

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

EXAMINATION REPORT

OF

MORGAN TOWNSHIP

OWEN COUNTY, INDIANA

January 1, 2008 to December 31, 2009



FILED

05/12/2010

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
Examination Results and Comments:	
Official Bond	6
Bank Account Reconciliations	6
Overdrawn Cash Balances.....	6
Condition of Records	7
Application for Township Assistance	7
Appropriations.....	8
Exit Conference.....	9

OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Patricia A. Flowers	01-01-07 to 12-31-10
Chairman of the Township Board	Tina Jackson	01-01-08 to 12-31-10



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 MORGAN TOWNSHIP, OWEN COUNTY, INDIANA

We have examined the financial information presented herein of Morgan 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

April 12, 2010

MORGAN TOWNSHIP, OWEN 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	\$ 5,055	\$ 7,991	\$ 12,056	\$ 990
Firefighting	6,435	1,986	6,000	2,421
Township Assistance	231	7,518	6,002	1,747
Rainy Day	1,588	-	120	1,468
Cumulative Fire	-	4,347	5,307	(960)
Totals	<u>\$ 13,309</u>	<u>\$ 21,842</u>	<u>\$ 29,485</u>	<u>\$ 5,666</u>

	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
Governmental Funds:				
Township	\$ 990	\$ 13,488	\$ 15,202	\$ (724)
Firefighting	2,421	4,090	6,507	4
Township Assistance	1,747	5,729	7,034	442
Rainy Day	1,468	-	-	1,468
Cumulative Fire	(960)	12,796	1,493	10,343
Totals	<u>\$ 5,666</u>	<u>\$ 36,103</u>	<u>\$ 30,236</u>	<u>\$ 11,533</u>

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

MORGAN TOWNSHIP, OWEN 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 (Indiana Code 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 (Indiana Code 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.

MORGAN TOWNSHIP, OWEN COUNTY
EXAMINATION RESULTS AND COMMENTS

OFFICIAL BOND

The official bond for Patricia Flowers, Township Trustee, was recorded in the Office of the County Recorder in the amount of \$15,000 without a rider added from July 1, 2009 to December 31, 2009. Additionally, the bond for 2010 was still in the amount of \$15,000.

Effective July 1, 2009, IC 5-4-1-18 states in part:

"(c) Except as provided in subsections (h) and (i), the fiscal bodies of the respective units shall fix the amount of the bond of . . . township trustees . . . as follows:

- (1) The amount of annual coverage 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 of annual coverage 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 of annual coverage for the officer or employee."

The State Board of Accounts is of the audit position in order to comply with the changes made in Public Law 176 effective July 1, 2009, governments will have to purchase riders on their current bond coverage for the remainder of the calendar year; and beginning January 1, 2010, will have to provide annual bond coverage. We are also of the audit position a new bond should be obtained for each year and continuation certificates or renewals should not be used in lieu of obtaining a new bond. (The Township Bulletin and Uniform Compliance Guidelines, Volume 286)

BANK ACCOUNT RECONCILIATIONS

Depository reconciliations of the fund balances to the bank account balances were not always completed.

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."

OVERDRAWN CASH BALANCES

The cash balance of the Cumulative Fire Fund was overdrawn in 2008 and the Township Fund in 2009.

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 governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

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

CONDITION OF RECORDS

The following deficiencies relating to the recordkeeping were noted.

1. No monthly bank reconcilements.
2. Annual Report was not reflective of the actual financial activity for 2008 and 2009.
3. Record balances were not reconciled to depository balances.

IC 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."

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)

Political subdivisions are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings and filing requirements concerning reports and other procedural matters of federal and state agencies, including opinions of the Attorney General of the State of Indiana, and court decisions. Governmental units should file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

APPLICATION FOR TOWNSHIP ASSISTANCE

Not all applications for Township Assistance, Prescribed Form TA-1, were presented for examination.

Application for Township Assistance is to be completed by each person who applies for township assistance. The trustee has the power to administer oaths. Any person expressing a desire for assistance shall be permitted to apply, whether or not the trustee believes the person to be eligible. Each completed form must be filed in the trustee's office, whether or not relief is granted on the application. The trustee shall not extend aid to persons or families unless an affidavit setting forth the personal condition of the family has been filed within one hundred eighty (180) days prior to the date of the extension of aid. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 6)

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

APPROPRIATIONS

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

Fund	Years	Excess Amount Expended
Township	2009	\$ 1,576
Firefighting	2009	207
Township Assistance	2009	537

IC 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."

MORGAN TOWNSHIP, OWEN COUNTY
EXIT CONFERENCE

The contents of this report were discussed on April 12, 2010, with Patricia A. Flowers, Trustee.