

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

FINANCIAL STATEMENTS EXAMINATION REPORT

OF

BRANDYWINE TOWNSHIP

HANCOCK COUNTY, INDIANA

January 1, 2010 to December 31, 2011



FILED
06/28/2013

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Marc Hill	01-01-07 to 12-31-14
Chairman of the Township Board	Debra Hill	01-01-10 to 12-31-10
	Trent Henderson	01-01-11 to 12-31-13



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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF BRANDYWINE TOWNSHIP, HANCOCK COUNTY, INDIANA

We have examined the accompanying financial statements of Brandywine Township (Township), for the period of January 1, 2010 to December 31, 2011. The financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on the financial statements 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 statements 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 statements 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 effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material. The basis noted above is a different basis than that used in the prior period.

In our opinion, because of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position and results of operations of the Township for the period of January 1, 2010 to December 31, 2011.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the Township for the period of January 1, 2010 to December 31, 2011, on the basis of accounting described in Note 1.

Our examination was conducted for the purpose of forming an opinion on the Township's financial statements. The Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, Schedule of Debt, 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 statements. They have not been subjected to the examination procedures applied to the financial statements and, accordingly, we express no opinion on them.

Bruce Hartman
State Examiner

May 13, 2013

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FINANCIAL STATEMENTS

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

BRANDYWINE TOWNSHIP, HANCOCK 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	\$ 91,882	\$ 54,076	\$ 24,186	\$ 121,772
Township Assistance	2,102	9,938	3,484	8,556
Fire Fighting	14,985	52,204	25,999	41,190
Park And Recreation	1,224	3,182	5,500	(1,094)
Fire Debt	1,817	70,984	47,921	24,880
Dog Fund	85	-	85	-
Cemetery	2,137	-	-	2,137
Totals	<u>\$ 114,232</u>	<u>\$ 190,384</u>	<u>\$ 107,175</u>	<u>\$ 197,441</u>

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

BRANDYWINE TOWNSHIP, HANCOCK COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For The Year Ended December 31, 2011

Fund	Cash and Investments 01-01-11	Receipts	Disbursements	Cash and Investments 12-31-11
Township	\$ 121,773	\$ -	\$ 22,631	\$ 99,142
Park And Recreation	(1,095)	17,037	5,500	10,442
Township Assistance	8,556	14,551	2,508	20,599
Fire Fighting	41,190	27,703	26,779	42,114
Fire Debt	24,880	21,644	45,221	1,303
Cemetery	2,137	-	-	2,137
Totals	<u>\$ 197,441</u>	<u>\$ 80,935</u>	<u>\$ 102,639</u>	<u>\$ 175,737</u>

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

BRANDYWINE TOWNSHIP, HANCOCK COUNTY
NOTES TO FINANCIAL STATEMENTS

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 statements present the financial information for the Township.

B. Basis of Accounting

The financial statements are 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 statements. The aggregate receipts include 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.

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.

BRANDYWINE TOWNSHIP, HANCOCK COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

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 include 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.

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.

BRANDYWINE TOWNSHIP, HANCOCK COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

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 any replacement items purchased.

BRANDYWINE TOWNSHIP, HANCOCK COUNTY
 NOTES TO FINANCIAL STATEMENTS
 (Continued)

Note 6. Restatements

For the year ended December 31, 2010, certain changes have been made to some of the beginning balances of the financial statement to more appropriately reflect financial activity of the Town. The following schedule presents a summary of restated beginning balances.

<u>Fund</u>	<u>Balance as of December 31, 2009</u>	<u>Prior Period Adjustment</u>	<u>Balance as of January 1, 2010</u>
Township	\$ 111,788	\$ (19,906)	\$ 91,882
Fire Fighting	15,985	(1,000)	14,985

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SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the Township's Annual Reports for years prior to 2011 can be found on the Indiana Transparency Portal website: www.in.gov/itp/annual_reports/.

For additional financial information, the Township's Annual Report information for years 2011 and later can be found on the Gateway website: <https://gateway.ifionline.org/>.

Differences may be noted between the financial information presented in the financial statements contained in this report and the financial information presented in the Annual Reports of the Township which are 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.

