

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

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



FILED
05/19/2010

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OFFICIALS

| <u>Office</u> | <u>Official</u> | <u>Term</u> |
|-----------------------------------|-----------------------------------|--|
| Trustee | Donna Jackson | 01-01-07 to 12-31-10 |
| Chairman of the Township Board | Marcella R. Popp Theodore Graf | 01-01-07 to 12-31-07 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 CARR TOWNSHIP, CLARK COUNTY, INDIANA

We were engaged to examine the financial information presented herein of Carr 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.

The records presented for examination were incomplete as they did not provide a summary of receipts and disbursements by fund for the years 2007, 2008, and 2009. Documentation was not presented for examination supporting all disbursements made. Minutes of the Township Board for after the date of September 2007 were not presented for examination.

Because of 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 on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

April 29, 2010

CARR TOWNSHIP, CLARK COUNTY
 SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
 ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES
 December 31, 2007, 2008 and 2009

| | Cash and Investments 12-31-07 |
|---------------------|-------------------------------------|
| | |
| Governmental Funds: | |
| Township | \$ 102,894 |
| Township Assistance | 48,981 |
| Donation | 4,539 |
| | 156,414 |
| Totals | \$ 156,414 |
| | |
| | Cash and Investments 12-31-08 |
| | |
| Governmental Funds: | |
| Township | \$ 92,514 |
| Township Assistance | 47,584 |
| Donation | 4,849 |
| | 144,947 |
| Totals | \$ 144,947 |
| | |
| | Cash and Investments 12-31-09 |
| | |
| Governmental Funds: | |
| Township | \$ 135,692 |
| Township Assistance | 54,172 |
| Rainy Day | 1,388 |
| Donation | 5,305 |
| | 196,557 |
| Totals | \$ 196,557 |

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

CARR 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.

CARR TOWNSHIP, CLARK COUNTY
EXAMINATION RESULTS AND COMMENTS

ANNUAL REPORT

The 2007, 2008, and 2009, Township Annual Reports (Form 15) were not completed and filed with the Indiana State Board of Accounts.

Effective July 1, 2009, 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."

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)

CONDITION OF RECORDS

The following deficiencies were noted in the financial records presented for examination:

1. The Financial and Appropriation Record (Form 1C) did not have month to date or year to date totals of receipts and disbursements in order to provide summarized financial activity.

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Manual for Townships, Chapter 13)

2. The reconciliation of the depository account balance to the Financial and Appropriation Record did not adequately document the adjustments made to the depository account balance. We determined that the adjustments shown were for outstanding checks; however, no check numbers or check dates were associated with the dollar amounts shown.

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)

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

3. Documentation was not presented for examination to support all 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)

4. The Township incurred late payment penalties for failure to pay bills in a timely manner. Late payment fees were noted being paid on water and electric services and general services provided to the Township. The Township received notices from the electric and water companies multiple times throughout the years 2007, 2008, and 2009, indicating that services to the Township would be disconnected for failure to pay.

Payments to the Internal Revenue Service (IRS) for payroll taxes were not paid in a timely manner. The following is a schedule of federal payroll taxes payments and the associated date the checks were cashed.

| Check Number | Reporting Period | Amount | Date Cleared Bank |
|-----------------|---------------------|-----------|----------------------|
| 4226 | 1st Quarter 2007 | \$ 392.59 | February 2008 |
| 4271 | 3rd Quarter 2007 | 376.68 | February 2008 |
| 4296 | 4th Quarter 2007 | 513.77 | January 2008 |
| 4318 | 1st Quarter 2008 | 412.21 | February 2009 |
| 4347 | 2nd Quarter 2008 | 331.89 | February 2009 |
| 4380 | 3rd Quarter 2008 | 412.21 | February 2009 |
| 4408 | 4th Quarter 2008 | 522.83 | February 2009 |
| 4433 | 1st Quarter 2009 | 331.74 | February 2010 |
| 4485 | 2nd Quarter 2009 | 412.06 | February 2010 |
| 4493 | 3rd Quarter 2009 | 412.06 | February 2010 |
| 4412 | 4th Quarter 2009 | 522.69 | February 2010 |

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Failure to pay claims or remit taxes in a timely manner could be an indicator of serious financial problems which should be investigated by the governmental unit.

