

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

EXAMINATION REPORT
OF
REEVE TOWNSHIP
DAVISS COUNTY, INDIANA
January 1, 2007 to December 31, 2009



FILED
04/28/2010

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Joan Harker	01-01-07 to 12-31-10
Chairman of the Township Board	William C. Corbin	01-01-07 to 12-31-07
	Debra S. Baker	01-01-08 to 12-31-08
	Anita Hawthorne	01-01-09 to 12-31-09
	William C. Corbin	01-01-10 to 12-31-10



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF REEVE TOWNSHIP, DAVIESS COUNTY, INDIANA

We have examined the financial information presented herein of Reeve 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. 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, 2007, 2008, and 2009, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

April 13, 2010

REEVE TOWNSHIP, DAVIESS COUNTY
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL FUND TYPES
As Of And For The Years Ended December 31, 2007, 2008, And 2009

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Governmental Funds:				
Township	\$ 42,872	\$ 15,364	\$ 13,972	\$ 44,264
Township Assistance	24,543	2,667	3,731	23,479
Levy Excess	700	-	700	-
Totals	<u>\$ 68,115</u>	<u>\$ 18,031</u>	<u>\$ 18,403</u>	<u>\$ 67,743</u>

	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
Governmental Funds:				
Township	\$ 44,264	\$ 15,059	\$ 14,929	\$ 44,394
Township Assistance	23,479	2,254	4,647	21,086
Rainy Day	-	405	405	-
Totals	<u>\$ 67,743</u>	<u>\$ 17,718</u>	<u>\$ 19,981</u>	<u>\$ 65,480</u>

	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
Governmental Funds:				
Township	\$ 44,394	\$ 15,604	\$ 13,884	\$ 46,114
Township Assistance	21,086	2,597	3,232	20,451
Totals	<u>\$ 65,480</u>	<u>\$ 18,201</u>	<u>\$ 17,116</u>	<u>\$ 66,565</u>

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

REEVE TOWNSHIP, DAVIESS 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: 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. 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.

REEVE TOWNSHIP, DAVIESS COUNTY
EXAMINATION RESULTS AND COMMENTS

BANK ACCOUNT RECONCILIATIONS

Depository reconciliations of the fund balances to the bank account balances were incorrect for 2007, 2008, and 2009.

A comparison of the records to the bank account indicated cash necessary to balance of \$734.43, \$1,396.45, and 2,174.85 for the years 2007, 2008, and 2009 respectively. The error is a result of the Trustee not properly recording the Township share of social security/medicare taxes in the ledger.

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)

CONDITION OF RECORDS

The following deficiencies relating to the recordkeeping were noted. Trustee had multiple posting errors throughout the examination period. The Financial and Appropriation Record did not have monthly totals and the disbursements did not have annual totals.

- (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."

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 considerable number of posting errors which included deposits not receipted, checks and receipts not recorded in the proper amounts, interest not posted, and nonsufficient funds checks incorrectly 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)

REEVE TOWNSHIP, DAVIESS COUNTY
EXIT CONFERENCE

The contents of this report were discussed on April 13, 2010, with Joan Harker, Trustee.