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

	Township	Township Assistance	Fire Fighting	Park And Recreation	Fire Debt	Dog Fund	Cemetery	Totals
Cash and investments - beginning	\$ 91,882	\$ 2,102	\$ 14,985	\$ 1,224	\$ 1,817	\$ 85	\$ 2,137	\$ 114,232
Receipts:								
Taxes	52,274	9,938	52,149	3,182	70,984	-	-	188,527
Other receipts	1,802	-	55	-	-	-	-	1,857
Total receipts	<u>54,076</u>	<u>9,938</u>	<u>52,204</u>	<u>3,182</u>	<u>70,984</u>	<u>-</u>	<u>-</u>	<u>190,384</u>
Disbursements:								
Personal services	19,508	-	25,999	5,500	-	-	-	51,007
Other services and charges	4,678	-	-	-	47,921	-	-	52,599
Other disbursements	-	3,484	-	-	-	85	-	3,569
Total disbursements	<u>24,186</u>	<u>3,484</u>	<u>25,999</u>	<u>5,500</u>	<u>47,921</u>	<u>85</u>	<u>-</u>	<u>107,175</u>
Excess (deficiency) of receipts over disbursements	<u>29,890</u>	<u>6,454</u>	<u>26,205</u>	<u>(2,318)</u>	<u>23,063</u>	<u>(85)</u>	<u>-</u>	<u>83,209</u>
Cash and investments - ending	<u>\$ 121,772</u>	<u>\$ 8,556</u>	<u>\$ 41,190</u>	<u>\$ (1,094)</u>	<u>\$ 24,880</u>	<u>\$ -</u>	<u>\$ 2,137</u>	<u>\$ 197,441</u>

BRANDYWINE TOWNSHIP, HANCOCK COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011

	Township	Park And Recreation	Township Assistance	Fire Fighting	Fire Debt	Cemetery	Totals
Cash and investments - beginning	\$ 121,773	\$ (1,095)	\$ 8,556	\$ 41,190	\$ 24,880	\$ 2,137	\$ 197,441
Receipts:							
Taxes	-	5,007	3,947	17,306	21,544	-	47,804
Intergovernmental	-	12,030	10,604	10,397	100	-	33,131
Total receipts	-	17,037	14,551	27,703	21,644	-	80,935
Disbursements:							
Personal services	9,376	-	-	-	-	-	9,376
Supplies	379	-	-	-	-	-	379
Other services and charges	11,887	5,500	2,508	26,779	-	-	46,674
Debt service - principal and interest	-	-	-	-	45,221	-	45,221
Other disbursements	989	-	-	-	-	-	989
Total disbursements	22,631	5,500	2,508	26,779	45,221	-	102,639
Excess (deficiency) of receipts over disbursements	(22,631)	11,537	12,043	924	(23,577)	-	(21,704)
Cash and investments - ending	<u>\$ 99,142</u>	<u>\$ 10,442</u>	<u>\$ 20,599</u>	<u>\$ 42,114</u>	<u>\$ 1,303</u>	<u>\$ 2,137</u>	<u>\$ 175,737</u>

BRANDYWINE TOWNSHIP, HANCOCK COUNTY
 SCHEDULE OF DEBT
 December 31, 2011

Description of Debt		Ending Principal Balance	Principal and Interest Due Within One Year
Type	Purpose		
Governmental activities:			
Notes and loans payable	Fire Truck	<u>\$ 40,000</u>	<u>\$ 42,607</u>

BRANDYWINE TOWNSHIP, HANCOCK COUNTY
SCHEDULE OF CAPITAL ASSETS
December 31, 2011

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>Ending Balance</u>
Governmental activities:	
Land	\$ 80,000
Machinery, equipment, and vehicles	<u>260,000</u>
Total capital assets	<u>\$ 340,000</u>

BRANDYWINE TOWNSHIP, HANCOCK COUNTY
EXAMINATION RESULTS AND COMMENTS

2010 ANNUAL REPORT

The Annual Report for 2010 was filed timely but contained errors in reporting disbursements, receipts, and fund balances. The following list describes the errors identified in the Annual Report:

1. The beginning balances were corrected for all funds, as the amounts were the same as the 2008 beginning balances presented in the prior examination. The Trustee approved corrections to the 2010 beginning balances in the Township's Financial and Appropriation Record (Cash Book) and the financial statements were adjusted to agree with the corrected balances. The changes are presented below:

