	94,769	29,435	60,000	64,204
Totals	<u>\$ 223,988</u>	<u>\$ 193,656</u>	<u>\$ 136,487</u>	<u>\$ 281,157</u>

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

NEWBURY TOWNSHIP, LAGRANGE 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.

NEWBURY TOWNSHIP, LAGRANGE COUNTY  
NOTES TO FINANCIAL INFORMATION  
(Continued)

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.

NEWBURY TOWNSHIP, LAGRANGE COUNTY  
EXAMINATION RESULTS AND COMMENTS

BOARD MINUTES

Board minutes did not indicate the actions of the Township Board as to the approval of the 2008 or 2009 budgets or the approval of the transfer of \$2,450.63 from the Rainy Day Fund to the Cumulative Fire Fund on June 30, 2009. The Township Board did not organize at the beginning of 2009. A similar comment appeared in prior Report B31126.

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."

DEPOSIT OF PUBLIC FUNDS

The Trustee was depositing local tax distributions as late as 20 to 35 days after the date of distribution. A similar comment appeared in prior Report B31126.

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."

BANK ACCOUNT RECONCILIATIONS

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

IC 5-13-6-1(e) states in part:

"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)

NEWBURY TOWNSHIP, LAGRANGE COUNTY  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

ANNUAL REPORT

The Township did not file a Township Annual Report, Form 15, for the year 2009.

IC 5-11-1-4 states:

"The state examiner shall require from every municipality and every state or local governmental unit, entity, or instrumentality financial reports covering the full period of each fiscal year. These reports shall be prepared, verified and filed with the state examiner not later than sixty (60) days after the close of each fiscal year. The reports must be filed electronically, in a manner prescribed by the state examiner that is compatible with the technology employed by the political subdivision."

CONDITION OF RECORDS

There were a considerable number of posting errors. These errors included correct balances not carried forward, investment transactions not recorded, totals not correctly footed and the sum of the individual fund balances did not agree with the Total All Funds balance. Also a matured CD from the Firefighting Fund was posted to the Township Fund. The financial statements required numerous adjustments to the records. A similar comment appeared in prior Report B31126.

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)

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)

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 earned on investments was automatically added to the principal and not recorded in the records.

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)

NEWBURY TOWNSHIP, LAGRANGE COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on April 21, 2010, with Ann Glick, Trustee.