

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

FINANCIAL STATEMENT EXAMINATION REPORT

OF

BRAZIL TOWNSHIP

CLAY COUNTY, INDIANA

January 1, 2010 to December 31, 2010



FILED
10/29/2012

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Marcia Tozer TJ Sneddon	01-01-07 to 12-31-10 01-01-11 to 12-31-14
President of the Township Board	Tony Smiley Kenneth L. Crabb	01-01-10 to 12-31-10 01-01-11 to 12-31-12



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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF BRAZIL TOWNSHIP, CLAY COUNTY, INDIANA

We have examined the financial statement of Brazil Township (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, as listed in the Table of Contents, is presented for additional analysis and is not a required part of the financial statement. It has not been subjected to the examination procedures applied to the financial statement and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Township's management, Township's Board, and others within the entity 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

September 12, 2012

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FINANCIAL STATEMENT

The financial statement and accompanying notes were approved by management of the Township.
The financial statement and notes are presented as intended by the Township.

BRAZIL TOWNSHIP, CLAY COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For The Year Ended December 31, 2010

Fund	Cash and Investments 01-01-10	Receipts	Disbursements	Cash and Investments 12-31-10
Township	\$ 48,743	\$ 91,123	\$ 84,801	\$ 55,065
Township Assistance	8,170	82,184	90,701	(347)
Fire Fighting	16,964	19,071	17,000	19,035
Dog	617	-	-	617
Rainy Day	10,523	-	-	10,523
Totals	<u>\$ 85,017</u>	<u>\$ 192,378</u>	<u>\$ 192,502</u>	<u>\$ 84,893</u>

The notes to the financial statement are an integral part of this statement.

BRAZIL TOWNSHIP, CLAY 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), culture and recreation (parks and/or community centers), and general administrative services (weed and dog control).

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 investments 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.

BRAZIL TOWNSHIP, CLAY 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 statement. 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.

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

BRAZIL TOWNSHIP, CLAY COUNTY
NOTES TO FINANCIAL STATEMENT
(Continued)

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 or highway use taxes are received 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.

BRAZIL TOWNSHIP, CLAY 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 statement. 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 any replacement items purchased.

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/.

Differences may be noted between the financial information presented in the financial statement contained in this report and the financial information presented in the Annual Report of the Township which is referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the examination. This is a common occurrence in any financial statement examination. The financial information presented in this report is examined information, and the accuracy of such information can be determined by reading the opinion given in the Independent Accountant's Report.

The supplementary information presented was approved by management of the Township. It is presented as intended by the Township.

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

	<u>Township</u>	<u>Township Assistance</u>	<u>Fire Fighting</u>	<u>Dog</u>	<u>Rainy Day</u>	<u>Totals</u>
Cash and investments - beginning	\$ 48,743	\$ 8,170	\$ 16,964	\$ 617	\$ 10,523	\$ 85,017
Receipts:						
Taxes	90,475	58,105	19,071	-	-	167,651
Licenses and permits	617	-	-	-	-	617
Other receipts	<u>31</u>	<u>24,079</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,110</u>
Total receipts	<u>91,123</u>	<u>82,184</u>	<u>19,071</u>	<u>-</u>	<u>-</u>	<u>192,378</u>
Disbursements:						
Personal services	61,754	50,140	-	-	-	111,894
Supplies	531	199	-	-	-	730
Other services and charges	22,516	15,132	17,000	-	-	54,648
Other disbursements	<u>-</u>	<u>25,230</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,230</u>
Total disbursements	<u>84,801</u>	<u>90,701</u>	<u>17,000</u>	<u>-</u>	<u>-</u>	<u>192,502</u>
Excess (deficiency) of receipts over disbursements	<u>6,322</u>	<u>(8,517)</u>	<u>2,071</u>	<u>-</u>	<u>-</u>	<u>(124)</u>
Cash and investments - ending	<u>\$ 55,065</u>	<u>\$ (347)</u>	<u>\$ 19,035</u>	<u>\$ 617</u>	<u>\$ 10,523</u>	<u>\$ 84,893</u>

