

**STATE BOARD OF ACCOUNTS**  
**302 West Washington Street**  
**Room E418**  
**INDIANAPOLIS, INDIANA 46204-2765**

EXAMINATION REPORT  
OF  
BUTLER TOWNSHIP  
FRANKLIN COUNTY, INDIANA  
January 1, 2002 to December 31, 2005



**FILED**  
7/27/06



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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Charles Fledderman	01-01-99 to 12-31-06
Chairman of the Township Board	Francis Flaspohler	01-01-02 to 12-31-06



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF BUTLER TOWNSHIP, FRANKLIN COUNTY, INDIANA

We have examined the schedules of receipts, disbursements, and cash and investment balances of Butler Township (Township), for the period of January 1, 2002 to December 31, 2005. The Township's management is responsible for the schedules. 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 schedule of receipts, disbursements, and cash and investment balances and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the schedules referred to above present fairly, in all material respects, the cash transactions of the Township for the years ended December 31, 2002, 2003, 2004, and 2005, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

June 26, 2006

BUTLER TOWNSHIP, FRANKLIN COUNTY  
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES  
ALL GOVERNMENTAL FUND TYPES  
As Of And For The Years Ended December 31, 2002, 2003, 2004, And 2005

	Cash and Investments 01-01-02	Receipts	Disbursements	Cash and Investments 12-31-02
Governmental Funds:				
General	\$ 6,600	\$ 8,953	\$ 6,909	\$ 8,644
Dog	673	338	633	378
Township Assistance	1,403	5,080	2,208	4,275
Firefighting	2,323	5,136	2,304	5,155
Levy Excess	142	-	-	142
Totals	<u>\$ 11,141</u>	<u>\$ 19,507</u>	<u>\$ 12,054</u>	<u>\$ 18,594</u>

	Cash and Investments 01-01-03	Receipts	Disbursements	Cash and Investments 12-31-03
Governmental Funds:				
General	\$ 8,644	\$ 3,577	\$ 7,812	\$ 4,409
Dog	378	222	616	(16)
Township Assistance	4,275	2,754	3,189	3,840
Firefighting	5,155	2,856	2,490	5,521
Levy Excess	142	166	-	308
Totals	<u>\$ 18,594</u>	<u>\$ 9,575</u>	<u>\$ 14,107</u>	<u>\$ 14,062</u>

	Cash and Investments 01-01-04	Receipts	Disbursements	Cash and Investments 12-31-04
Governmental Funds:				
General	\$ 4,409	\$ 6,123	\$ 9,638	\$ 894
Dog	(16)	308	360	(68)
Township Assistance	3,840	6,195	6,421	3,614
Firefighting	5,521	3,941	2,600	6,862
Levy Excess	308	-	166	142
Totals	<u>\$ 14,062</u>	<u>\$ 16,567</u>	<u>\$ 19,185</u>	<u>\$ 11,444</u>

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds:				
General	\$ 894	\$ 17,622	\$ 10,308	\$ 8,208
Dog	(68)	916	670	178
Township Assistance	3,614	2,422	5,939	97
Firefighting	6,862	3,620	9,308	1,174
Levy Excess	142	-	176	(34)
Totals	<u>\$ 11,444</u>	<u>\$ 24,580</u>	<u>\$ 26,401</u>	<u>\$ 9,623</u>

The accompanying notes are an integral part of the schedules.

BUTLER TOWNSHIP, FRANKLIN COUNTY  
NOTES TO SCHEDULES

Note 1. Introduction

The Township was established under the laws of the State of Indiana. The Township provides the following services: public safety, health and social services, and general administrative services.

Note 2. Fund Accounting

The Township uses funds to report on its cash and investments and the results of its operations on a cash basis. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities.

Note 3. Budgets

The operating budget is initially prepared and approved at the local level. In addition, funds for which property taxes are levied are subject to final approval by the Indiana Department of Local Government Finance.

Note 4. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the Township in June and December. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100% of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which become delinquent if not paid by May 10 and November 10, respectively.

Note 5. Deposits and Investments

Deposits, made in accordance with Indiana Code 5-13, with financial institutions in the State of Indiana at year end were entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

State statute (IC 5-13-9) authorizes the Township to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

BUTLER TOWNSHIP, FRANKLIN COUNTY  
EXAMINATION RESULTS AND COMMENTS

CONDITION OF RECORDS

The following deficiencies relating to the recordkeeping were noted. A similar comment was in the prior audit report.

- (1) Record balances were not reconciled to depository balances.

Indiana Code 5-13-6-1(e) states in part: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

- (2) There were a considerable number of posting errors. These errors included interest not posted, and checks and receipts not recorded or not recorded in the proper amounts.

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)

- (3) The annual report (Form 15) was incomplete and inaccurate.

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)

CONTRACTS

Records presented for audit indicate payments were made to Dane Jones and Mike Schwegman for cemetery maintenance in 2002, 2003, 2004, and 2005 without a contract.

The records also indicate payments were made to the Morris Fire Department for fire protection in 2002 and 2005 without a contract.

