

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

EXAMINATION REPORT
OF
MILTON TOWNSHIP
JEFFERSON COUNTY, INDIANA
January 1, 2007 to December 31, 2009



FILED
05/14/2010

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Tammy Stewart	01-01-07 to 12-31-10
Chairman of the Township Board	Robert J. Jacobson	01-01-07 to 12-31-10



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF MILTON TOWNSHIP, JEFFERSON COUNTY, INDIANA

We were engaged to examine the financial information presented herein of Milton 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. In addition, 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 21, 2010

MILTON TOWNSHIP, JEFFERSON COUNTY
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL AND FIDUCIARY 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	\$ 10,017	\$ 3,539	\$ 4,993	\$ 8,563
Dog	381	-	-	381
Township Assistance	12,121	764	800	12,085
Firefighting	9,514	4,217	6,901	6,830
Fiduciary Fund:				
Payroll Withholding	-	230	-	230
Totals	<u>\$ 32,033</u>	<u>\$ 8,750</u>	<u>\$ 12,694</u>	<u>\$ 28,089</u>

	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
Governmental Funds:				
Township	\$ 8,563	\$ -	\$ 4,830	\$ 3,733
Dog	381	-	-	381
Township Assistance	12,085	-	1,267	10,818
Firefighting	6,830	-	8,300	(1,470)
Fiduciary Fund:				
Payroll Withholding	230	286	153	363
Totals	<u>\$ 28,089</u>	<u>\$ 286</u>	<u>\$ 14,550</u>	<u>\$ 13,825</u>

	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
Governmental Funds:				
Township	\$ 3,733	\$ 6,522	\$ 8,136	\$ 2,119
Dog	381	-	-	381
Township Assistance	10,818	3,270	2,215	11,873
Firefighting	(1,470)	8,828	7,688	(330)
Fiduciary Fund:				
Payroll Withholding	363	479	235	607
Totals	<u>\$ 13,825</u>	<u>\$ 19,099</u>	<u>\$ 18,274</u>	<u>\$ 14,650</u>

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

MILTON TOWNSHIP, JEFFERSON 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 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.

MILTON TOWNSHIP, JEFFERSON COUNTY
EXAMINATION RESULTS AND COMMENTS

CONDITION OF RECORDS

The following deficiencies relating to the recordkeeping were noted.

1. Reconciliations between the record balances of cash and investments and depository balances were not presented for examination for the years 2007, 2008, and 2009.

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."

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. Not all receipts were recorded on the Financial and Appropriation Record including tax distributions and interest.

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)

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 Annual Report (Form 15), did not always agree with the receipts, disbursements and cash and investment balances as recorded in the Financial and Appropriation Record (Form 1C) for the years 2007, 2008 and 2009.

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)

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)

MILTON TOWNSHIP, JEFFERSON COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

FINANCIAL REPORT OPINION MODIFICATION

The Township Annual Reports (Form 15) for the years 2007, 2008 and 2009 were not always in agreement with the financial activity recorded on the Financial and Appropriation Record (Form 1C) and financial information reported on the Financial and Appropriation Record was not always correct (see Examination and Result and Comment titled "Condition of Records"). In addition, record balances of cash and investments were not being reconciled with depository balances.

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)

ANNUAL REPORTS

The 2009 Township Annual Report (Form 15), was presented for examination. However, the report was not filed with the Indiana State Board of Accounts.

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 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."

DEFICIT CASH AND INVESTMENT BALANCES

The Firefighting Fund was overdrawn by \$1,470 and \$330 for the years ending December 31, 2008 and 2009, respectively as the result of not recording tax distributions to the Financial and Appropriation Record (see Examination and Result Comment titled "Condition of Records").

The 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)

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)

MILTON TOWNSHIP, JEFFERSON COUNTY
EXIT CONFERENCE

The contents of this report were discussed on April 21, 2010, with Tammy Stewart, Trustee.