BRAZIL TOWNSHIP

The report presented herein was prepared in addition to the other official report prepared for the Township listed below:

Supplemental Report of Brazil Township

BRAZIL TOWNSHIP, CLAY COUNTY
EXAMINATION RESULTS AND COMMENTS

OVERPAYMENT OF COMPENSATION

During the examination, we reviewed the salary compensation for 2010. Per review of the Township Board minutes, the salaries of the former Trustee and employees were not approved. An affidavit was sent to prior Board members requesting their intention for the salaries of the former Trustee and employees for 2010. One employee was paid in excess of the salaries listed in the affidavit returned by the Board members.

The following table summarizes the 2010 intended salary, the amount actually paid for 2010, and difference between the two:

<u>Name</u>	<u>Position</u>	<u>2009 Approved Salaries</u>	<u>Amount Paid in 2010</u>	<u>Difference</u>
Heather Bowles	former part-time employee	<u>\$ 15,080</u>	<u>\$ 16,424</u>	<u>\$ 1,344</u>

In addition, payroll records presented for examination indicated that the former Trustee and employees were using prescribed General Form 99, Payroll Schedule and Voucher. However, General Form 99A, Employee's Service Record, and General Form 99B, Employee's Earnings Record, were not in use. The Financial and Appropriation Record, Township Form 1C, indicated some payroll checks were for bonus and vacation pay to the former Trustee and employees without an approved ordinance authorizing these benefits. Without proper payroll records and an approved personnel policy, the validity of the amount paid above the approved salary could not be determined.

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 report requirements. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 17)

Indiana Code 36-6-6-10(b) states: "The township legislative body shall fix the: (1) salaries; (2) wages; (3) rates of hourly pay; and (4) remuneration other than statutory allowances; of all officers and employees of the township."

A type of format for recording these salaries should be the existing format of Township Form No. 17. We recommend the board set the salaries of township officials and employees, in conjunction with the preparation and completion of the township budget. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 2)

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)

Indiana Code 5-10-6-1 states:

"Employees of the political subdivisions of the state may be granted a vacation with pay, sick leave, paid holidays, and other similar benefits by ordinance of the legislative body of a county, city, town, township, or controlling board of a municipally owned utility, board of directors or regents of a cemetery, or board of trustees of any library district."

BRAZIL TOWNSHIP, CLAY COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

All types of employee benefits should be detailed in a written policy. Payments for expenses not authorized in a written policy cannot be allowed. The board should adopt policies governing sick leave, vacation leave, and any other types of special leave. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 17)

MILEAGE REIMBURSEMENT

Two Township employees were reimbursed for mileage without supporting documentation and filing Mileage Claim, General Form 101. The table below summarizes the amounts reimbursed in 2010 without supporting documentation:

Laura Smiley	former Assistance Investigator	\$ 20.00
Heather Bowles	former part-time employee	<u>11.20</u>
Total		<u>\$ 31.20</u>

In addition, the Township did not have a written approved travel policy for 2010. Without proper documentation and an approved travel policy, the validity of the amounts reimbursed could not be determined.

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)

Each governmental unit should adopt a written travel policy in conformity with applicable statutes. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 17)

APPLICATION FOR TOWNSHIP ASSISTANCE (Township Form TA-1)

Records presented for examination show that former Assistance Investigator, Laura Smiley, received \$85 in Township Assistance on July 23, 2010, without filing an Application for Township Assistance, Township Form TA-1.

Application for Township Assistance is to be completed by each person who applies for township assistance. The trustee has the power to administer oaths. Any person expressing a desire for assistance shall be permitted to apply, whether or not the trustee believes the person to be eligible. Each completed form must be filed in the trustee's office, whether or not relief is granted on the application. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 6)

SUPPORTING DOCUMENTATION

There were four disbursements to Wal-Mart in 2010 totaling \$459 that did not have supporting documentation. Due to the lack of supporting information, the validity and accountability for some money disbursed could not be established.

