

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

EXAMINATION REPORT
OF
TIPPECANOE TOWNSHIP
PULASKI COUNTY, INDIANA
January 1, 2006 to December 31, 2007



FILED

05/09/2008

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OFFICIALS

Office

Official

Term

Trustee

Connie Myers

01-01-06 to 12-31-10

Chairman of the
Township Board

None elected



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF TIPPECANOE TOWNSHIP, PULASKI COUNTY, INDIANA

We have examined the financial information presented herein of Tippecanoe Township (Township), for the period of January 1, 2006 to December 31, 2007. 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, 2006 and 2007, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

March 25, 2008

TIPPECANOE TOWNSHIP, PULASKI COUNTY
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL FUND TYPES
As Of And For The Years Ended December 31, 2006 And 2007

	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
Governmental Funds:				
Township	\$ 64,742	\$ 6,158	\$ 25,367	\$ 45,533
Dog	430	264	130	564
Township Assistance	22,316	16,368	6,767	31,917
Firefighting	41,767	27,026	27,822	40,971
Cumulative Fire	<u>32,076</u>	<u>8,626</u>	<u>20,000</u>	<u>20,702</u>
Totals	<u>\$ 161,331</u>	<u>\$ 58,442</u>	<u>\$ 80,086</u>	<u>\$ 139,687</u>

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Governmental Funds:				
Township	\$ 45,533	\$ 20,734	\$ 30,329	\$ 35,938
Dog	564	-	564	-
Township Assistance	31,917	-	8,275	23,642
Firefighting	40,971	10,135	18,174	32,932
Cumulative Fire	<u>20,702</u>	<u>2,279</u>	<u>13,000</u>	<u>9,981</u>
Totals	<u>\$ 139,687</u>	<u>\$ 33,148</u>	<u>\$ 70,342</u>	<u>\$ 102,493</u>

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

TIPPECANOE TOWNSHIP, PULASKI 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, culture and recreation, 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.

TIPPECANOE TOWNSHIP, PULASKI COUNTY
EXAMINATION RESULTS AND COMMENTS

OFFICIAL BOND

The following official bond was not filed in the Office of the County Recorder:

Connie Myers, Tippecanoe Trustee 01-01-06 to 12-31-07

Indiana Code 5-4-14-5.1(b) states in part: "Every elected or appointed officer, official, deputy, or employee of a political subdivision . . . shall file the bond in the office of the county recorder . . ."

APPROPRIATIONS

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

<u>Fund</u>	<u>Years</u>	<u>Excess Amount Expended</u>
Township	2006	\$ 1,219
Township	2007	7,436
Township Assistance	2007	8,275
Cumulative Fire	2007	3,000

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."

LIST OF EMPLOYEES NOT FILED WITH THE COUNTY TREASURER

Officials or employees of the Township had money due from the township, but a list of such employees was not certified to the County Treasurer.

Indiana Code 6-1.1-22-14(a) states in part: "On or before June 1 and December 1 of each year . . . the disbursing officer of each political subdivision . . . shall certify the names and addresses of each person who has money due from the political subdivision to the treasurer of each county in which the political subdivision is located."

PRESCRIBED FORMS

The following forms were not in use by the Township:

- Financial and Appropriation Ledger (Form 1C)
- Resolution Recommending Salaries for Township Officers and Employees (Form 17)

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 Township, Chapter 13)

TIPPECANOE TOWNSHIP, PULASKI COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

BOARD ELECTIONS

The Township Board did not meet on or before the first Tuesday after the first Monday in January to elect a Board President and a Board Secretary.

The Township Board shall meet annually on or before the first Tuesday after the first Monday in January at the office of the township trustee. The board shall meet and organize annually on the above date by electing one of its members chairman and one of its members secretary for that year. Any two members shall constitute a quorum. (Accounting and Uniform compliance Guidelines Manual for Township, Chapter 5)

COMPENSATION AND BENEFITS

The Trustee received \$3,765.02 and \$8,880 in payments for the years 2006 and 2007, respectively, which were not included in the payroll system or on the salary resolution.

