B39321

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

EXAMINATION REPORT

OF

VIGO TOWNSHIP

KNOX COUNTY, INDIANA

January 1, 2010 to December 31, 2010

FILED

09/16/2011

TABLE OF CONTENTS

OFFICIALS

Office	Official	Term
Trustee	Thomas L. Estabrook	01-01-07 to 12-31-10
	Paul M. Scott	01-01-11 to 12-31-14
Chairman of the Township Board	Terri Carie	01-01-10 to 12-31-10
	Thomas L. Estabrook	01-01-11 to 12-31-11

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 VIGO TOWNSHIP, KNOX COUNTY, INDIANA

We have examined the financial statement of Vigo 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 and Schedule of Long-Term Debt, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statement. They have not been subjected to the examination procedures applied to the financial statement and, accordingly, we express no opinion on them.

The Township's response to the Examination Result and Comment identified in our examination is described in the accompanying section of the report entitled Official Response. We did not examine the Township's response and, accordingly, we express no opinion on it.

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

July 21, 2011

(This page intentionally left blank.)

FINANCIAL STATEMENT

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

	Cash and Investments 01-01-10	Receipts	Disbursements	Cash and Investments 12-31-10
Township	$ 87,952	$ 35,258	$ 62,767	$ 60,443
Township Assistance	30,974	44,057	33,741	41,290
Fire Fighting	25,316	11,328	12,758	23,886
Cumulative Fire	35,601	3,826	3,824	35,603
Fire Debt	15,875	7,238	15,005	8,108
Levy Excess	-	187	-	187
Totals	$ 195,718	$ 101,894	$ 128,095	$ 169,517

The accompanying notes are an integral part of the 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), and general administrative services.

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.

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.

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 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 and 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/.

VIGO TOWNSHIP, KNOX 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	Cumulative Fire	Fire Debt	Levy Excess	Totals
Cash and investments - beginning	$ 87,952	$ 30,974	$ 25,316	$ 35,601	$ 15,875	$ -	$ 195,718
Receipts:							
Taxes	34,904	44,057	11,328	3,825	7,238	187	101,539
Other receipts	354	-	-	1	-	-	355
Total receipts	35,258	44,057	11,328	3,826	7,238	187	101,894
Disbursements:							
Personal services	24,038	1,000	-	-	-	-	25,038
Supplies	1,242	475	-	-	-	-	1,717
Other services and charges	37,375	4,817	9,521	-	15,005	-	66,718
Capital outlay	112	-	3,237	3,824	-	-	7,173
Other disbursements	-	27,449	-	-	-	-	27,449
Total disbursements	62,767	33,741	12,758	3,824	15,005	-	128,095
Excess (deficiency) of receipts over disbursements	(27,509)	10,316	(1,430)	2	(7,767)	187	(26,201)
Cash and investments - ending	$ 60,443	$ 41,290	$ 23,886	$ 35,603	$ 8,108	$ 187	$ 169,517

VIGO TOWNSHIP, KNOX COUNTY
SUPPLEMENTARY INFORMATION
SCHEDULE OF LONG-TERM DEBT
December 31, 2010

The Township has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:		
Note and loan payable	$ 42,611	$ 15,005

COMPENSATION AND BENEFITS

Thomas L. Estabrook, former Trustee, received $250 more in wages during 2010 than what was approved by the Board on the Resolution Recommending Salaries of Township Officers and Employees, Township Form 17. As outgoing trustee, Thomas L. Estabrook, former Trustee, was paid for one-half of his bi-weekly salary to cover for the last week of December 2010. The last bi-weekly pay period ended on December 22, 2010. However, the last pay on December 22 expended the approved salary for 2010 by the Township Board.

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)

Indiana Code 36-6-6-10 states in part: ". . .

(b) 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.

(c) Subject to subsection (d), the township legislative body may reduce the salary of an elected or appointed official. However, except as provided in subsection (h), the official is entitled to a salary that is not less than the salary fixed for the first year of the term of office that immediately preceded the current term of office.

(d) Except as provided in subsection (h), the township legislative body may not alter the salaries of elected or appointed officers during the fiscal year for which they are fixed, but it may add or eliminate any other position and change the salary of any other employee, if the necessary funds and appropriations are available.

(h) In a year in which there is not an election of members to the township legislative body, the township legislative body may by unanimous vote reduce the salaries of the members of the township legislative body by any amount.

Thomas L. Estabrook, former Trustee, was requested to reimburse Vigo Township $250 for overpayment of wages of an elected official. Reimbursement was made in full to the Township on July 21, 2011.

VIGO TOWNSHIP, KNOX COUNTY
EXIT CONFERENCE

The contents of this report were discussed on July 21, 2011, with Paul M. Scott, Trustee, and Thomas L. Estabrook, Chairman of the Township Board. The official response has been made a part of this report and may be found on page 16.

Board Members
Thomas Estabrook
Karen Byrer
Josephine Pahmeier

Vigo Township Trustee
121 S. Main St.
P.O. Box 141
Bicknell, IN 47512
(812)-735-3955
Monday and Wednesday 12-5 pm
Friday 12-4 pm

Trustee
Paul Scott

Dear State Examiner Hartman,

I, along with the current township trustee. wanted to take this opportunity to issue the following official response to comments in the audit report for Vigo Township, Knox County for the year ending December 2010. This response will focus on the unintentional payroll error that occurred in December 2010.

During the 2010 budget process, the Vigo Township Advisory Board set the trustee's salary at $13,000 for 2010. The township trustee and clerical assistant were paid on a bi-weekly basis in 2010. When all 26 bi-weekly pay periods ended, one work week remained in the month of December. Therefore, I paid myself an additional $250 for the remaining week. The amount is half of the regular bi-weekly. I transferred remaining unused appropriation from within the personal services classification of the township's budget to cover the expenditure. This has not been an issue in the past because extra weeks did not remain in the month after all of the bi-weekly pay periods had been completed.

When paying the additional wages, I did not consider the appropriate Indiana law regarding salaries. This error was completely unintentional. At no time, did I intentional choose or desire to take advantage of the taxpayers or pay myself an additional salary that was in contradiction to Indiana law. This was an honest mistake that I did not intend to make. Upon hearing of the error, I immediately corrected the situation by returning the wages to the township as noted in this report. I apologize for any inconvenience this may have caused.

I also wanted to extend my thanks to State Board of Accounts field auditor Jon Bennington. Mr. Bennington handled this matter in a very professional and courteous manner. He should be commended for his professional conduct in handling this situation.

Sincerely and respectfully yours,

Thomas Estabrook
Former Vigo Twp Trustee
Chairman, Vigo Twp Advisory Board

Paul Scott
Vigo Township Trustee