

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

EXAMINATION REPORT
OF
WHITE RIVER TOWNSHIP
JOHNSON COUNTY, INDIANA
January 1, 2010 to December 31, 2010



FILED
09/15/2011

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OFFICIALS

Office

Official

Term

Trustee

Jay Marks
Mark Messick

01-01-07 to 12-31-10
01-01-11 to 12-31-14

Chairman of the
Township Board

Mark Messick
Greg Rainbolt

01-01-10 to 12-31-10
01-01-11 to 12-31-11



STATE OF INDIANA
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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF WHITE RIVER TOWNSHIP, JOHNSON COUNTY, INDIANA

We have examined the financial statement of White River (Township), for the period of January 1, 2010 to December 31, 2010. The Township's management is responsible for the financial statement. 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 statement and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

As discussed in Note 1, the Township prepares its financial statement on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The basis noted above is a different basis than that used in the prior year.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the Township for the year ended December 31, 2010, on the basis of accounting described in Note 1.

The Combining Schedule of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis and Schedule of Capital Assets, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statement. They have not been subjected to the examination procedures applied to the financial statement and, accordingly, we express no opinion on them.

The Township's response to the Examination Results and Comments identified in our examination is described in the accompanying section of the report entitled Official Response. We did not examine the Township's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Township's management, Township Board, and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

August 15, 2011

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FINANCIAL STATEMENT

WHITE RIVER TOWNSHIP, JOHNSON COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
REGULATORY BASIS
For The Year Ended December 31, 2010

	Cash and Investments 01-01-10	Receipts	Disbursements	Cash and Investments 12-31-10
Township	\$ 204,256	\$ 629,071	\$ 229,516	\$ 603,811
Township Assistance	28,160	92,943	92,496	28,607
Levy Excess	-	603	-	603
Rainy Day	41,143	12,937	-	54,080
Building Fund	30	-	-	30
Payroll Deductions Fund	-	12,323	12,323	-
Totals	<u>\$ 273,589</u>	<u>\$ 747,877</u>	<u>\$ 334,335</u>	<u>\$ 687,131</u>

WHITE RIVER TOWNSHIP, JOHNSON COUNTY
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The Township was established under the laws of the State of Indiana. The Township operates under a township trustee/township board form of government and provides some or all of the following services: public safety (fire), health and social services (township assistance), and general administrative services.

The accompanying financial statement presents the financial information for the Township (primary government), and does not include financial information for any of the Township's legally separate component units, which accounting principles generally accepted in the United States of America require to be reported with the financial information of the Township (primary government).

B. Basis of Accounting

The financial statement is reported on a regulatory basis of accounting prescribed by the State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when received and disbursements are recorded when paid.

The regulatory basis of accounting differs from accounting principles generally accepted in the United States of America in that receipts are recognized when received in cash, rather than when earned, and disbursements are recognized when paid, rather than when a liability is incurred.

C. Cash and Investments

Investments are stated at cost. Any changes in fair value of the investment are reported as receipts in the year of the sale of the investment.

D. Receipts

Receipts are presented in the aggregate on the face of the financial statement. The aggregate receipts may include, but are not limited to, the following sources:

Taxes which can include one or more of the following: property taxes, certified shares (local option tax), property tax replacement credit (local option tax), county option income tax, wheel tax, innkeepers tax, food and beverage tax, county economic development income tax, boat and trailer excise tax, county adjusted gross income tax, and other taxes that are set by the Township.

Licenses and permits which include amounts received from businesses, occupations, or nonbusinesses that must be licensed before doing business within the government's jurisdiction or permits levied according to the benefits presumably conferred by the permit. Examples of licenses and permits include: peddler licenses, dog tax licenses, auctioneer license, building and planning permits, demolition permits, electrical permits, sign permits, and gun permits.

WHITE RIVER TOWNSHIP, JOHNSON COUNTY
NOTES TO FINANCIAL STATEMENT
(Continued)

Intergovernmental receipts which include receipts from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of this type of receipts include, but are not limited to: federal grants, state grants, cigarette tax distributions received from the state, motor vehicle highway distribution received from the state, local road and street distribution received from the state, financial institution tax received from the state, auto excise surtax received from the state, commercial vehicle excise tax received from the state, major moves distributions received from the state, and riverboat receipts received from the county.

Charges for services which can include, but are not limited to the following: planning commission charges, building department charges, copies of public records, copy machine charges, accident report copies, gun permit applications, 911 telephone services, recycling fees, dog pound fees, emergency medical service fees, park rental fees, swimming pool receipts, cable tv receipts, ordinance violations, fines and fees, bond forfeitures, court costs, and court receipts.

