

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

EXAMINATION REPORT
OF
UTICA TOWNSHIP
CLARK COUNTY, INDIANA
January 1, 2007 to December 31, 2009



FILED
05/13/2010

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Robert L. DeArk	01-01-07 to 12-31-10
Chairman of the Township Board	Norma Lockard	01-01-07 to 12-31-07
	Robert Marshall	01-01-08 to 12-31-08
	Norma Lockard	01-01-09 to 12-31-10



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF UTICA TOWNSHIP, CLARK COUNTY, INDIANA

We were to examine the financial information presented herein of Utica Township (Township), for the period of January 1, 2007 to December 31, 2009. The Township's management is responsible for the financial information presented herein.

Financial records did not support amounts reported on the financial information for the years 2007, 2008, and 2009. Additionally, bank reconciliations were not presented for examination to support cash and investment balances reported on the Township's financial information for the years 2007, 2008, and 2009.

Due to the restrictions on our examination as discussed in the preceding paragraph, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on the financial information based upon the criteria set forth in the Uniform Compliance Guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

April 14, 2010

UTICA TOWNSHIP, CLARK COUNTY
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL FUND TYPES
As Of And For The Years Ended December 31, 2007, 2008, And 2009

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Governmental Funds:				
Township	\$ 32,527	\$ 15,689	\$ 26,465	\$ 21,751
Dog	389	-	389	-
Township Assistance	18,876	5,549	19,786	4,639
Park and Recreation	25,731	6,721	20,162	12,290
Rainy Day	-	6,442	-	6,442
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Totals	<u>\$ 77,523</u>	<u>\$ 34,401</u>	<u>\$ 66,802</u>	<u>\$ 45,122</u>
	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
Governmental Funds:				
Township	\$ 21,751	\$ 9,680	\$ 18,203	\$ 13,228
Township Assistance	4,639	20,801	18,441	6,999
Park and Recreation	12,290	13,984	17,538	8,736
Rainy Day	6,442	8,643	14,424	661
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Totals	<u>\$ 45,122</u>	<u>\$ 53,108</u>	<u>\$ 68,606</u>	<u>\$ 29,624</u>
	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
Governmental Funds:				
Township	\$ 13,228	\$ 33,111	\$ 27,072	\$ 19,267
Township Assistance	6,999	39,278	26,260	20,017
Park and Recreation	8,736	17,451	18,779	7,408
Rainy Day	661	15,811	-	16,472
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Totals	<u>\$ 29,624</u>	<u>\$ 105,651</u>	<u>\$ 72,111</u>	<u>\$ 63,164</u>

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

UTICA TOWNSHIP, CLARK 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.

UTICA TOWNSHIP, CLARK COUNTY
EXAMINATION RESULTS AND COMMENTS

CONDITION OF RECORDS

The following deficiencies related to the financial records were noted:

1. No reconcilements of the depository account balance to the record balance of cash and investments were presented for examination. The following is a comparison of the record balance with the net depository account balance. The net depository account balance was determined during our examination based upon checks and deposits readily identified as being outstanding at year end.

Year	Net Depository Account Balance	Ledger Control Balance	Variance
2007	\$ 55,424	\$ 44,562	\$ 10,862
2008	40,074	29,626	10,448
2009	74,597	67,210	7,387

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)

2. The total of individual funds cash and investment balances were not reconciled to the total of all funds (control) cash and investment columns reported in the Financial and Appropriation Record (Form 1C) for the years 2007 and 2009. Instances were noted in which tax distributions received and recorded to the control account were not in agreement with the amounts recorded to the individual funds. Failure to properly reconcile, allowed errors to occur and go undetected. The following differences were noted:

Year	Individual Funds Balances	Ledger Control Balance	Variance
2007	\$ 50,059	\$ 44,562	\$ 5,497
2009	65,646	67,210	(1,564)

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)

UTICA TOWNSHIP, CLARK COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

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)

3. The Township Trustees Annual Report (Form 15) did not agree with the financial figures recorded on the Financial and Appropriation Record (ledger) for the years 2007, 2008, and 2009. Additionally, the Township Annual Reports for the years 2007 and 2009 were completed but not filed with the State Board of Accounts. The financial activity as reported in the Annual Report and the accounting ledger did not reconcile with the depository account balance. The following differences were noted between the ending total cash and investment balance for individual funds per the ledger and the amounts reported in the Township Annual Reports:

2007			
Fund	Balance Per Annual Report	Balance Per Ledger	Variance
Township	\$ 21,751	\$ 26,211	\$ (4,460)
Township Assistance	4,639	4,796	(157)
Park and Recreation	12,290	19,052	(6,762)
Rainy Day	6,442	6,442	-
Totals	\$ 45,122	\$ 56,501	\$ (11,379)

2009			
Fund	Balance Per Annual Report	Balance Per Ledger	Variance
Township	\$ 19,267	\$ 21,990	\$ (2,723)
Township Assistance	20,017	20,057	(40)
Park and Recreation	7,408	9,157	(1,749)
Rainy Day	16,472	14,443	2,029
Totals	\$ 63,164	\$ 65,647	\$ (2,483)

4. Sufficient documentation was not presented for examination to support expenditures made.

IC 5-11-1-4 states:

"The state examiner shall require from every municipality and every state or local governmental unit, entity, or instrumentality financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state

UTICA TOWNSHIP, CLARK COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

examiner not later than sixty (60) days after the close of each fiscal year. The reports must be filed electronically, in a manner prescribed by the state examiner that is compatible with the technology employed by the political subdivision."

