

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

EXAMINATION REPORT
OF
NEWCASTLE TOWNSHIP
FULTON COUNTY, INDIANA
January 1, 2006 to December 31, 2007



FILED
05/07/2008

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OFFICIALS

Office

Official

Term

Trustee

Linda L. Erp

01-01-03 to 12-31-10

Chairman of the
Township Board

Amy Bever
Virgil Biddinger
Sandy Gunnels

01-01-06 to 12-31-06
01-01-07 to 12-31-07
01-01-08 to 12-31-08



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INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the financial information presented herein of Newcastle Township (Township), for the period of January 1, 2006 to December 31, 2007. 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 years ended December 31, 2006 and 2007, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The Schedule of Long-Term Debt, as listed in the Table of Contents, is presented for additional analysis and is not a required part of the basic financial information. It has not been subjected to the examination procedures applied to the basic financial information, and accordingly, we express no opinion on it.

STATE BOARD OF ACCOUNTS

February 13, 2008

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, 2006 And 2007

	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
Governmental Funds:				
Township	\$ 20,275	\$ 14,056	\$ 15,291	\$ 19,040
Dog	117	158	88	187
Township Assistance	4,685	1,165	3,120	2,730
Firefighting	22,166	23,630	22,436	23,360
Community Building	8,309	7,441	4,545	11,205
Community Host	64,066	26,032	32,978	57,120
Fire Debt	-	12,699	7,761	4,938
Cumulative Fire	32,602	8,914	3,190	38,326
Rainy Day	1,200	-	-	1,200
Levy Excess	726	444	-	1,170
Totals	<u>\$ 154,146</u>	<u>\$ 94,539</u>	<u>\$ 89,409</u>	<u>\$ 159,276</u>

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Governmental Funds:				
Township	\$ 19,040	\$ 19,859	\$ 15,738	\$ 23,161
Dog	187	-	-	187
Township Assistance	2,730	4,409	1,703	5,436
Firefighting	23,360	29,777	27,982	25,155
Community Building	11,205	4,496	4,342	11,359
Community Host	57,120	11,501	26,515	42,106
Fire Debt	4,938	6,479	7,751	3,666
Cumulative Fire	38,326	18,929	14,490	42,765
Rainy Day	1,200	518	500	1,218
Levy Excess	1,170	385	726	829
Totals	<u>\$ 159,276</u>	<u>\$ 96,353</u>	<u>\$ 99,747</u>	<u>\$ 155,882</u>

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

NEWCASTLE TOWNSHIP, FULTON 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.

NEWCASTLE TOWNSHIP, FULTON COUNTY
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 For The Year Ended December 31, 2007

The Township has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental Activities:		
Notes and loans payable:		
Firefighting equipment	\$ 31,712	\$ 7,661

NEWCASTLE TOWNSHIP, FULTON COUNTY
EXAMINATION RESULTS AND COMMENTS

SUPPORTING DOCUMENTATION

Some 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. A similar comment was in the prior report

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)

MILEAGE REIMBURSEMENTS

The Trustee was reimbursed for mileage without Mileage Claim, General Form 101.

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)

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 unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

COMPENSATION AND BENEFITS

Payments were made to the Township Trustee, Township Clerk and Board members for the years 2006 and 2007, which had no documentation of approval.

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, resolution or salary schedule adopted by the governing body unless otherwise authorized by statute. Compensation should be made in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 17)

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) (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

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

CONDITION OF RECORDS

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

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)

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)

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)

INTEREST ON INVESTMENTS

Interest earned on investments was automatically added to the principal and not recorded in the records.

Interest on investments should be automatically added into the investment. Instead, interest on investments should be paid to the governmental unit at each maturity date and posted to the appropriated fund. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

NEWCASTLE TOWNSHIP, FULTON COUNTY
EXIT CONFERENCE

The contents of this report were discussed on February 13, 2008, with Linda L. Erp, Trustee.