

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

EXAMINATION REPORT
OF
DELAWARE TOWNSHIP
RIPLEY COUNTY, INDIANA
January 1, 2003 to December 31, 2005



FILED
12/20/2006

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OFFICIALS

Office

Official

Term

Trustee

Paul A. Hardy

01-01-03 to 12-31-06

Chairman of the
Township Board

James M. Grigsby

01-01-03 to 12-31-06



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF DELAWARE TOWNSHIP, RIPLEY COUNTY, INDIANA

We have examined the schedules of receipts, disbursements, and cash and investment balances of Delaware 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

November 2, 2006

DELAWARE TOWNSHIP, RIPLEY 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	\$ 71,802	\$ 17,033	\$ 22,446	\$ 66,389
Dog	465	132	330	267
Township Assistance	10,969	1,272	869	11,372
Firefighting	818	-	818	-
Levy Excess	-	665	-	665
Totals	<u>\$ 84,054</u>	<u>\$ 19,102</u>	<u>\$ 24,463</u>	<u>\$ 78,693</u>

	Cash and Investments 01-01-04	Receipts	Disbursements	Cash and Investments 12-31-04
Governmental Funds:				
General	\$ 66,389	\$ 27,119	\$ 24,223	\$ 69,285
Dog	267	63	-	330
Township Assistance	11,372	3,856	6,795	8,433
Levy Excess	665	-	-	665
Totals	<u>\$ 78,693</u>	<u>\$ 31,038</u>	<u>\$ 31,018</u>	<u>\$ 78,713</u>

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds:				
General	\$ 69,285	\$ 28,047	\$ 28,418	\$ 68,914
Dog	330	133	36	427
Township Assistance	8,433	8,016	2,323	14,126
Levy Excess	665	-	-	665
Totals	<u>\$ 78,713</u>	<u>\$ 36,196</u>	<u>\$ 30,777</u>	<u>\$ 84,132</u>

The accompanying notes are an integral part of the schedules.

DELAWARE TOWNSHIP, RIPLEY 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, 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.

DELAWARE TOWNSHIP, RIPLEY COUNTY
EXAMINATION RESULTS AND COMMENTS

CONDITION OF RECORDS

The following deficiencies relating to the posting of the Financial and Appropriation Record (Form 1C) were found:

1. Incorrect cash balances were posted in 2003. There were also instances of cash balances posted to the receipts column.
2. There were a considerable number of posting errors. These errors included deposits not posted, checks and receipts not recorded in the proper amounts, interest not posted, and nonsufficient funds checks incorrectly posted.
3. There were instances of transactions being recorded as "negative" receipts and disbursements.

A similar comment was included in the prior Report.

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)

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)

DEPOSITORY RECONCILEMENTS

Record balances were not reconciled to depository balances.

Indiana Code 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."

DISBURSEMENT DOCUMENTATION

We found instances of payments that 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)

DELAWARE TOWNSHIP, RIPLEY COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

OVERDRAWN APPROPRIATIONS

General Fund expenditures exceeded the budgeted appropriations in 2004 by \$457. Township Assistance Fund expenditures exceeded the budgeted appropriations in 2005 by \$4,295.

Indiana Code 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."

SALARY APPROVALS

The Township did not use Form 17 (Resolution Recommending Salaries of Township Officers and Employees) to document approval of salaries for Township Officers and Employees.

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 ASSISTANCE PROCEDURES

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

1. Township Assistance Applications:

(a) Seventeen percent of Applications for Township Assistance (Form TA-1) reviewed were not on file.

(b) Eighty-three percent of Applications for Township Assistance (Form TA-1) reviewed were not completed

(c) No investigations were documented to determine if applicants were qualified to receive township assistance.

Indiana Code 12-20-6-1(a) states: "A township trustee may not extend aid to an individual or a household unless an application and affidavit setting forth the personal condition of the individual or household has been filed with the trustee within one hundred eighty (180) days before the date aid is extended."