Payments made or received for contractual services should be supported by a written contract. Each governmental unit is responsible for complying with the provisions of its contracts. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

BUTLER TOWNSHIP, FRANKLIN COUNTY  
 EXAMINATION RESULTS AND COMMENTS  
 (Continued)

APPROPRIATIONS

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

<u>Fund</u>	<u>Years</u>	<u>Excess Amount Expended</u>
General Fund	2004	\$ 869
Township Assistance	2004	3,421
General Fund	2005	189
Township Assistance	2005	53

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."

DOG TAX ADMINISTRATIVE FEE

Administrative fees for dog tax were not receipted to the Township Fund in 2002, 2004, and 2005.

Indiana Code 15-5-9-1 states in part: "For each individual dog tag or kennel license issued under this chapter, the township assessor (or trustee who collects the fee) shall retain from the fee described in this section, an administrative fee of \$0.50. Administrative fees collected by the assessor shall be deposited in the county general fund, and administrative fees collected by the trustee shall be deposited in the township general fund."

DEPOSIT OF PUBLIC FUNDS

We noted where the Trustee deposited dog tax collections on May 9, 2005, for the period March 7, 2005 to April 30, 2005. Collections in the amount of \$106 between the period April 30, 2005 and June 10, 2005 were not deposited.

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."

The Trustee deposited \$106 in the Township bank account on June 26, 2006.

TOWNSHIP ASSISTANCE

The following deficiencies were noted in the examination of township assistance:

- (1) Some applicants receiving township assistance for food, shelter and heating did not apply for public assistance administered by other governmental entities. The Trustee continued to supply these same individuals with assistance.

BUTLER TOWNSHIP, FRANKLIN COUNTY  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

Indiana Code 12-20-6-5 states in part: "If the township trustee determines that an applicant or a member of the applicant's household who is granted emergency assistance under section 3(3) of this chapter may be eligible for public assistance other than township assistance, the applicant shall, not more than fifteen (15) working days after the date that emergency township assistance was granted, file an application for public assistance and comply with all the requirements necessary for completing the application process for public assistance administered by the division of family resources and county offices or another federal or state governmental entity. An applicant or a member of the applicant's household who fails to file an application for public assistance not more than fifteen (15) working days after the date that emergency township assistance was granted may not be granted township assistance for sixty (60) days following the grant of township assistance on an emergency basis."

- (2) Applicants were not required to seek employment.

Indiana Code 12-20-10-1 states in part: "If a township assistance applicant is in good health or if any members of the applicant's household are in good health, the township trustee . . . shall require the individuals who are able to work to seek employment. The township trustee shall refuse to furnish any township assistance until the township trustee is satisfied that the applicant or members of the applicant's household are endeavoring to find work."

- (3) Applicants were not required to perform work for receipt of assistance.

Indiana Code 12-20-10-2 states in part: "If:

- (1) a township assistance applicant is in good health and able to work; and

- (2) either:

(A) the township trustee . . . offers employment to the applicant, regardless of whether the compensation for the work is in the form of money, house rent, or commodities consisting of the necessities of life; or

(B) employment at a reasonable compensation is offered by any other individual, governmental agency, or employer; the township trustee . . . shall not furnish township assistance to the applicant until the applicant performs the work or shows just cause for not performing the work."

- (4) Forms TA-1, TA-1A, TA-1B, TA-2 AND TA-7 were not in use.

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).

- (5) A spend down account at a local pharmacy was paid into by the Trustee for an applicant's use to obtain prescriptions. The Trustee paid \$225, \$832, \$792, and \$185 for the years 2002, 2003, 2004, and 2005 respectively. No documentation was presented for audit to support these payments.

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 official or employee. (Accounting and Uniform Compliance Guideline Manual for Townships, Chapter 13)

BUTLER TOWNSHIP, FRANKLIN COUNTY  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

PAYROLL DEDUCTIONS

Payments to the Township Clerk and the Township Board members were made without payroll deductions for taxes.

Political subdivisions are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings, and filing requirements concerning reports and other procedural matters of federal and state agencies, including opinions of the Attorney General of the State of Indiana, and court decisions. Governmental units should file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

Officials and employees have the duty to remit taxes in a timely fashion. Failure to remit taxes in a timely manner could be an indicator of serious financial problems which should be investigated by the governmental unit.

Additionally, officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the governmental unit.

Any penalties, interest or other charges paid by the governmental unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

COMPENSATION AND BENEFITS

The Township Board did not formally set the salaries of the township employees, including the Trustee, in the Township Board Minutes. The Township did not set salaries on the Township Form 17. The salaries of all Township employees, as established by the budget approved by the Township Board, were underpaid in 2002. The salary of the Township Clerk, as established by the budget approved by the Township Board, was overpaid in 2005.

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, resolution or salary schedule adopted by the governing body unless otherwise authorized by statute. Compensation should be made in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 17)

PENALTIES, INTEREST AND OTHER CHARGES

Penalties and interest totaling \$47.52 were paid to the Internal Revenue Service on January 9, 2005, and March 30, 2006, for the years 2004 and 2005.

Officials and employees have the duty to remit taxes in a timely fashion. Failure to remit taxes in a timely manner could be an indicator of serious financial problems which should be investigated by the governmental unit.

Additionally, officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the governmental unit.

Any penalties, interest or other charges paid by the governmental unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

BUTLER TOWNSHIP, FRANKLIN COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on June 26, 2006, with Teresa L. Fledderman, Clerk. The official concurred with our findings.