Fund	Reported Beginning Cash Balance	Investment Balance	Total Reported Cash & Investment	Corrected Beginning Balance	Difference
Township	\$ 82,065	\$ 19,960	\$ 102,025	\$ 91,882	\$ (10,143)
Township Assistance	4,441	-	4,441	2,102	(2,339)
Fire Fighting	20,546	1,000	21,546	14,985	(6,561)
Park And Recreation	7,224	-	7,224	1,224	(6,000)
Fire Debt	534	-	534	1,817	1,283
Dog Fund	-	-	-	85	85
Cemetary	-	-	-	2,137	2,137
Totals	<u>\$ 114,810</u>	<u>\$ 20,960</u>	<u>\$ 135,770</u>	<u>\$ 114,232</u>	<u>\$ (21,538)</u>

2. The Dog Fund and the Cemetery Fund were not reported on the 2010 Annual Report and were added to the financial statements by the State Board of Accounts after approval by the Trustee.
3. The Township did not list the beginning or ending investment balances on the Statement of Receipts, Cash Balances and Investment Balances for the Year Ending 2010 (Part 1) of the 2010 Annual Report.
4. Total receipts reported on Part 1 for the Township Fund did not agree with the totals of Receipts for the Year Ending 2010 (Part 2) of the Annual Report. The Township listed \$1,716.81 as refunds in Part 2 but did not include it in the total in Part 1 or was included in both the Part 1 and Part 2.
5. The Township Fund receipts reported on the annual financial report were \$6,091 more than the receipts recorded in the Township's Financial and Appropriation Record. The Township Fund receipts were corrected by decreasing the receipts which resulted in a decreased ending fund balance. The Trustee approved the correction on March 20, 2013.
6. The Fire Debt Fund receipts were \$6,091 less than the receipts recorded in the Township's Financial and Appropriation Record. The Fire Debt Fund receipts were corrected by increasing the receipts which resulted in an increased ending fund balance. The Trustee approved the correction on March 20, 2013.

BRANDYWINE TOWNSHIP, HANCOCK COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

7. The Township did not receipt the property tax and the license excise tax distributions into the proper funds as indicated by the Hancock County Auditor's Certificate of Distributions. The failure to properly receipt the distributions resulted in the following funds being under or overstated in the Township's Annual Report. A summary of the funds and the effect of the errors are listed below:

<u>General Property Tax Distributions</u>	Per County Auditor's Distribution	Per Unit's 2010 Annual Report	Difference
Township Assistance	\$ 9,021.47	\$ 2,772.47	\$ (6,249.00)
Fire Fighting	42,274.90	34,030.61	(8,244.29)
Township	40,245.93	56,855.54	16,609.61
Park and Recreation	2,888.29	9,736.28	6,847.99
Fire Debt	<u>65,976.48</u>	<u>42,331.24</u>	<u>(23,645.24)</u>
Totals	<u>\$ 160,407.07</u>	<u>\$ 145,726.14</u>	<u>\$ (14,680.93)</u>

<u>License Tax Distributions</u>			
Township Assistance	\$ 641.49	\$ 322.91	\$ (318.58)
Fire Fighting	3,014.98	1,517.68	(1,497.30)
Township	652.18	328.00	(324.18)
Park and Recreation	203.14	102.26	(100.88)
Fire Debt	<u>4,704.23</u>	<u>2,368.01</u>	<u>(2,336.22)</u>
Totals	<u>\$ 9,216.02</u>	<u>\$ 4,638.86</u>	<u>\$ (4,577.16)</u>

<u>Commercial Vehicle Excise</u>			
Township Assistance	\$ 278.18	\$ 205.72	\$ (72.46)
Fire Fighting	194.48	138.26	(56.22)
Township	308.92	209.14	(99.78)
Park and Recreation	88.90	65.14	(23.76)
Fire Debt	<u>303.52</u>	<u>215.74</u>	<u>(87.78)</u>
Totals	<u>\$ 1,174.00</u>	<u>\$ 834.00</u>	<u>\$ (340.00)</u>

The Trustee approved the corrections to the financial statements for these errors on April 15, 2013.

8. The Township had a fire protection contract with the Fountaintown Community Volunteer Fire Department and did not list the expenditure on Financial Assistance to Non-Governmental Entities (Part 12) of the Annual Report, as required.

BRANDYWINE TOWNSHIP, HANCOCK COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

Indiana Code 5-11-1-4(a) 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 in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under IC 5-14-3.8-7."

2011 ANNUAL REPORT

The Annual Report for 2011 was filed timely but contained errors in reporting disbursements, receipts, and fund balances. The following list describes the errors identified in the 2011 Annual Report.

