

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

EXAMINATION REPORT
OF
MILL TOWNSHIP
GRANT COUNTY, INDIANA
January 1, 2008 to December 31, 2009



FILED
04/13/2010

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OFFICIALS

Office

Official

Term

Trustee

Carolyn L. Armes

01-01-07 to 12-31-10

Chairman of the
Township Board

Bryan Elliott

01-01-08 to 12-31-10



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF MILL TOWNSHIP, GRANT COUNTY, INDIANA

We have examined the financial information presented herein of Mill 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.

STATE BOARD OF ACCOUNTS

March 18, 2010

MILL TOWNSHIP, GRANT 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	\$ 164,928	\$ 64,158	\$ 44,148	\$ 184,938
Township Assistance	87,058	72,681	73,281	86,458
Firefighting	135,084	85,493	104,231	116,346
Park and Recreation	2,855	16,908	14,500	5,263
Fire Building Debt	1,483	-	1,483	-
Totals	<u>\$ 391,408</u>	<u>\$ 239,240</u>	<u>\$ 237,643</u>	<u>\$ 393,005</u>

	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
Governmental Funds:				
Township	\$ 184,938	\$ 178,228	\$ 186,579	\$ 176,587
Township Assistance	86,458	67,746	88,454	65,750
Firefighting	116,346	86,699	98,839	104,206
Park and Recreation	5,263	16,484	13,000	8,747
Rainy Day	-	150,873	123,717	27,156
Cumulative Fire	-	15,712	-	15,712
Totals	<u>\$ 393,005</u>	<u>\$ 515,742</u>	<u>\$ 510,589</u>	<u>\$ 398,158</u>

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

MILL TOWNSHIP, GRANT 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.

MILL TOWNSHIP, GRANT COUNTY
EXAMINATION RESULTS AND COMMENTS

ANNUAL REPORT

The Township Annual Financial Report filed for 2009 was materially misstated due to inaccurate reporting of some receipts, disbursements and fund balances. Receipts were erroneously reported for the Fire Debt Fund, resulting in the fund balance being over reported by \$15,712. The Rainy Day Fund reported beginning and ending balance of \$150,000 with no receipts or disbursements in 2009. The Rainy Day Fund did not report the transfer in from the Township Fund of \$150,000, interest of \$873, and a transfer back to the Township Fund of \$123,717.

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)

CREDIT CARDS

The Township is using credit cards in some instances to purchase items without an approved credit card policy. Eight online credit card purchases were not supported by adequate documentation.

The State Board of Accounts will not take exception to the use of credit cards by a governmental unit provided the following criteria are observed:

- (1) The governing board must authorize credit card use through an ordinance or resolution, which has been approved in the minutes.
- (2) Issuance and use should be handled by an official or employee designated by the board.
- (3) The purposes for which the credit card may be used must be specifically stated in the ordinance or resolution.
- (4) When the purpose for which the credit card has been issued has been accomplished, the card should be returned to the custody of the responsible person.
- (5) The designated responsible official or employee should maintain an accounting system or log which would include the names of individuals requesting usage of the cards, their position, estimated amounts to be charged, fund and account numbers to be charged, date the card is issued and returned, etc.

MILL TOWNSHIP, GRANT COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

- (6) Credit cards should not be used to bypass the accounting system. One reason that purchase orders are issued is to provide the fiscal officer with the means to encumber and track appropriations to provide the governing board and other officials with timely and accurate accounting information and monitoring of the accounting system.
- (7) Payment should not be made on the basis of a statement or a credit card slip only. Procedures for payments should be no different than for any other claim. Supporting documents such as paid bills and receipts must be available. Additionally, any interest or penalty incurred due to late filing or furnishing of documentation by an officer or employee should be the responsibility of that officer or employee.
- (8) If properly authorized, an annual fee may be paid.

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 13)

CAPITAL ASSETS LEDGER

The Capital Assets Ledger presented for examination did not include all vehicles and equipment owned by the Township. A similar comment appeared in prior Report B33513.

Every governmental unit should have a complete inventory of all capital assets owned which reflects their acquisition value. Such inventory should be recorded on the applicable Capital Assets Ledger. A complete inventory should be taken at least every two years for good internal control and for verifying account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

MILL TOWNSHIP, GRANT COUNTY
EXIT CONFERENCE

The contents of this report were discussed on March 18, 2010, with Carolyn L. Armes, Trustee. The official concurred with our findings.