

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

EXAMINATION REPORT
OF
NEWCASTLE TOWNSHIP
FULTON COUNTY, INDIANA
January 1, 2008 to December 31, 2009



FILED
04/07/2010

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
Supplementary Information:	
Schedule of Long-Term Debt	6
Examination Results and Comments:	
Contracts	7
Condition of Records	7
Supporting Documentation	8
Interest on Investments	8
Exit Conference.....	9
Summary	10

OFFICIALS

Office

Official

Term

Trustee

Linda L. Erp

01-01-07 to 12-31-10

Chairman of the
Township Board

Sandy Gunnels
Teri Adamson

01-01-08 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 NEWCASTLE TOWNSHIP, FULTON COUNTY, INDIANA

We have examined the financial information presented herein of Newcastle Township (Township), for the period of January 1, 2008 to December 31, 2009. 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, 2008 and 2009, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The Schedule of Long-Term Debt, as listed in the Table of Contents, is presented for additional analysis and is not a required part of the basic financial information. It has not been subjected to the examination procedures applied to the basic financial information and, accordingly, we express no opinion on it.

STATE BOARD OF ACCOUNTS

January 26, 2010

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

	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
Governmental Funds:				
Township	\$ 23,161	\$ 20,432	\$ 16,274	\$ 27,319
Dog	187	-	187	-
Township Assistance	5,436	3,527	3,083	5,880
Firefighting	25,155	25,904	23,873	27,186
Community Building	11,359	2,913	3,851	10,421
Community Host	42,106	1,187	12,448	30,845
Fire Debt	3,666	7,837	7,661	3,842
Cumulative Fire	42,765	8,941	4,647	47,059
Rainy day	1,218	1,049	-	2,267
Levy Excess	829	-	726	103
Totals	<u>\$ 155,882</u>	<u>\$ 71,790</u>	<u>\$ 72,750</u>	<u>\$ 154,922</u>

	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
Governmental Funds:				
Township	\$ 27,319	\$ 20,319	\$ 16,944	\$ 30,694
Township Assistance	5,880	4,542	3,791	6,631
Firefighting	27,186	30,666	24,845	33,007
Community Building	10,421	3,743	4,986	9,178
Community Host	30,845	14,938	24,899	20,884
Fire Debt	3,842	9,059	7,661	5,240
Cumulative Fire	47,059	8,453	4,849	50,663
Rainy day	2,267	-	-	2,267
Levy Excess	103	-	-	103
Totals	<u>\$ 154,922</u>	<u>\$ 91,720</u>	<u>\$ 87,975</u>	<u>\$ 158,667</u>

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

NEWCASTLE TOWNSHIP, FULTON 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. All property taxes collected by the County Treasurer and available for distribution were distributed to the Township on or prior to December 31 of the year collected.

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.

NEWCASTLE TOWNSHIP
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 December 31, 2009

The Township has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:		
Notes and loans payable:		
Firefighting Equipment	\$ 15,570	\$ 3,830

NEWCASTLE TOWNSHIP, FULTON COUNTY
EXAMINATION RESULTS AND COMMENTS

CONTRACTS

The Township entered into two contracts with Jim Erp for mowing services during 2008 in amounts of \$1,940 and \$1,745, for a total of \$3,685. Payments were made to Jim Erp totaling \$3,945 for mowing services. We requested reimbursement of \$260 from Jim Erp for overpayment on these contracts. (See Summary, page 10)

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)

Governmental units should collect any overpayments made. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

CONDITION OF RECORDS

The following deficiencies relating to the recordkeeping were noted. A similar comment was in prior Report B31862.

1. Record balances were not reconciled to depository balances.

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)

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."

2. There were a number of posting errors. These errors included checks and receipts not recorded in the proper amounts and interest not posted.

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)

NEWCASTLE TOWNSHIP, FULTON COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

SUPPORTING DOCUMENTATION

Some payments were observed which did not contain adequate supporting documentation, such as receipts, invoices, and other public records. Due to the lack of supporting information, the validity and accountability for some money disbursed could not be established. A similar comment was noted in prior Report B31862.

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for examination 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)

INTEREST ON INVESTMENTS

Interest earned on investments in some instances was automatically added to the principal and not recorded in the records. A similar comment was noted in prior Report B31862.

Interest on investments should not be automatically added into the investment. Instead, interest on investments should be paid to the governmental unit at each maturity date and posted to the appropriate fund. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

NEWCASTLE TOWNSHIP, FULTON COUNTY
EXIT CONFERENCE

The contents of this report were discussed on January 26, 2010, with Linda L. Erp, Trustee. The official concurred with our findings.

NEWCASTLE TOWNSHIP, FULTON COUNTY
SUMMARY

	Charges	Credits	Balance Due
Jim Erp, Clerk Newcastle Township			
Contracts, page 7	\$ 260	\$	\$
Paid 01-26-10, per bank receipt	-	260	-
 Totals	\$ 260	\$ 260	\$ -