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)

BRAZIL TOWNSHIP, CLAY COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

RECORD OF MEETING MINUTES

Township Board meeting minutes were not approved or signed by the Township Board or the Trustee for 2010.

Indiana Code 36-6-6-8 states:

"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 of the proceedings of each meeting in full and shall provide copies of 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."

CONDITION OF RECORDS

The following deficiencies relating to the recordkeeping were noted:

1. Record balances were not reconciled to depository balances for 2010.

Indiana Code 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."

2. There were a considerable number of posting errors. These errors included deposits not recorded, checks not recorded in the proper amounts, and interest not posted. It was confirmed at the exit conference that the corrections have been made to the Township records.

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)

ADVANCE PAYMENTS

Dates of transactions indicated that some payments were made to Marcia Tozer, former Trustee, prior to the receipt of services.

Compensation and any other payments for goods and services should not be paid in advance of receipt of the goods or services unless specifically authorized by statute. Payments made for goods or services which are not received may be the personal obligation of the responsible office or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

DEPOSIT OF PUBLIC FUNDS

We noted instances where Marcia Tozer, former Trustee, deposited tax distributions more than three months after receipt.

BRAZIL TOWNSHIP, CLAY COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

Indiana Code 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. . . ."

TOWNSHIP TRUSTEE'S REPORT OF RECEIPTS AND DISBURSEMENTS FOR THE CALENDAR YEAR

Records presented for examination did not indicate that the annual Trustee's Report of Receipts and Disbursements was published.

Indiana Code 36-6-4-13 states:

"(a) When the executive prepares the annual report required by section 12 of this chapter, the executive shall also prepare, on forms prescribed by the state board of accounts, an abstract of receipts and expenditures:

- (1) showing the sum of money in each fund of the township at the beginning of the year;
- (2) showing the sum of money received in each fund of the township during the year;
- (3) showing the sum of money paid from each fund of the township during the year;
- (4) showing the sum of money remaining in each fund of the township at the end of the year.
- (5) containing a statement of receipts, showing their source; and
- (6) containing a statement of expenditures, showing the combined gross payment, according to classification of expense, to each person.

(b) Within four (4) weeks after the third Tuesday following the first Monday in January, the executive shall publish the abstract prescribed by subsection (a) in accordance with IC 5-3-1. The abstract must state that a complete and detailed annual report and the accompanying vouchers showing the names of persons paid money by the township have been filed with the county auditor, and that the chairman of the township legislative body has a copy of the report that is available for inspection by any taxpayer of the township.

(c) An executive who fails to comply with this section commits a Class C infraction."

BUDGET APPROVAL

Records presented for examination indicated that the budget for 2010 was not advertised and adopted by the appropriating body.

Indiana Code 6-1.1-17-5(a) states in part:

"The officers of political subdivisions shall meet each year to fix the budget, tax rate, and tax levy of their respective subdivisions for the ensuing budget year as follows: . . .

- (2) The proper officers of all other political subdivisions, not later than November 1. . . ."

BRAZIL TOWNSHIP, CLAY COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

The township trustee shall annually prepare a budget for the approval of the township board. The trustee shall present an itemized written statement of the estimated expenditures for the year for which appropriations are asked. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 4)

PRESCRIBED FORMS

The following prescribed forms were not always in use:

- Mileage Claim, General Form 101
- Application for Township Assistance, Township Form TA-1
- Employee's Service Record, General Form 99A
- Employee's Earnings Record, General Form 99B
- Township Assistance Purchase Order, Township Form TA-2

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)

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

The Certified Report of Names, Addresses, Duties and Compensation of Public Employees, Form 100R, was not filed in 2010 with the State Examiner of the State Board of Accounts.