The Deputy Clerk received \$1,114.50 and \$2,450 in payments for the years 2006 and 2007, respectively, which were not included in the payroll system or on the salary ordinance or resolution.

We requested repayment from the Trustee, Connie Myers, in the amount of \$12,645.02 for the overpayments of salary and utilities. On October 3, 2007, the Trustee repaid \$8,000. On March 25, 2008, the Trustee repaid \$4,655 creating a \$9.98 overpayment.

We requested repayment from the Deputy Clerk, Stanley Myers, in the amount of \$3,564.50 for the overpayments of salary. On March 25, 2008, the Deputy Clerk repaid \$3,564.50.

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 Township, Chapter 17)

Persons, companies or governmental units that have overpaid amounts to a governmental unit are entitled to a repayment or refund by check or warrant. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

ADVANCE PAYMENTS

Dates of transactions indicate that some payments were made to employees of the Township before services were performed.

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)

TIPPECANOE TOWNSHIP, PULASKI COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

PENALTIES AND INTEREST

Penalties and interest totaling \$77.99 were paid to the Internal Revenue Service in 2006.

We requested repayment of penalties and interest paid to the Internal Revenue Service for \$77.99 from the Trustee, Connie Myers. This amount was repaid to the Township on March 25, 2008.

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)

CONDITION OF RECORDS

The following deficiencies relating to the recordkeeping were noted:

- (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."

- (2) There were a considerable number of posting errors. These errors included checks and receipts not recorded in the proper amounts. Receipts and disbursements posted to the wrong fund. The Township Trustee Annual Report did not reconcile to the Financial and Appropriation Ledger.

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 decisions making. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

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)

TIPPECANOE TOWNSHIP, PULASKI COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

DISBURSEMENT DOCUMENTATION

Several payments were observed which did not contain adequate supporting documentation such as receipts, and invoices.

Due to the lack of supporting information, the validity and accountability for some monies disbursed could not be established.

Supporting documentation such as receipts, cancelled 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 13)

TRANSACTION RECORDING

Some items such as payments to employees and township assistance checks were not posted to the records.

All financial transactions pertaining to the governmental unit should be recorded in the records of the governmental unit. (Accounting and Uniform Compliance guidelines Manual for Townships, Chapter 13)

TOWNSHIP ASSISTANCE CLAIM

A payment was made to the Trustee from the Township Assistance Fund for \$500. Only \$275.31 was supported by a claim. A balance of \$224.69 could not be verified. A Township Assistance form was not completed nor was an invoice provided for items purchased.

We requested repayment from the Trustee, Connie Myers, for \$224.69 for the check written from the Township Assistance Fund.

Supporting documentation such as receipts, cancelled 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 13)

CONTRACTS

Records presented for examination indicate payments were made for cemetery care in 2006 and 2007 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)

TIPPECANOE TOWNSHIP, PULASKI COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

FAILURE TO SUBMIT RECORDS FOR AUDIT

Financial records presented for examination were incomplete and not reflective of the activity of the Township Assistance Fund. The records presented did not provide sufficient information to examine or establish the accuracy or correctness of the disbursements. A similar comment was issued in the prior Report B28704.

All financial transactions pertaining to the governmental unit should be recorded in the records of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

TIPPECANOE TOWNSHIP, PULASKI COUNTY
EXIT CONFERENCE

The contents of this report were discussed on March 25, 2008, with Connie Myers, Trustee. The official concurred with our findings.

TIPPECANOE TOWNSHIP, PULASKI COUNTY
SUMMARY

	<u>Charges</u>	<u>Credits</u>	<u>Balance Due</u>
Connie Myers, Trustee:			
Compensation and Benefits, page 7	\$ 12,645.02	\$ 12,655.00	\$ (9.98)
Penalties and Interest, page 8	77.99	77.99	-
Township Assistance Claim, page 9	<u>224.69</u>	<u>224.69</u>	<u>-</u>
Totals	<u>\$ 12,947.70</u>	<u>\$ 12,957.68</u>	<u>\$ (9.98)</u>
Stanley Myers, Deputy Clerk:			
Compensation and Benefits, page 7	<u>\$ 3,564.50</u>	<u>\$ 3,564.50</u>	<u>\$ -</u>