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)

Similar comments were reported in the prior Report B31461.

FINANCIAL REPORT OPINION MODIFICATION

Due to the deficiencies identified in the comments Examination Results and Comments "Condition of Records," "Township Assistance Procedures," and "Township Disbursements," an opinion could not be expressed on the Township's compliance with criteria set forth in the Uniform Compliance Guidelines established by the Indiana State Board of Accounts.

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)

Accounting records and other public records must be maintained in a manner that will support accurate financial statements. Anything other than an unqualified opinion on the Independent Auditors' Report on the financial statements may have adverse financial consequences with the possibility of an increase in interest rate cost to the taxpayers of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

TOWNSHIP ASSISTANCE PROCEDURES

A review of documentation for Township Assistance disbursements noted the following deficiencies:

1. A check in the amount of \$100 for Township Assistance for the purchase of groceries was issued directly to the person requesting assistance instead of the vendor providing the supplies.

Payment of all claims should be directly to a vendor and should never be to a township assistance applicant. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 6)

2. A check was issued for Township Assistance for gas heating service. The check was issued in the amount of \$448.68; however, the outstanding gas bill presented for examination with the Township Assistance purchase order showed a gas bill balance

UTICA TOWNSHIP, CLARK COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

owed of only \$67.28 and the bill had a beginning credit balance on the account of \$2.85. No application for Township Assistance was presented for examination that corresponded to the time frame of when the check was issued.

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)

3. A check was issued for Township Assistance for gas heating in the amount of \$734.38; however, the outstanding gas bill presented for examination with the Township Assistance purchase order showed a balance due on the account of only \$374.38. No application for assistance was presented for examination that corresponded to the time frame of when the check was issued. Previous applications for assistance during the year for the person were found; however, the application did not indicate the person was requesting assistance with gas heating bills. Previous applications requested assistance for electric service and assistance in paying rent.

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

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)

4. Proper supporting documentation, such as, a Township Assistance Purchase Order (Form TA-2), Township Assistance Application (Form TA-1), or invoices were not presented for examination for 25% of the other Township Assistance disbursements examined.

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)

The trustee's office shall retain a copy of each completed application and affidavit whether or not relief is granted. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 6)

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)

UTICA TOWNSHIP, CLARK COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

5. Township Assistance Purchase Orders (Form TA-2) completed were not signed by vendors and separate purchase orders were not completed for different services provided by different vendors.

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)

6. No written Township Assistance standards were presented for examination to allow us to determine if disbursements for assistance complied with the established standards.

IC 12-20-5.5-1 states in part:

"(a) The township trustee shall process all applications for township assistance according to uniform written standards . . ."

"(b) The township's standards for the issuance of township assistance and the processing of applications must be: . . . (2) proposed by the township trustee, adopted by the township board, and filed with the board of county commissioners; . . ."

A similar comment was made in prior Report B31461.

7. Investigations to determine if applicants were qualified to receive Township Assistance were not presented for examination for the assistance disbursements examined.

IC 12-20-6-9 states in part:

"If an application for township assistance is made to the township trustee . . . the township trustee . . . shall carefully investigate the circumstances of the applicant and each member of the applicant's household . . ."

TOWNSHIP DISBURSEMENTS

The following deficiencies were noted related to other general expenditures of the Township:

1. Two checks were issued in the year 2007, to an individual totaling \$5,930. No documentation was presented for examination to support the reason for the disbursements. Based upon the memo notation on the checks and discussion with the Township Trustee, Robert L. DeArk, the expenditures were related to property assessing.

No part of the expense of assessing is to be paid from township funds. (Township Bulletin and Uniform Compliance Guidelines, February 2006.)

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)

UTICA TOWNSHIP, CLARK COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

2. 16% of other Township expenditures examined did not have supporting documentation to support the validity of the disbursements made.

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)

PRESCRIBED FORMS

The following financial records were not presented for examination:

1. Form 17 (Resolution Establishing Salaries of Officials and Employees)
2. Payroll Schedule and Voucher (General Form 99)
3. Employee's Earnings Record (General Form 99B)

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)

UTICA TOWNSHIP, CLARK COUNTY
EXIT CONFERENCE

The contents of this report were discussed on April 14, 2010, with Robert L. DeArk, Trustee.