

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

EXAMINATION REPORT  
OF  
TIPPECANOE TOWNSHIP  
PULASKI COUNTY, INDIANA  
January 1, 2010 to December 31, 2010



**FILED**

04/01/2011



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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Connie E. Myers Kathleen Keller	01-01-07 to 12-31-10 01-01-11 to 12-31-14
Chairman of the Township Board	Sharon Posthuma William Bauer	01-01-10 to 12-31-10 01-01-11 to 12-31-11



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF TIPPECANOE TOWNSHIP, PULASKI COUNTY, INDIANA

We have examined the financial information presented herein of Tippecanoe Township (Township), for the period of January 1, 2010 to December 31, 2010. 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 year ended December 31, 2010, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

January 26, 2011

TIPPECANOE TOWNSHIP, PULASKI COUNTY  
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES  
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES  
As Of And For The Year Ended December 31, 2010

	Cash and Investments 01-01-10	Receipts	Disbursements	Cash and Investments 12-31-10
Governmental Funds:				
Township	\$ 10,809	\$ 34,699	\$ 25,161	\$ 20,347
Township Assistance	35,207	12,185	6,223	41,169
Fire Fighting	41,789	18,089	19,774	40,104
Cumulative Fire	(346)	7,524	7,969	(791)
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Totals	<u>\$ 87,459</u>	<u>\$ 72,497</u>	<u>\$ 59,127</u>	<u>\$ 100,829</u>

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

TIPPECANOE TOWNSHIP, PULASKI 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 or highway use taxes are received 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.

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.

TIPPECANOE TOWNSHIP, PULASKI COUNTY  
EXAMINATION RESULTS AND COMMENTS

OFFICIAL BOND

The Trustee's official bond was not filed in the Office of the County Recorder for the year 2010.

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 . . ."

PRESCRIBED FORMS

The following prescribed forms were not in use:

Township Forms:

Financial and Appropriation Ledger (Form 1C)

Resolution Establishing Salaries for Township  
Officers and Employees (Form 17)

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)

TOWNSHIP RECEIPTS DEPOSITED TO TRUSTEE'S PERSONAL BANK ACCOUNT

The Monterey/Tippecanoe Township Volunteer Fire Department (the Department) asked the Township in October of 2007, for \$3,000 additional funding to purchase equipment for the Department. The Trustee agreed to give the Department the additional \$3,000 requested; however, instead of issuing a check for \$3,000 the Trustee requested the Volunteer Fire Department first issue the Township a check for \$10,000 and in return the Township would issue the Volunteer Fire Department a check for \$13,000. Upon receipt of the \$10,000 payment from the Department the Trustee issued check 2873, for \$13,000 to the Department.

A review of the Township records revealed that the check for \$10,000 from the Monterey/Tippecanoe Township Volunteer Fire Department was deposited on October 2, 2007, into the personal account of Connie E. Myers, former Trustee. Subsequently, a check for \$8,000 was written from the Trustee's personal bank account to the Township to transfer \$8,000 to the Township bank account.

The Trustee indicated that she had no recollection of these transactions and could not offer any explanation related to why these transactions were processed through her personal bank account.

Tickets, goods for sale, billings, and other collections, are considered accountable items for which a corresponding deposit must be made in the bank accounts of the governmental unit.

The deposit ticket or attached documentation must provide a detailed listing of the deposit, which includes at a minimum, check numbers and corresponding names of the payors. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

TIPPECANOE TOWNSHIP, PULASKI COUNTY  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

We requested Connie E. Myers, former Trustee, reimburse the Township \$2,000 for the Township funds not deposited to the Township bank account. (See Summary, page 10)

CONDITION OF RECORDS

The following deficiencies relating to the recordkeeping were noted. A similar comment was in prior examination reports.

1. Record balances were not reconciled to depository balances.

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."

2. There were a considerable number of posting errors. These errors included deposits not receipted and checks and receipts not recorded in the proper amounts.

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)

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)

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)

DEPOSIT OF PUBLIC FUNDS

We noted instances where the Trustee did not deposit funds for as long as 21 to 50 days after receiving the funds.

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."

APPROPRIATIONS

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

<u>Fund</u>	<u>Year</u>	<u>Excess Amount Expended</u>
Township General	2010	<u>\$ 2,600</u>

TIPPECANOE TOWNSHIP, PULASKI COUNTY  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

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."

FAILURE TO SUBMIT RECORDS FOR EXAMINATION

Not all financial records were presented for examination and some of the records provided were incomplete. Records not presented were approved Resolution Establishing Salaries for Township Officers and Employees (Form 17), fire contracts, and W-2's for 2010.

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)

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)

DISBURSEMENT DOCUMENTATION

Several payments were observed which did not contain adequate supporting documentation such as receipts and invoices.

Due to the lack of supporting information, the validity and accountability for some monies disbursed could not be established.

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)

OVERDRAWN FUND BALANCE

The Cumulative Fire Fund was overdrawn in 2010.

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)

BOND INFORMATION

The State of Indiana, through Tippecanoe Township, Pulaski County, held an official bond on the Trustee, Connie Myers in the amount of \$15,000 for years ending December 31, 2007, 2008, and 2009. The bond coverage was increased to \$30,000 for the year ended December 31, 2010. The bond was underwritten by the Ohio Casualty Insurance Company.

TIPPECANOE TOWNSHIP, PULASKI COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on January 26, 2011, with Connie E. Myers, former Trustee, and Kathleen Keller, current Trustee, in separate meetings. The officials concurred with our findings.

TIPPECANOE TOWNSHIP, PULASKI COUNTY  
SUMMARY

	<u>Charges</u>	<u>Credits</u>	<u>Balance Due</u>
Connie E. Myers, former Trustee: Township Receipts Deposited to Trustee's Personal Bank Account, pages 6 and 7	<u>\$ 2,000</u>	<u>\$ -</u>	<u>\$ 2,000</u>

AFFIDAVIT

STATE OF INDIANA            )  
  )  
Tippecanoe COUNTY)

I, Dennis Hines, Field Examiner, being duly sworn on my oath, state that the foregoing report based on the official records of the Tippecanoe Township, Pulaski County, Indiana, for the period from January 1, 2008 to December 31, 2009, is true and correct to the best of my knowledge and belief.

Dennis C. Hines  
Field Examiner

Subscribed and sworn to before me this 7 day of March, 2011.

Matthew J. Tokany  
Notary Public

My Commission Expires: Aug 8, 2018

County of Residence: Tippecanoe

