

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

BROWN TOWNSHIP

MORGAN COUNTY, INDIANA

January 1, 2012 to December 31, 2016



FILED
08/25/2017

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Mark D. Harris	01-01-11 to 12-31-18
Chairman of the Township Board	Kevin D. Smith	01-01-12 to 12-31-14
	Howard Pritchard	01-01-15 to 12-31-15
	Jim VanHoy	01-01-16 to 12-31-16
	Chris Hester	01-01-17 to 12-31-17



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF BROWN TOWNSHIP, MORGAN COUNTY, INDIANA

This report is supplemental to our examination report of Brown Township (Township), for the period from January 1, 2012 to December 31, 2016. It has been provided as a separate report so that the reader may easily identify any Examination Results and Comments that pertain to the Township. It should be read in conjunction with our Financial Statements Examination Report of the Township, which provides our opinion on the Township's financial statements. This report may be found at www.in.gov/sboa/.

As authorized under Indiana Code 5-11-1, we performed procedures to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts. The Examination Results and Comments contained herein describe the identified reportable instances of noncompliance found as a result of these procedures. Our tests were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified.

Any Official Response to the Examination Results and Comments, incorporated within this report, was not verified for accuracy.

Paul D. Joyce
Paul D. Joyce, CPA
State Examiner

July 3, 2017

BROWN TOWNSHIP, MORGAN COUNTY
EXAMINATION RESULTS AND COMMENTS

SUPPORTING DOCUMENTATION

Payments were observed which did not contain adequate supporting documentation, such as receipts, invoices, and other public records. A claim was found having only parts of the needed supporting documentation.

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 1)

APPROPRIATIONS

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

<u>Years</u>	<u>Fund</u>	<u>Excess Amount Disbursed</u>
2013	Cumulative Fire	\$ 63,284
2015	Fire Fighting	851

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."

OFFICIAL BOND

The Trustee Surety Bond was insufficient per the Indiana Code. The bond was for \$15,000 each year from January 1, 2012 through December 31, 2015.

BROWN TOWNSHIP, MORGAN COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

Indiana Code 5-4-1-18(d) states in part:

". . . (1) The amount must equal thirty thousand dollars (\$30,000) for each one million dollars (\$1,000,000) of receipts of the officer's office during the last complete fiscal year before the purchase of the bond, subject to subdivision (2).

(2) The amount may not be less than thirty thousand dollars (\$30,000) nor more than three hundred thousand dollars (\$300,000) unless the fiscal body approves a greater amount for the officer or employee. . . ."

OVERDRAWN CASH

The following fund had overdrawn cash balances at December 31:

Years	Fund	Amount Overdrawn
2013	Township Bond Debt Service	\$ 8,341
2014	Township Bond Debt Service	8,341
2015	Township Bond Debt Service	8,341

The cash balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the unit. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

BROWN TOWNSHIP, MORGAN COUNTY
EXIT CONFERENCE

The contents of this report were discussed on July 3, 2017, with Mark D. Harris, Trustee; Vicki Nowak, Township Clerk; and Chris Hester, Chairman of the Township Board.