Additionally, officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the governmental unit.

Any penalties, interest or other charges paid by the governmental unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

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

5. Check numbers 4319 and 4333 were issued as replacements for checks that had previously been issued but not cashed. The original checks issued were not receipted back to the records or removed from the outstanding check list.

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Manual for Townships, Chapter 13)

FINANCIAL REPORT OPINION MODIFICATIONS

The Annual Reports (Form 15) for the years 2007, 2008 and 2009 were not presented for examination. The Financial and Appropriation Record did not summarize yearly receipt and disbursement activity of the individual Township funds. Accordingly, the Township did not present financial schedules for examination showing the receipt and disbursements activity for individual Township funds.

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)

DEPOSIT OF PUBLIC FUNDS

There were instances of county tax distributions being deposited from 2 to 12 months after distribution the County.

IC 5-13-6-1(c) states in part: "The public funds collected by township trustees shall be deposited in the designated depository on or before the first and fifteenth day of each month."

TOWNSHIP ASSISTANCE PROCEDURES

We found the following deficiencies regarding the processing of Township Assistance:

- (1) No written Township Assistance standards were presented for examination.

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; . . ."

- (2) Township Assistance Purchase Orders (Prescribed Form TA-2) and Application for Township Assistance (Prescribed Form TA-1) were not provided for examination to document assistance provided.

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

Whenever the administrator of township assistance of any township grants township assistance aid to any indigent person, or to any other person or agency on a township assistance order as provided by law or obligates the township for any item properly payable from township assistance funds, the claim against such township, itemized and sworn to as provided by law, and accompanied by the original township assistance order, duly itemized and signed shall be checked with the records of the administrator of township assistance, audited, and certified to, as required by law by the trustee. (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)

OFFICIAL BOND

Information was not presented for examination to indicate that an official bond was obtained for the years 2009 and 2010. A check was issued in 2008 for the 2009 coverage and a check was issued in 2009 for 2010 coverage; however, the checks were not shown as clearing the bank as of December 31, 2009.

IC 5-4-1-5.1(b) states in part: "Every elected or appointed officer, official, deputy, or employee of a political subdivision . . . shall file the bond in the office of the county recorder . . ."

Until July 1, 2009, IC 5-4-1-18 stated in part:

"(c) The fiscal bodies of the respective units shall fix the amount of the bond . . . township trustees . . . as follows:

- (1) The amount must equal fifteen thousand dollars (\$15,000) 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 may not be less than fifteen thousand dollars (\$15,000) nor more than three hundred thousand dollars (\$300,000) . . ."

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 . . ."

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

BOARD MINUTES

Minutes of meetings held by the Township Board after the date of September 2007 were not presented for examination.

IC 5-14-1.5-4(b) states:

"As the meeting progresses, the following memoranda shall be kept:

- (1) The date, time, and place of the meeting.
- (2) The members of the governing body recorded as either present or absent.
- (3) The general substance of all matters proposed, discussed, or decided.
- (4) A record of all votes taken, by individual members if there is a roll call.
- (5) Any additional information required under IC 5-1.5-2-2.5."

IC 36-6-6-8 states:

"The legislative body shall keep a permanent record of its proceedings in a book furnished by the executive. The secretary of the legislative body shall, under the direction of the legislative body, record the minutes of the proceedings of each meeting in full and shall provide copies of the minutes to each member of the legislative body before the next meeting is convened. After the minutes are approved by the legislative body, the secretary of the legislative body shall place the minutes in the permanent record book. The chairman of the legislative body shall retain the record in his custody."

CARR TOWNSHIP, CLARK COUNTY
EXIT CONFERENCE

The contents of this report were discussed on April 29, 2010, with Donna Jackson, Trustee. The official concurred with our findings.