

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

EXAMINATION REPORT  
OF  
BIGGER TOWNSHIP  
JENNINGS COUNTY, INDIANA  
January 1, 2007 to December 31, 2009



**FILED**

05/19/2010



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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Larry R. Wahlman	01-01-07 to 12-31-10
Chairman of the Township Board	Lilian Carmer (Position Vacant) Jerry Huffman	01-01-07 to 12-20-09 12-21-09 to 12-31-09 01-01-10 to 12-31-10



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF BIGGER TOWNSHIP, JENNINGS COUNTY, INDIANA

We were engaged to examine the financial information presented herein of Bigger Township (Township), for the period of January 1, 2007 to December 31, 2009. The Township's management is responsible for the financial information presented herein.

Bank reconciliations were not presented for examination to support cash and investment balances reported on the Township's financial information for the years 2007, 2008, and 2009. In addition, financial records were incomplete and did not support amounts reported on the financial information.

Because of the restrictions on our examination as discussed in the preceding paragraph, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on the financial information based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

April 16, 2010

BIGGER TOWNSHIP, JENNINGS COUNTY  
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES  
ALL GOVERNMENTAL FUND TYPES  
As Of And For The Years Ended December 31, 2007, 2008 And 2009

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Governmental Funds:				
Township	\$ 36,499	\$ 9,040	\$ 6,827	\$ 38,712
Township Assistance	13,517	4,118	4,951	12,684
Firefighting	18,611	7,326	6,000	19,937
	<u>68,627</u>	<u>20,484</u>	<u>17,778</u>	<u>71,333</u>
Totals	<u>\$ 68,627</u>	<u>\$ 20,484</u>	<u>\$ 17,778</u>	<u>\$ 71,333</u>

	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
Governmental Funds:				
Township	\$ 38,712	\$ 9,418	\$ 7,035	\$ 41,095
Township Assistance	12,684	2,879	7,950	7,613
Firefighting	19,937	4,315	6,000	18,252
	<u>71,333</u>	<u>16,612</u>	<u>20,985</u>	<u>66,960</u>
Totals	<u>\$ 71,333</u>	<u>\$ 16,612</u>	<u>\$ 20,985</u>	<u>\$ 66,960</u>

	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
Governmental Funds:				
Township	\$ 41,095	\$ 3,738	\$ 3,543	\$ 41,290
Township Assistance	7,613	7,429	9,116	5,926
Firefighting	18,252	7,879	2,000	24,131
	<u>66,960</u>	<u>19,046</u>	<u>14,659</u>	<u>71,347</u>
Totals	<u>\$ 66,960</u>	<u>\$ 19,046</u>	<u>\$ 14,659</u>	<u>\$ 71,347</u>

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

BIGGER TOWNSHIP, JENNINGS 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

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.

BIGGER TOWNSHIP, JENNINGS COUNTY  
EXAMINATION RESULTS AND COMMENTS

NO BANK RECONCILEMENTS

Reconcilements between the record balance of cash and investments and bank balances were not presented for examination. We compared the record balances of cash and investments recorded on the Financial and Appropriation Record (accounting ledger) with the net bank balances (based on our compilation). Our comparison showed the following variance at December 31, 2009:

Net bank balances	\$	78,881
Record balance		<u>69,314</u>
Difference	\$	<u>9,567</u>

IC 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)

CONDITION OF RECORDS

We noted the following deficiencies regarding the condition of records:

1. The Township Annual Reports (Form 15), were incomplete and inconsistent for the years 2007, 2008, and 2009. Various parts of the reports were not completed or parts of the reports which were completed did not agree with other parts of the reports or did not agree with the financial information recorded in the Financial and Appropriation Record (accounting ledger).
2. The Financial and Appropriation Record did not show cash and investment balances for the Firefighting Fund and the Township Assistance Fund at December 31, 2009.
3. The Financial and Appropriation Record did not show year-to-date totals of receipts for the Firefighting Fund or for receipts or disbursements for the Township Assistance Fund for the year 2009. The year to date totals for the year 2009 disbursements for the Township Fund were not totaled correctly on the Financial and Appropriation Record.
4. Property tax distributions received from the Ripley County Auditor were not always recorded to the proper funds on the Financial and Appropriation Record. The following property tax distributions were recorded in their entirety to the Township Fund rather than being allocated based information provided by the Ripley County Auditor:

