

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

EXAMINATION REPORT
OF
BOONE TOWNSHIP
PORTER COUNTY, INDIANA
January 1, 2005 to December 31, 2006



FILED

12/31/2007

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Officials	2
Independent Accountant's Report.....	3
Financial Information:	
Schedules of Receipts, Disbursements, and Cash and Investment Balances	4
Notes to Financial Information	5
Examination Results and Comments:	
Alcohol Purchases.....	6
Late Payment Charges and Express Pay	6
Excessive or Unreasonable Costs.....	6
Expense Reimbursement Itemization.....	6
Contracts	7
Federal Compliance Requirements	7
Board Minutes.....	7-8
Prescribed Forms	8
Exit Conference.....	9
Official Response	10
Summary	11

OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	John H. Spinks, Sr. Russell Franzman	01-01-03 to 12-31-06 01-01-07 to 12-31-10
Chairman of the Township Board	Greg Nagel Jeff Patz	01-01-05 to 12-31-06 01-01-07 to 12-31-07



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF BOONE TOWNSHIP, PORTER COUNTY, INDIANA

We have examined the financial information presented herein of Boone Township (Township), for the period of January 1, 2005 to December 31, 2006. The Township's management is responsible for the financial information presented herein. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the financial information presented herein and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the financial information referred to above presents fairly, in all material respects, the financial information of the Township for the years ended December 31, 2005 and 2006, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

June 6, 2007

BOONE TOWNSHIP, PORTER COUNTY
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES
As Of And For The Years Ended December 31, 2005 And 2006

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds:				
Township	\$ 38,839	\$ 54,147	\$ 55,714	\$ 37,272
Dog	610	270	310	570
Township Assistance	31,663	47,978	39,385	40,256
Firefighting	61,875	30,003	39,377	52,501
Cumulative Fire	-	23,339	-	23,339
Rainy Day	2,892	6,376	-	9,268
Fiduciary Fund:				
Payroll Withholdings	2,136	9,757	9,549	2,344
Totals	<u>\$ 138,015</u>	<u>\$ 171,870</u>	<u>\$ 144,335</u>	<u>\$ 165,550</u>

	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
Governmental Funds:				
Township	\$ 37,272	\$ 73,704	\$ 61,236	\$ 49,740
Dog	570	326	270	626
Township Assistance	40,256	21,297	40,472	21,081
Firefighting	52,501	28,675	54,029	27,147
Cumulative Fire	23,339	21,437	3,473	41,303
Rainy Day	9,268	11,755	-	21,023
Fiduciary Fund:				
Payroll Withholdings	2,344	11,608	13,788	164
Totals	<u>\$ 165,550</u>	<u>\$ 168,802</u>	<u>\$ 173,268</u>	<u>\$ 161,084</u>

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

BOONE TOWNSHIP, PORTER COUNTY
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

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

Note 2. Fund Accounting

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

Note 3. Budgets

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

Note 4. Property Taxes

Normally, 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 may 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.

BOONE TOWNSHIP, PORTER COUNTY
EXAMINATION RESULTS AND COMMENTS

ALCOHOL PURCHASES

Purchase of alcoholic beverages was paid from Township operating and assistance funds in the amounts of \$46.75 and \$13.50, respectively, for a total of \$60.25. We requested John H. Spinks, Sr., former Trustee, reimburse Boone Township \$60.25 for the alcoholic beverages purchased. (See Summary, page 11)

Purchases of alcoholic beverages may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

LATE PAYMENT CHARGES AND EXPRESS PAY

A review of the credit card statements indicated charges totaling \$15 were assessed for express pay fees, \$30 for pay by phone fees, and a \$29 late payment charge. We requested John H. Spinks, Sr., former Trustee, reimburse Boone Township \$74 for the express fees, pay by phone fees and late payment fee assessed and subsequently paid by the Township. (See Summary, page 11)

Officials and employees have the duty to pay claims in a timely fashion. 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)

EXCESSIVE OR UNREASONABLE COSTS

The Township paid \$6,734.40, \$4,898.87 from Operating Fund and \$1,835.53 from the Assistance Fund during 2005 and 2006, for mileage reimbursement to John H. Spinks, Sr., and meal reimbursements for John H. Spinks, Sr., and the President of the Indiana Township Association, while conducting Indiana Township Association (ITA) business.

Every effort should be made by the governmental unit to avoid unreasonable or excessive costs. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

EXPENSE REIMBURSEMENT ITEMIZATION

Records presented for examination included reimbursement for meals. Detailed documentation of amounts spent was not always attached to the information presented for reimbursement for verification. A similar comment was in the prior report.

