

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

EXAMINATION REPORT

OF

PATOKA TOWNSHIP

PIKE COUNTY, INDIANA

January 1, 2007 to December 31, 2009



FILED
05/14/2010

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OFFICIALS

Office

Official

Term

Trustee

Elwood Willis

01-01-07 to 12-31-10

Chairman of the
Township Board

Richard Tisdale

01-01-07 to 12-31-10



STATE OF INDIANA
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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF PATOKA TOWNSHIP, PIKE COUNTY, INDIANA

We have examined the financial information presented herein of Patoka 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 9, 2010

PATOKA TOWNSHIP, PIKE 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	\$ 2,221	\$ 26,599	\$ 21,223	\$ 7,597
Township Assistance	35,099	10,131	18,948	26,282
Park and Recreation	4,681	3,996	3,076	5,601
Levy Excess	-	539	-	539
Totals	<u>\$ 42,001</u>	<u>\$ 41,265</u>	<u>\$ 43,247</u>	<u>\$ 40,019</u>

	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
Governmental Funds:				
Township	\$ 7,597	\$ 34,933	\$ 18,971	\$ 23,559
Township Assistance	26,282	4,335	16,907	13,710
Park and Recreation	5,601	4,975	5,980	4,596
Levy Excess	539	-	539	-
Totals	<u>\$ 40,019</u>	<u>\$ 44,243</u>	<u>\$ 42,397</u>	<u>\$ 41,865</u>

	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
Governmental Funds:				
Township	\$ 23,559	\$ 17,415	\$ 16,808	\$ 24,166
Township Assistance	13,710	17,446	16,719	14,437
Park and Recreation	4,596	1,715	3,700	2,611
Totals	<u>\$ 41,865</u>	<u>\$ 36,576</u>	<u>\$ 37,227</u>	<u>\$ 41,214</u>

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

PATOKA TOWNSHIP, PIKE 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.

PATOKA TOWNSHIP, PIKE COUNTY
EXAMINATION RESULTS AND COMMENTS

CONTRACTS

Records presented for examination indicate payments were made to three vendors for recreation services, legal services, and rescue services in 2007, 2008 and 2009 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)

PRESCRIBED FORMS

The following prescribed forms were not in use or were not properly completed:

Township Form 15 - Annual Report, Part 3B, did not reflect the proper information.

Township Form 1C - Financial and Appropriation Record, did not reflect the approved appropriations for all funds nor were the disbursements classified for all funds.

General Form 99B - Employee Earnings Record was not maintained and presented for examination.

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)

Political subdivisions are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings, and filing requirements concerning reports and other procedural matters of federal and state agencies, including opinions of the Attorney General of the State of Indiana, and court decisions. Governmental units should file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

TEMPORARY LOANS

A temporary loan of \$1,780 and \$1,000 was made in 2008 from the Park and Recreation Fund to the Township Fund and the Township Assistance Fund, respectively without Township Board approval. The loan was repaid in 2008.

IC 36-1-8-4 concerning temporary loans states in part:

"(a) . . . (3) Except as provided in subsection (b), the prescribed period must end during the budget year of the year in which the transfer occurs. (4) The amount transferred must be returned to the other fund at the end of the prescribed period. . . ."

"(b) If the fiscal body of a political subdivision determines that an emergency exists that requires an extension of the prescribed period of a transfer under this section, the prescribed period may be extended for not more than six (6) months beyond the budget year of the year in which the transfer occurs if the fiscal body does the following: (1) Passes an ordinance or a resolution that contains the following: (A) A statement that the fiscal body has determined

PATOKA TOWNSHIP, PIKE COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

that an emergency exists. (B) A brief description of the grounds for the emergency. (C) The date the loan will be repaid that is not more than six (6) months beyond the budget year in which the transfer occurs. (2) Immediately forwards the ordinance or resolution to the state board of accounts and the Department of Local Government Finance."

CONFLICT OF INTEREST DISCLOSURE

Andrew Bolin, contractual Cemetery Caretaker, is the son of Nancy Bolin, Township Clerk. A Uniform Conflict of Interest Disclosure Statement was presented for examination for calendar years 2007, 2008, and 2009 but does not appear to have been filed in the office of the Clerk of the Circuit Court nor the office of the State Board of Accounts. Township Board minutes made no mention that the disclosure statement was presented for review.

IC 35-44-1-3 states in part:

"(a) A public servant who knowingly or intentionally: (1) has a pecuniary interest in; or (2) derives a profit from; a contract or purchase connected with an action by the governmental entity served by the public servant commits conflict of interest, a Class D felony."

"(c) This section does not prohibit a public servant from having a pecuniary interest in or deriving a profit from a contract or purchase connected with the governmental entity served . . . (3) if the public servant; (A) is an elected public servant . . . and (B) makes a disclosure under subsection (d)(1) through (d)(6). . . ."

"(d) A disclosure required by this section must: (1) be in writing; (2) describe the contract or purchase to be made by the governmental entity; (3) describe the pecuniary interest that the public servant has in the contract or purchase; (4) be affirmed under penalty of perjury; (5) be submitted to the governmental entity and be accepted by the governmental entity in a public meeting of the governmental entity prior to final action on the contract or purchase; (6) be filed within fifteen (15) days after final action on the contract or purchase with: (A) the state board of accounts; and (B) . . . the clerk of the circuit court in the county where the governmental entity takes final action on the contract or purchase . . ."

"(g) A public servant has a pecuniary interest in a contract or purchase if the contract or purchase will result or is intended to result in an ascertainable increase in the income or net worth of: (1) the public servant; or (2) a dependent of the public servant who: (A) is under the direct or indirect administrative control of the public servant; or (B) receives a contract or purchase order that is reviewed, approved, or directly or indirectly administered by the public servant."

"(k) As used in this section, 'dependent' means any of the following: (1) The spouse of a public servant. (2) A child, stepchild, or adoptee (as defined in IC 31-3-4-1) of a public servant who is: (A) unemancipated; and (B) less than eighteen (18) years of age. (3) Any individual more than one-half (1/2) of whose support is provided during a year by the public servant."

PATOKA TOWNSHIP, PIKE COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

CONDITION OF RECORDS

The following deficiencies relating to the recordkeeping were noted:

1. There were a number of posting errors. The errors were limited to checks recorded in the proper amount to the all funds columns but not classified in the Park and Recreation Fund. Disbursements were not always properly classified in the Township Fund.
2. The payroll withholdings appeared to be were properly classified to the M section of the Financial and Appropriation Record; however, the disbursements were not properly posted to the M Section Disbursement Column nor did the M section balance column reflect a running withholding balance.
3. Employee Earnings records were not maintained for 2007, 2008, and 2009 and the quarterly 941s were not presented for examination

Controls over 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)

4. Prescribed Form 1C, Financial and Appropriation Record did not reflect the posting of the approved appropriations for all funds nor were the disbursements classified for all funds.

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)

A similar comment appeared in prior reports.

DISBURSEMENT EXCEPTIONS

Cemetery mowing contracts revealed payment was made; however, there was no indication as to the dates the service was provided, the rate of pay or other itemization. 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 examination 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)

PATOKA TOWNSHIP, PIKE COUNTY
EXIT CONFERENCE

The contents of this report were discussed on April 9, 2010, with Elwood Willis, Trustee. The official concurred with our findings.