BIGGER TOWNSHIP, JENNINGS COUNTY  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

<u>Distribution Date</u>	<u>Proper Allocation Per County Auditor</u>			<u>Totals</u>
	<u>Township</u>	<u>Township Assistance</u>	<u>Firefighting</u>	
December 31, 2008	\$ 1,842	\$ 2,047	\$ 3,076	\$ 6,965
August 20, 2009	2,295	4,561	4,837	11,693

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)

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)

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)

FINANCIAL REPORT OPINION MODIFICATION

The Township Annual Reports (financial reports) for the years 2007, 2008, and 2009, were not always in agreement with the financial activity recorded the Financial and Appropriation Record (accounting ledger) and financial information reported on the Financial and Appropriation Record was not always correct (see Examination and Result and Comment titled "Condition of Records"). Additionally, record balances of cash and investments were not being reconciled with depository balances.

Accounting records and other public records must be maintained in a manner that will support accurate financial statements. Anything other than an unqualified opinion on the Independent Auditors' Report on the financial statements may have adverse financial consequences with the possibility of an increase in interest rate cost to the taxpayers of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

ANNUAL FINANCIAL REPORTS

The Township Trustee filed a handwritten Township Annual Report (Form 15) with the County Auditor for the year 2009; however, an electronic Township Annual Report (Form 15) was not filed with State Examiner. Additionally, no Township Annual Reports were filed with the State Examiner for the years 2007 and 2008.

BIGGER TOWNSHIP, JENNINGS COUNTY  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

Effective July 1, 2009, IC 5-11-1-4 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 filed electronically, in a manner prescribed by the state examiner that is compatible with the technology employed by the political subdivision."

NO SALARY SCHEDULE APPROVED

The Township Board did not approve a salary schedule or resolution for Township officials and employees.

IC 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."

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)

ADDITIONAL COMPENSATION PAID TO TRUSTEE

Larry Wahlman, Trustee, was paid \$500 in the year 2008 and paid \$500 in the year 2009 from the Township Assistance Fund for township assistance administration duties. The amount paid was in addition to amount paid to Larry Wahlman from the Township Fund as Township Trustee.

IC 12-20-5-1 states:

"(a) The township trustee of each township is ex officio the administrator of township assistance within the township.

(b) The township trustee shall perform all duties with reference to the poor of the township as prescribed by law.

(c) A township trustee, in discharging the duties prescribed by this article, is designated as the administrator of township assistance."

We are not aware of any statutory provisions which would allow a trustee to circumvent a township board's authority to "fix the salaries" of a trustee by "contracting with themselves" to provide for cemetery care, township assistance investigations, weed eradication, and other statutory duties etc. Therefore, the State Board of Accounts is of the audit position that compensation provided by a township board in accordance with IC 36-6-6-10 is all inclusive for all duties performed by a trustee. We will request reimbursement for any payments received above the compensation established for any township trustee, board member or employee by IC 36-6-6-10. (Township Bulletin and Uniform Compliance Guidelines, February 2009)

BIGGER TOWNSHIP, JENNINGS COUNTY  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

Larry Wahlman refunded \$1,000 to the Township on April 27, 2010. (See Summary, page 11)

DEPOSIT OF PUBLIC FUNDS

Ripley County Auditor's records show distributions of various tax revenues for the year 2009 were made monthly to the Township. However, the Township's financial records show that deposits of these taxes were made only in March, August, and December of the year 2009.

IC 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."

ADVANCE PAYMENTS

The Township contracted for mowing services at Township cemeteries and paid the contract amounts before the services were rendered for the years 2007, 2008, and 2009.

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 Guidelines Manual for Townships, Chapter 13)

BIGGER TOWNSHIP, JENNINGS COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on April 16, 2010, with Larry R. Wahlman, Trustee.

BIGGER TOWNSHIP, JENNINGS COUNTY  
SUMMARY

	<u>Charges</u>	<u>Credits</u>	<u>Balance Due</u>
Larry Whalman, Township Trustee: Additional Compensation Paid to Trustee, pages 8 and 9	\$ 1,000	\$	\$
Refund by Larry Whalman, Township Trustee, Deposited April 27, 2010	_____	1,000	_____ -
Totals	\$ 1,000	\$ 1,000	\$ _____ -