All claims, invoices, receipts and accounts payable vouchers, including those presented to the governing body for approval in accordance with IC 5-11-10, should contain adequate detailed documentation. All claims, invoices, receipts, and accounts payable vouchers regarding reimbursement for meals and expenses for individuals must have specific detailed information of the names of all individuals for whom amounts are claimed, including the nature, name and purpose of the business meeting, to enable the governing body to authorize payment. Payments which do not have proper itemization showing the business nature of the claim, may be the personal obligation of the responsible official, employee or other person for whom the claim is made. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

BOONE TOWNSHIP, PORTER COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

CONTRACTS

Records presented indicate payments were made to the President of the Indiana Township Association for computer and budget preparation in 2005 and 2006 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)

FEDERAL COMPLIANCE REQUIREMENTS

The President of the Indiana Township Association was paid \$600 and \$1,200, respectively, during 2005 and 2006 for computer and budget work without being issued a Miscellaneous Income Statement (Form 1099-MISC) or a Wage and Tax Statement (Form W-2).

Each governmental unit is responsible for compliance with all rules, regulations, guidelines, and directives of the Internal Revenue Service and the Indiana Department of Revenue. All questions concerning taxes should be directed to these agencies. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Failure to pay claims or 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)

BOARD MINUTES

Not all minutes of meetings of the governing body were available for review. The minutes for February to May, July, August, and October 2005 and February to July, October and November 2006 were not presented for examination. At the January meeting, a monthly schedule of meetings was determined, however, minutes or documentation that a quorum was not present was not provided.

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.

BOONE TOWNSHIP, PORTER COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

- (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."

PRESCRIBED FORMS

The following prescribed forms were not in use:

Township Form 16, Township Trustees' Receipts
General Form 369, Capital Asset Ledger

A similar comment was in the prior report.

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)

Every governmental unit should have a complete inventory of all capital assets owned which reflect their acquisition value. Such inventory should be recorded on the applicable Capital Assets Ledger. A complete inventory should be taken at least every two years for good internal control and for verifying account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

BOONE TOWNSHIP, PORTER COUNTY
EXIT CONFERENCE

The contents of this report were discussed on June 11, 2007, with Russell Franzman, Trustee.

The contents of this report were discussed on June 11, 2007, with John H. Spinks, Sr., former Trustee; and Janice Spinks, former Trustee Clerk. The official response has been made a part of this report and may be found on page 10.

June 20, 2007

Bruce A. Hartman, CPA
Indiana State Examiner
Indiana State Board of Accounts
302 West Washington Street, Room E418
Indianapolis, Indiana 46204

Dear Sir:

This document is written in response to the "Boone Township, Porter County Examination Results and Comments" (attached) which were given in person to John H. Spinks, Sr. (Trustee 2003-2006) on June 11, 2007.

Response to finding of "Excessive and Unreasonable Costs."

The examiner found that the township paid certain sums for mileage and meal reimbursement for Indiana township association business. The Examiner found that "Townships are allowed to pay these types of expenses." Nevertheless, the examiner made a personal judgment determination categorizing these expenses under the heading "Excessive or Unreasonable Costs." The examiner did not state in that paragraph what was excessive or unreasonable about the expenses nor did the examiner cite to a standard as to what amount would be reasonable in the examiners eyes.

IC 5-11-5-1(a) states: "A finding that is critical of an examined entity must be based upon one (1) of the following:

- (1) Failure of the entity to observe a uniform compliance guideline established under IC 5-11-1-24(a).
- (2) Failure of the entity to comply with a specific law.

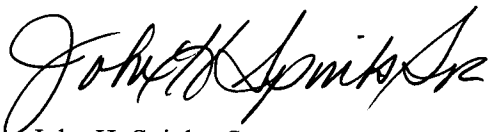
A report that includes a finding that is critical of an examined entity must designate the uniform compliance guideline or the specific law upon which the finding is based.

IC 5-11-1-24(a) states: "The state board of accounts shall establish in writing uniform compliance guidelines for the examinations and reports required by this chapter. The uniform compliance guidelines must include the standards that an entity must observe to avoid a finding that is critical of the entity for a reason other than the entity's failure to comply with a specific law."

There is no Uniform Compliance Guideline that states "The cost (ITA Association expenses) must be as limited as possible." Further there is no Uniform Compliance Guideline that expresses a standard as to what amount of expenditure is "reasonable" or not "excessive" so as to avoid a critical finding. Therefore, this finding is solely a discretionary determination by this particular examiner. A different examiner might well reach a different conclusion.

Since IC 5-11-5-1(a) requires all critical findings to be based on a clear standard that has been presented to the township so that it can avoid a critical finding. This critical finding is based on an objective determination made by the examiner. The township board, the elected body charged with reviewing the expenditures of the township did not take exception to these expenditures. Therefore, this critical finding should be removed.

Sincerely,



John H. Spinks, Sr.
PO 591
510 W Church Street
Hebron, IN 46341
219.996.6701
219.921.3246 (cell)

cc: Mary Jo Small, Field Examiner

BOONE TOWNSHIP, PORTER COUNTY
SUMMARY

	Charges	Credits	Balance Due
John H. Spinks, Sr., former Trustee:			
Alcohol Purchases, page 6	\$ 60.25	\$	\$
Late Payment Charges and Express Pay, page 6	74.00		
Receipt 14, dated July 10, 2007		134.25	-
	\$ 134.25	\$ 134.25	\$ -
Totals			
	\$ 134.25	\$ 134.25	\$ -