1. The beginning balances on the 2011 Annual Report filed on the Indiana Gateway for Governmental units did not agree with the ending balances as reported on the 2010 Annual Report as filed with the State Board of Accounts. The Trustee approved changes to the 2010 financial statements which changed the 2010 financial report ending balances. Additional corrections were required to the 2011 beginning balances. The Township approved corrections to the 2011 beginning balances in the Township's Financial and Appropriation Record (Cash Book) and the financial statements were adjusted to agree with the corrected balances. The changes are presented below:

Fund	Reported Beginning Cash Balance	Investment Balance	Total Reported Cash & Investment	2011 Corrected Beginning Balance	Difference
Township	\$ 167,541	\$ 19,980	\$ 187,521	\$ 152,043	\$ (35,478)
Township Assistance	1,919	-	1,919	1,919	-
Fire Fighting	30,812	1,000	31,812	30,812	(1,000)
Park And Recreation	5,628	-	5,628	5,628	-
Fire Debt	(1,189)	-	(1,189)	4,902	6,091
Cemetery	-	-	-	2,137	2,137
Totals	<u>\$ 204,711</u>	<u>\$ 20,980</u>	<u>\$ 225,691</u>	<u>\$ 197,441</u>	<u>\$ (28,250)</u>

2. The Cemetery Fund was added to the financial statements by the State Board of Accounts after approval by the Trustee.
3. The disbursements for the Township Fund on the Annual Report did not agree with the disbursements by vendor listing for the Township Fund. The disbursement by vendor listing is \$340 less than the cash fund statement amount for the Township Fund.
4. The Township did not receipt the property tax, license excise taxes and commercial vehicle excise tax (CVET) distributions into the proper funds as indicated by the Hancock County Auditor's Certificate of Distributions. The failure to properly receipt the distributions resulted in the following funds being under or overstated in the Township's Annual Report. A summary of the funds and the effects on the financial statements are listed below:

BRANDYWINE TOWNSHIP, HANCOCK COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

<u>General Property Tax Distributions</u>	<u>Per County Auditor's Distribution</u>	<u>Per Unit's 2010 Annual Report</u>	<u>Difference</u>
Township Assistance	\$ 3,643.36	\$ -	\$ (3,643.36)
Fire Fighting	13,680.98	-	(13,680.98)
Park and Recreation	3,959.21	-	(3,959.21)
Fire Debt	<u>17,031.43</u>	<u>47,803.50</u>	<u>30,772.07</u>
Totals	<u>\$ 38,314.98</u>	<u>\$ 47,803.50</u>	<u>\$ 9,488.52</u>
 <u>License Tax Distributions</u>			
Township Assistance	\$ 203.14	\$ -	\$ (203.14)
Township	4,704.23	-	(4,704.23)
Fire Debt	<u>626.37</u>	<u>-</u>	<u>(626.37)</u>
Totals	<u>\$ 5,533.74</u>	<u>\$ -</u>	<u>\$ (5,533.74)</u>
 <u>Commercial Vehicle Excise</u>			
Township Assistance	\$ 273.59	\$ -	\$ (273.59)
Township	207.69	424.00	216.31
Park and Recreation	107.87	-	(107.87)
Fire Debt	<u>102.86</u>	<u>-</u>	<u>(102.86)</u>
Totals	<u>\$ 692.01</u>	<u>\$ 424.00</u>	<u>\$ (268.01)</u>

The Trustee approved the corrections to the financial statements for these errors on April 15, 2013.

- The Township disbursed funds to Hancock County Senior Service and Fountaintown Community Volunteer Fire Department but did not complete the Financial Assistance to Non-Governmental Entities schedule of the Annual Report, as required.

Indiana Code 5-11-1-4(a) 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 in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under IC 5-14-3.8-7."

BRANDYWINE TOWNSHIP, HANCOCK COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

BANK ACCOUNT RECONCILIATION

Bank account reconciliations were prepared for 18 of the 24 months during the examination period; however, the reconciliations were not compared to the total fund balances. A review of the bank account reconciliation identified that the bank balance was less than the record balance in the amount of \$277.52 at December 31, 2010 and 2011.

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."