Fines and forfeits which include receipts derived from fines and penalties imposed for the commission of statutory offenses, violation of lawful administrative rules and regulations (fines), and for the neglect of official duty and monies derived from confiscating deposits held as performance guarantees (forfeitures).

Other receipts which include amounts received from various sources which can include, but are not limited to the following: net proceeds from borrowings; interfund loan activity; transfers authorized by statute, ordinance, resolution or court order; internal service receipts; and fiduciary receipts.

E. Disbursements

Disbursements are presented in the aggregate on the face of the financial statements. The aggregate disbursements may include, but are not limited to, the following uses:

Personal services include outflows for salaries, wages, and related employee benefits provided for all persons employed. In those units where sick leave, vacation leave, overtime compensation, and other such benefits are appropriated separately, such payments would also be included.

Supplies which include articles and commodities that are entirely consumed and materially altered when used and/or show rapid depreciation after use for a short period of time. Examples of supplies include office supplies, operating supplies, and repair and maintenance supplies.

Other services and charges which include, but are not limited to: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

Debt service principal and interest which include fixed obligations resulting from financial transactions previously entered into by the Township. It includes all expenditures for the reduction of the principal and interest of the Township's general obligation indebtedness.

WHITE RIVER TOWNSHIP, JOHNSON COUNTY
NOTES TO FINANCIAL STATEMENT
(Continued)

Capital outlay which include all outflows for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

Other disbursements which include, but are not limited to the following: interfund loan payments, loans made to other funds, internal service disbursements, and transfers out that are authorized by statute, ordinance, resolution, or court order.

F. Interfund Transfers

The Township may, from time to time, transfer money from one fund to another. These transfers, if any, are included as a part of the receipts and disbursements of the affected funds and as a part of total receipts and disbursements. The transfers are used for cash flow purposes as provided by various statutory provisions.

G. Fund Accounting

Separate funds are established, maintained, and reported by the Township. Each fund is used to account for money received from and used for specific sources and uses as determined by various regulations. Restrictions on some funds are set by statute while other funds are internally restricted by the Township. The money accounted for in a specific fund may only be available for use for certain, legally restricted purposes. Additionally, some funds are used to account for assets held by the Township in a trustee capacity as an agent of individuals, private organizations, other funds, or other governmental units and therefore the funds cannot be used for any expenditures of the unit itself.

Note 2. Budgets

The operating budget is initially prepared and approved at the local level. The fiscal officer of the Township submits a proposed operating budget to the governing board for the following calendar year. The budget is advertised as required by law. Prior to adopting the budget, the governing board conducts public hearings and obtains taxpayer comments. Prior to November 1, the governing board approves the budget for the next year. The budget for funds for which property taxes are levied is subject to final approval by the Indiana Department of Local Government Finance.

Note 3. Property Taxes

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the Township in June and December; however, situations can arise which would delay the distributions. 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 percent 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 normally become delinquent if not paid by May 10 and November 10, respectively.

WHITE RIVER TOWNSHIP, JOHNSON COUNTY
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 4. Deposits and Investments

Deposits, made in accordance with state statute (IC 5-13), with financial institutions in the State of Indiana at year end should be 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 statutes authorize 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 5. Risk Management

The Township may be exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents; and natural disasters.

These risks can be mitigated through the purchase of insurance, establishment of a self-insurance fund, and/or participation in a risk pool. The purchase of insurance transfers the risk to an independent third party. The establishment of a self-insurance fund allows the Township to set aside money for claim settlements. The self-insurance fund would be included in the financial statements. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks. These risks may also be mitigated by the Township by recording as a disbursement and replacement items purchased.

Note 6. Pension Plan

Public Employees' Retirement Fund

Plan Description

The Indiana Public Employees' Retirement Fund (PERF) is 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 percent 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:

WHITE RIVER TOWNSHIP, JOHNSON COUNTY
NOTES TO FINANCIAL STATEMENT
(Continued)

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.

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SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the Township's Annual Report can be found on the Indiana Transparency Portal website: www.in.gov/itp/annual_reports/.

WHITE RIVER TOWNSHIP, JOHNSON COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010

	Township	Township Assistance	Levy Excess	Rainy Day	Building Fund	Payroll Deductions Fund	Totals
Cash and investments - beginning	\$ 204,256	\$ 28,160	\$ -	\$ 41,143	\$ 30	\$ -	\$ 273,589
Receipts:							
Taxes	370,732	46,544	603	-	-	-	417,879
Intergovernmental	-	-	-	12,937	-	-	12,937
Other receipts	258,339	46,399	-	-	-	12,323	317,061
Total receipts	629,071	92,943	603	12,937	-	12,323	747,877
Disbursements:							
Personal services	52,117	20,907	-	-	-	12,323	85,347
Supplies	2,768	-	-	-	-	-	2,768
Other services and charges	81,348	6,140	-	-	-	-	87,488
Capital outlay	47,484	-	-	-	-	-	47,484
Other disbursements	45,799	65,449	-	-	-	-	111,248
Total disbursements	229,516	92,496	-	-	-	12,323	334,335
Excess of receipts over disbursements	399,555	447	603	12,937	-	-	413,542
Cash and investments - ending	\$ 603,811	\$ 28,607	\$ 603	\$ 54,080	\$ 30	\$ -	\$ 687,131

WHITE RIVER TOWNSHIP, JOHNSON COUNTY
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 December 31, 2010

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.

