

**STATE BOARD OF ACCOUNTS**  
**302 West Washington Street**  
**Room E418**  
**INDIANAPOLIS, INDIANA 46204-2765**

EXAMINATION REPORT  
OF  
NEWCASTLE TOWNSHIP  
FULTON COUNTY, INDIANA  
January 1, 2003 to December 31, 2005



**FILED**  
7/18/06



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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Linda L. Erp	01-01-03 to 12-31-06
Chairman of the Township Board	Teri Adamson	01-01-03 to 12-31-03
	Virgil Biddinger	01-01-04 to 12-31-04
	Teri Adamson	01-01-05 to 12-31-05



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
302 WEST WASHINGTON STREET  
ROOM E418  
INDIANAPOLIS, INDIANA 46204-2765

Telephone: (317) 232-2513  
Fax: (317) 232-4711  
Web Site: [www.in.gov/sboa](http://www.in.gov/sboa)

INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF NEWCASTLE TOWNSHIP, FULTON COUNTY, INDIANA

We have examined the schedules of receipts, disbursements, and cash and investment balances of Newcastle Township (Township), for the period of January 1, 2003 to December 31, 2005. The Township's management is responsible for the schedules. 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 schedule of receipts, disbursements, and cash and investment balances 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 schedules referred to above present fairly, in all material respects, the cash transactions of the Township for the years ended December 31, 2003, 2004, and 2005, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

June 14, 2006

NEWCASTLE TOWNSHIP, FULTON COUNTY  
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES  
ALL GOVERNMENTAL FUND TYPES  
As Of And For The Years Ended December 31, 2003, 2004, And 2005

	Cash and Investments 01-01-03	Receipts	Disbursements	Cash and Investments 12-31-03
Governmental Funds:				
General	\$ 20,470	\$ 15,981	\$ 14,003	\$ 22,448
Dog	432	210	182	460
Township Assistance	3,007	3,315	1,767	4,555
Firefighting	28,552	22,603	23,248	27,907
Community Building	3,069	4,978	3,844	4,203
Community Host	25,576	5,231	5,662	25,145
Fire Debt	3,168	-	3,168	-
Cumulative Fire	20,310	9,186	7,180	22,316
Totals	<u>\$ 104,584</u>	<u>\$ 61,504</u>	<u>\$ 59,054</u>	<u>\$ 107,034</u>

	Cash and Investments 01-01-04	Receipts	Disbursements	Cash and Investments 12-31-04
Governmental Funds:				
General	\$ 22,448	\$ 11,386	\$ 15,038	\$ 18,796
Dog	460	188	160	488
Township Assistance	4,555	1,664	2,139	4,080
Firefighting	27,907	17,669	25,259	20,317
Community Building	4,203	4,043	4,040	4,206
Community Host	25,145	19,473	5,935	38,683
Cumulative Fire	22,316	6,702	3,852	25,166
Rainy Day	-	1,200	-	1,200
Totals	<u>\$ 107,034</u>	<u>\$ 62,325</u>	<u>\$ 56,423</u>	<u>\$ 112,936</u>

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds:				
General	\$ 18,796	\$ 16,162	\$ 14,683	\$ 20,275
Dog	488	288	659	117
Township Assistance	4,080	2,854	2,249	4,685
Firefighting	20,317	27,931	26,082	22,166
Community Building	4,206	8,182	4,079	8,309
Community Host	38,683	27,955	19,874	46,764
Fire Debt	-	40,000	40,000	-
Cumulative Fire	25,166	12,218	4,782	32,602
Rainy Day	1,200	-	-	1,200
Levy Excess	-	726	-	726
Totals	<u>\$ 112,936</u>	<u>\$ 136,316</u>	<u>\$ 112,408</u>	<u>\$ 136,844</u>

The accompanying notes are an integral part of the schedules.

NEWCASTLE TOWNSHIP, FULTON COUNTY  
NOTES TO SCHEDULES

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.

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.

Note 6. Long-Term Debt

The Township has entered into a loan for a fire truck. The outstanding principal at December 31, 2005, was \$37,053.92.

NEWCASTLE TOWNSHIP, FULTON COUNTY  
EXAMINATION RESULTS AND COMMENTS

SUPPORTING DOCUMENTATION

Several payments were observed which did not contain adequate supporting documentation, such as receipts, invoices, and other public records. Due to the lack of supporting information, the validity and accountability for some money 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)

OFFICIAL BOND

The following official bond was not filed in the Office of the County Recorder:

Linda L. Erp, Newcastle Trustee 01-01-04 to 12-31-05

Indiana Code 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 . . ."

CONTRACTS

Records presented for audit indicate payments were made to various persons for mowing cemeteries owned by the Township in 2003, 2004, and 2005 without a contract.

Payments made or received for contractual services should be supported by a written contract. Each governmental unit is responsible for complying with the provisions of its contracts. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

CONDITION OF RECORDS

The following deficiencies relating to the recordkeeping were noted.

- (1) Record balances were not reconciled to depository balances.

Indiana Code 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)

NEWCASTLE TOWNSHIP, FULTON COUNTY  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

- (2) There were a number of posting errors. These errors included deposits not receipted, checks and receipts not recorded in the proper amounts, and interest not posted.

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)

BANK ACCOUNT RECONCILIATIONS

Depository reconciliations of the fund balances to the bank account balances were not presented for audit or were incorrect.

Indiana Code 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."

OVERPAYMENT OF PAYROLL TAXES

A comparison of payroll taxes withheld with those paid to the Federal Government indicated that the Township had overpaid the payroll taxes \$240.38 in 2005. We advised the official to contact the Internal Revenue Service and obtain the necessary forms to get their refund.

Governmental units should collect any overpayments made. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 20)

NEWCASTLE TOWNSHIP, FULTON COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on June 14, 2006, with Linda L. Erp, Trustee. The official concurred with our findings.