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)

DEPOSIT OF PUBLIC FUNDS

During the calendar years of 2010 and 2011 the Trustee made a total of eight deposits. Funds were not deposited timely and sometimes held for significant periods of time. Based on information obtained from the Hancock County Auditor's and Treasurer's office, we were able to identify 36 checks from Hancock County that had been issued to Brandywine Township for property taxes, County Adjusted Gross Income Tax (CAGIT) and Property Tax Replacement Credit (PTRC) payments and the date deposited by the Trustee. The following table lists the number of checks and the number of days between the check issuance date and the deposit date by the Trustee.

<u>Number of Days Between Check Issuance and Deposit</u>	<u>Number of Occurrences</u>
<15 Days	4
16 to 30	7
31 to 60	9
60 to 90	5
91 to 120	4
120 to 150	4
> 150 days	<u>3</u>
Total	<u><u>36</u></u>
Average number of days between the check issuance and actual deposit date	<u><u>66</u></u>

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."

BRANDYWINE TOWNSHIP, HANCOCK COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

PUBLIC FUNDS

On March 31, 2012, the Hancock County Treasurer voided four tax distributions checks that were payable to Brandywine Township since they had not been deposited and were outstanding in excess of two years. The checks were identified in the prior Report B36498 as follows:

<u>Date Issued</u>	<u>Check Number</u>	<u>Amounts</u>
09-19-08	62916	\$ 469.00
06-05-09	67928	1,819.50
10-06-09	70035	1,819.50
11-09-09	70509	<u>1,819.50</u>
Total		<u>\$ 5,927.50</u>

The Hancock County Auditor's office issued two replacement checks to replace the four voided checks totaling \$5,927.50 on March 6, 2013. The Hancock County Treasurer's office confirmed that the replacement checks cleared their bank in March 2013.

Hancock County check number 80465 issued in August 2011 in the amount of \$2,973.42 was still outstanding as of March 27, 2013. A similar comment has appeared in the prior two reports, most recently B36498.

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."

Funds misappropriated, diverted or unaccounted for through malfeasance, misfeasance, or nonfeasance in office of any officer or employee may be the personal obligation of the responsible officer or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

APPROPRIATIONS

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

<u>Fund</u>	<u>Years</u>	<u>Excess Amount Expended</u>
Township	2010	\$ 2,866
Fire Fighting	2010	999
Fire Debt	2010	121
Township	2011	1,244
Fire Fighting	2011	1,779
Fire Debt	2011	21

BRANDYWINE TOWNSHIP, HANCOCK COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

The Township was notified by the Indiana Department of Governmental Finance (DLGF) that they did not properly advertise the 2010 budget in January 2010. The Township adopted additional appropriations on August 11, 2010 and received approval from the DLGF on December 31, 2010.

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."

Indiana Code 6-1.1-17-3 (a) states in part:

"The proper officers of a political subdivision shall formulate its estimated budget and its proposed tax rate and tax levy on the form prescribed by the department of local government finance and approved by the state board of accounts. The political subdivision . . . shall give notice by publication to taxpayers of:

- (1) the estimated budget;
- (2) the estimated maximum permissible levy;
- (3) the current and proposed tax levies of each fund; and
- (4) the amounts of excessive levy appeals to be requested.

The political subdivision . . . shall also state the time and place at which the political subdivision . . . will hold a public hearing on these items. The political subdivision . . . shall publish the notice twice in accordance with IC 5-3-1 with the first publication at least ten (10) days before the date fixed for the public hearing."

OFFICIAL BOND

The official bond for the Trustee had not been filed in the Office of the County Recorder. The Hancock County Recorder's office verified that the only bond that had been recorded for Marc Hill, Trustee, was filed in 2006. A similar comment appeared in prior reports, most recently B36498.

Indiana Code 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 . . ."

SUPPORTING DOCUMENTATION

We identified the following disbursements did not include proper documentation to support the expenditure.

Date	Amount	Payee	Description of Purchase (if any)
December 31, 2011	\$ 250.00	Nautilus Real Estate	Township Assistance
June 1, 2010	<u>340.00</u>	Robert Winters CPA	Withholding Preparation
Total	<u><u>\$ 590.00</u></u>		

BRANDYWINE TOWNSHIP, HANCOCK COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

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)

BRANDYWINE TOWNSHIP, HANCOCK COUNTY
EXIT CONFERENCE

The contents of this report were discussed on May 13, 2013, with Marc Hill, Trustee; Heather Hill, Deputy Trustee; and Sandra Matthias, Board member. The officials concurred with our findings.