Indiana Code 12-20-6-8(c) states in part: "An application for township assistance is not considered complete until all adult members of the requesting household have signed: (1) the poor relief application; and (2) any other form, instrument, or document: (A) required by law; or (B) determined necessary for investigative purposes by the trustee"

Indiana Code 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"

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)

DELAWARE TOWNSHIP, RIPLEY COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

2. We found two Township Assistance payments where there were no Township Assistance Purchase Order (Form TA-2) presented for examination and the corresponding supporting documentation consisting of vendor invoices/receipts were not presented for examination.

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)

REIMBURSEMENT OF EXPENSES

Paul A. Hardy, Trustee, was reimbursed \$800.19 on August 8, 2005, for expenses incurred while attending a meeting for Township purposes. The following was noted in reviewing supporting documentation for the reimbursement:

- (1) As a part of the reimbursement, Mr. Hardy was paid \$113.60 for mileage to attend the meeting. We determined that Mr. Hardy was only entitled to \$47.60 after reviewing the mileage paid based on the number of miles to the meeting and using the approved mileage rate. As a result, Mr. Hardy was overpaid \$66.00.

Indiana Code 36-6-8-3(b) states in part: "The township executive is entitled to a sum for mileage in the performance of official duties equal to the sum per mile paid to state officers and employees . . ."

- (2) A Mileage Claim, General Form 101, was not presented for examination.

Mileage Claim Form 101 shall be properly completed, listing dates of authorized travel, details of travel, miles traveled, nature of business, etc. for reimbursements for mileage before payment is made. (Accounting and Uniform Compliance Guidelines Manual for Townships. Chapter 1)

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)

- (3) As a part of the reimbursement of a hotel invoice, there were charges totaling \$62.47 for personal telephone calls and movies.

Public funds may not be used to pay for personal items or for expenses which do not relate to the functions and purposes of the governmental unit. Any personal expenses paid by the governmental entity may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

DELAWARE TOWNSHIP, RIPLEY COUNTY
 EXAMINATION RESULTS AND COMMENTS
 (Continued)

(4) Meal reimbursements were based on a monthly credit card statement. No itemized receipts for meals were presented for audit.

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 validity and accountability of monies of disbursed. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

(5) The meeting which Mr. Hardy attended was for training related to assessment of property.

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

The following is a summary of the excessive mileage and personal expenses for which Mr. Hardy was reimbursed:

Type of Reimbursement	Amount
Excess Mileage Reimbursement	\$ 66.00
Personal Expenses	62.47
Total	\$ 128.47

Paul A. Hardy, upon our request, refunded \$128.47 to the Township on November 2, 2006. (See Summary, page 11)

DONATION FOR CONSTRUCTION OF BUILDING FOR FOOD PANTRY

The Township made a \$5,000 donation in 2004 from the Township Assistance Fund to Ripley County for the construction of a building to be used as a food pantry.

Governmental funds should not be donated or given to other organizations, individuals, or governmental units unless specifically authorized by statute. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

OFFICIAL BOND

No official bond was on file in the office of the County Recorder for Paul A. Hardy, Trustee, covering the period January 1, 2003 to December 31, 2006, and no official bond was presented for examination.

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 . . ."

DELAWARE TOWNSHIP, RIPLEY COUNTY
EXIT CONFERENCE

The contents of this report were discussed on November 2, 2006, with Paul A. Hardy, Trustee.

DELAWARE TOWNSHIP, RIPLEY COUNTY
SUMMARY

	<u>Charges</u>	<u>Credits</u>	<u>Balance Due</u>
Paul A. Hardy, Trustee:			
Reimbursement of Expenses, pages 8 and 9	\$ 128.47	\$	\$
Deposited November 2, 2006	<u> </u>	<u>128.47</u>	<u> -</u>
Totals	<u>\$ 128.47</u>	<u>\$ 128.47</u>	<u>\$ -</u>