Each year during the month of January each township trustee must complete a Certified Report of Names, Addresses, Duties and Compensation of Public Employees, Form 100R, and send the same properly certified to the State Examiner of the State Board of Accounts. List all officers and employees and business address of the township as of the month of January. Form 100R may be procured from your printer or supply firm. Space is provided for the name of the officer or employee, the address of each, the duties of each, and the compensation. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 2)

APPROPRIATIONS

The records presented for examination indicated the following expenditures in excess of budgeted appropriations. Indiana Code 6-1.1-17-5 states in part: ". . . (f) If a fiscal body does not fix the budget, tax rate, and tax levy of the political subdivisions for the ensuing budget year as required under this section, the most recent annual appropriations and annual tax levy are continued for the ensuing budget year." Therefore, the approved 2009 budget was used for examination purposes. The table below summarizes the excess amount expended:

<u>Fund</u>	<u>Year</u>	<u>Excess Amount Expended</u>
Township	2010	\$ 7,463
Township Assistance	2010	10,532

BRAZIL TOWNSHIP, CLAY COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

Indiana Code 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."

OVERDRAWN FUND BALANCE

The fund balance of the Township Assistance Fund was overdrawn in 2010.

The fund balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

TOWNSHIP ASSISTANCE PURCHASE ORDER (Township Form TA-2)

Township Assistance Purchase Orders, Township Form TA-2, require the applicant's signature before payment can be issued. Twelve instances were noted where the Trustee or employee had signed the applicant's name and initialed or signed their name after payment was made.

The Township Assistance Purchase Order requires the Trustee to authorize payment by signature. Several instances were found where the signature of Marcia Tozer, former Trustee, was written by another employee. In addition, several instances were found that the signatures of the disbursing clerk or authorization of Marcia Tozer, former Trustee, were missing. Six checks were also found written to various vendors without a Township Assistance Purchase Order available for examination.

Township Assistance Purchase Order must be issued for each and every township assistance order for medical aid. The form is to be made out in triplicate. The original is either given the indigent to take to the doctor or vendor, or is mailed to the doctor or vendor. The duplicate is to be filed alphabetically in the assistance office, and the triplicate remains in the book in numerical order. The purchase order must be completely filled out and itemized before being issued to the doctor or vendor. The doctor or vendor must itemize fully on the reverse side the exact services rendered or items supplied, and must obtain the signature of the relief client. When more than one service is rendered on the same purchase order, a separate report blank (Form TA-4) must be submitted for each service showing necessary signatures. The original purchase order, signed by the recipient, must accompany the doctor's or vendor's claim when filed with the trustee for payment. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 6)

TOWNSHIP STANDARDS FOR TOWNSHIP ASSISTANCE

The Township does not have uniform written standards for the processing and approval of Township Assistance.

Indiana Code 12-20-5.5-1 states:

"(a) The township trustee shall process all applications for township assistance according to uniform written standards and without consideration of the race, creed, nationality, or gender of the applicant or any member of the applicant's household.

(b) The township's standards for the issuance of township assistance and the processing of applications must be:

BRAZIL TOWNSHIP, CLAY COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

- (1) governed by the requirements of this article;
- (2) proposed by the township trustee, adopted by the township board, and filed with the board of county commissioners;
- (3) reviewed and updated annually to reflect changes in the cost of basic necessities in the township and changes in the law;
- (4) published in a single written document, including addenda attached to the document;
and
- (5) posted in a place prominently visible to the public in all offices of the township trustee where township assistance applications are taken or processed."

BRAZIL TOWNSHIP, CLAY COUNTY
EXIT CONFERENCE

The contents of this report were discussed on September 12, 2012, with TJ Sneddon, Trustee, and Kenneth L. Crabb, President of the Township Board.

The contents of this report were discussed on September 13, 2012, with Laura Smiley, former Assistance Investigator, by phone message.

The contents of this report were discussed on September 12, 2012, with Marcia Tozer, former Trustee; Linda Smiley, former Supervisor and Clerk; Heather Bowles, former part-time employee; and Tony Smiley, former President of the Township Board.