

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

EXAMINATION REPORT
OF
BROWN TOWNSHIP
MORGAN COUNTY, INDIANA
January 1, 2008 to December 31, 2009



FILED
01/31/2011

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OFFICIALS

Office

Official

Term

Trustee

Alan Hornaday

01-01-08 to 12-31-10

Chairman of the
Township Board

Kevin Smith

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 BROWN TOWNSHIP, MORGAN COUNTY, INDIANA

We have examined the financial information presented herein of Brown 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 Capital Assets and Schedule of Long-Term Debt, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the basic financial information. They have not been subjected to the examination procedures applied to the basic financial information and, accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

March 18, 2010

BROWN TOWNSHIP, MORGAN 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	\$ 547,381	\$ 391,668	\$ 385,614	\$ 553,435
Township Assistance	75,212	55,016	45,136	85,092
Firefighting	338,059	708,506	380,077	666,488
Emergency Medical Service	714,335	749,618	672,184	791,769
Debt Service	21,379	38,308	39,695	19,992
Cumulative Fire	29,867	29,587	48,013	11,441
Levy Excess	19,254	-	19,254	-
Rainy Day	14,179	45,612	7,733	52,058
Fiduciary Fund:				
Payroll Withholdings	9,416	310,226	319,619	23
Totals	<u>\$ 1,769,082</u>	<u>\$ 2,328,541</u>	<u>\$ 1,917,325</u>	<u>\$ 2,180,298</u>
	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
Governmental Funds:				
Township	\$ 553,435	\$ 455,743	\$ 380,269	\$ 628,909
Township Assistance	85,092	56,423	58,298	83,217
Firefighting	666,488	702,137	492,111	876,514
Emergency Medical Service	791,769	443,422	667,204	567,987
Debt Service	19,992	75,031	85,068	9,955
Cumulative Fire	11,441	152,302	120,788	42,955
Rainy Day	52,058	29,547	-	81,605
Fiduciary Fund:				
Payroll Withholdings	23	300,370	299,264	1,129
Totals	<u>\$ 2,180,298</u>	<u>\$ 2,214,975</u>	<u>\$ 2,103,002</u>	<u>\$ 2,292,271</u>

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

BROWN TOWNSHIP, MORGAN 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, 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.

BROWN TOWNSHIP, MORGAN 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.

BROWN TOWNSHIP, MORGAN COUNTY
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS
For The Year Ended December 31, 2009

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 125,000
Buildings	125,000
Machinery and equipment	<u>1,203,000</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 1,453,000</u>

BROWN TOWNSHIP, MORGAN 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	\$ 86,651	\$ 45,372
Total governmental activities debt	\$ 86,651	\$ 45,372

BROWN TOWNSHIP, MORGAN COUNTY
EXAMINATION RESULTS AND COMMENTS

QUESTIONED COST

The Township disbursed funds for entertainment functions such as employee Christmas dinners for employees. The Board of Accounts is of the opinion these types of expenses do not relate to the functions and purposes of the Township and therefore should not be made. The Township expended funds in the amount of \$1,862.07 in 2008 and \$952.51 in 2009 for these types of expenses.

Public funds may not be used to pay for personal items or for expenses which do not relate to the functions and purposes of the governmental unit. Any personal expenses paid by the governmental entity may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

COMPENSATION AND BENEFITS

Numerous volunteers (substitutes) received quarterly ambulance and/or firefighter wages in 2008 and/or 2009 which were not included in the salary resolution.

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

The State Board of Accounts is of the audit position continuation certificates or renewals should not be used in lieu of obtaining the required annual bond coverage. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

BROWN TOWNSHIP, MORGAN COUNTY
EXIT CONFERENCE

The contents of this report were discussed on January 28, 2011, with Alan Hornaday, former Trustee. The official concurred with our findings.