General infrastructure assets are included if acquired (purchased, constructed, or donated) after July 1, 1980, or if they received major renovations, restorations, or improvements after that date. The government was able to estimate the historical cost for the initial reporting of these assets through backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). As the government constructs or acquires additional capital assets each period, including infrastructure assets, they are reported at historical cost.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 75,000
Buildings	963,000
Machinery and equipment	<u>150,000</u>
 Total governmental activities, capital assets not being depreciated	 <u>\$ 1,188,000</u>

WHITE RIVER TOWNSHIP, JOHNSON COUNTY
EXAMINATION RESULT AND COMMENT

BOARD MINUTES

Some minutes of Township Board meetings were unclear as to the understanding of the Board members and were not always approved.

Indiana Code 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."

WHITE RIVER TOWNSHIP, JOHNSON COUNTY
EXIT CONFERENCE

The contents of this report were discussed on August 18, 2011, with Mark Messick, Trustee.

The contents of this report were discussed on August 18, 2011, with Jay Marks, Former Trustee.
The Official Response has been made a part of this report and may be found on pages 18 and 19.

Jay W. Marks
White River Township Trustee, Johnson County
2007-2010

August 22, 2011

“OFFICAL RESPONSE”

State Board of Accounts
302 West Washington Street
Room E418
Indianapolis, In. 46204-2765

Re: White River Township Trustee Response to our 2010 Examination Results
Presented by the State Board of Accounts (SBOA) on 8-18-2011

To Whom It May Concern:

As the White River Township Trustee for 2007-2010. I wish to formally respond to the examination comments presented to me at the August 18, 2011 meeting with SBOA Examiners.

I, Jay W. Marks, would like to note that I am pleased to learn that, for the third consecutive examination, the SBOA has found no problems or exceptions with the townships financials. The staff and I took great pride and significant steps over the past four years to rectify irregularities that had previously been identified by the SBOA in prior township examinations before my term. This has been no small task; including at times retracing many years of receipts and expenditures to recreate the proper past records of the townships finances. The sizeable undertaking has not only been confirmed from the results of the past three SBOA examinations of the township but also contributed to a more efficient office and more transparent office.

BOARD MINUTES

Not all minutes of meetings of the governing body were clear as to the understanding of the board and approved by board members.

As mentioned in the exit interview the SBOA referenced 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 posed, 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 or IC 20-12-63-7.

At this time I would also like to submit in the Township Guidelines from the SBOA

IC 36-6-6-8
Records of Proceedings

Sec.8: The legislative body shall keep a permanent record of its proceedings in a book furnished by the executive. The secretary of the legislative body shall, under the direction of the legislative body, record the minutes to each member of the legislative body before the next meeting is convened. After the minutes are approved by the legislative body, the secretary of the legislative body shall place the minutes in the permanent record book. The chairman of the legislative body shall retain the record in his custody.

It was explained by the SBOA during the exit interview on August 18, 2011, the examination results and comments were limited to board minutes. These were the same individual notes from 2008-2009. The board never took minutes nor approved them since sometime in early to mid 2009.

Please be assured that as of January 2011 these problems have been resolved and will continue with the new board. The board has a mission and vision that will be serving the public's interest first and foremost.

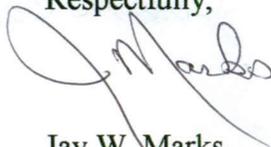
As reported in our 2008-2010 examinations the only examination note pertains to the township board's failure to take and retain the proper documentation for the taxpayers of WRT Township. Unfortunately for the residents of WRT there is no history of the board meetings for the township taxpayers to go back and find what the board did for two years during the most controversial time in recent township history (GW/WRT Merger).

The township board chair Mark Mesick was asked repeatedly to provide documents during the 2008-2009 examination, unfortunately these documents were denied on every request in 2009 and 2010.

Current financial documents have already confirmed my worst fear for WRT. It is with grave concern that this township has returned to where it was prior 2007 in 6 months.

Thank you to all SBOA employees for all you done in making me a great WRT Trustee!

Respectfully,



Jay W. Marks
White River Township Trustee 2007-2010
Johnson County, IN.