

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

EXAMINATION REPORT
OF
GUILFORD TOWNSHIP
HENDRICKS COUNTY, INDIANA
January 1, 2007 to December 31, 2009



FILED
08/24/2010

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Michael Hickam	01-01-07 to 12-31-10
Chairman of the Township Board	Charles Ellis	01-01-07 to 12-31-07
	Charles Morris	01-01-08 to 12-31-08
	Daniel L. Kinnamon	01-01-09 to 12-31-09
	Charles Ellis	01-01-10 to 12-31-10



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

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

INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF GUILFORD TOWNSHIP, HENDRICKS COUNTY, INDIANA

We have examined the financial information presented herein of Guilford 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

March 25, 2010

GUILDFORD TOWNSHIP, HENDRICKS COUNTY
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL AND FIDUCIARY 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	\$ 95,828	\$ 305,331	\$ 316,067	\$ 85,092
Township Assistance	13,003	54,538	27,109	40,432
Firefighting	156,653	316,838	188,760	284,731
Park and Recreation	278,065	561,698	594,797	244,966
Levy Excess	10,574	-	10,574	-
Fiduciary Fund:				
Payroll Withholdings	953	60,339	61,118	174
Totals	<u>\$ 555,076</u>	<u>\$ 1,298,744</u>	<u>\$ 1,198,425</u>	<u>\$ 655,395</u>

	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
Governmental Funds:				
Township	\$ 85,092	\$ 282,879	\$ 251,747	\$ 116,224
Township Assistance	40,432	17,442	40,103	17,771
Firefighting	284,731	263,364	214,230	333,865
Park and Recreation	244,966	529,756	346,548	428,174
Fiduciary Fund:				
Payroll Withholdings	174	65,145	65,178	141
Totals	<u>\$ 655,395</u>	<u>\$ 1,158,586</u>	<u>\$ 917,806</u>	<u>\$ 896,175</u>

	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
Governmental Funds:				
Township	\$ 116,224	\$ 429,494	\$ 349,132	\$ 196,586
Township Assistance	17,771	45,462	38,500	24,733
Firefighting	333,865	56,326	390,525	(334)
Park and Recreation	428,174	664,180	665,846	426,508
Fiduciary Fund:				
Payroll Withholdings	141	51,798	51,190	749
Totals	<u>\$ 896,175</u>	<u>\$ 1,247,260</u>	<u>\$ 1,495,193</u>	<u>\$ 648,242</u>

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

GUILFORD TOWNSHIP, HENDRICKS 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

Normally, 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.

GUILFORD TOWNSHIP, HENDRICKS COUNTY
EXAMINATION RESULTS AND COMMENTS

OVERDRAWN FUND BALANCES

The Firefighting Fund was overdrawn in 2009.

The balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

ANNUAL REPORT

The Annual Reports for 2007 and 2009 were inaccurate and did not reflect the financial activity of the Township. The Annual Report for 2008 was not filed.

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)

The annual report shall be prepared, verified and filed with the State Board of Accounts within 30 days after the close of each fiscal year. The report must be published, within four weeks after the third Tuesday after the first Monday in January, one time in accordance with IC 5-3-1. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 2)

Effective July 1, 2009, IC 5-11-1-4 states:

"The state examiner shall require from every municipality and every state or local governmental unit, entity, or instrumentality financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each fiscal year. The reports must be filed electronically, in a manner prescribed by the state examiner that is compatible with the technology employed by the political subdivision."

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)

BANK ACCOUNT RECONCILIATIONS

Depository reconciliations of the fund balances to the bank account balances presented for examination were incorrect. A similar comment was in the prior Report B31399.

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."

GUILFORD TOWNSHIP, HENDRICKS COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

COMPENSATION AND BENEFITS

Compensation and Benefits received in the amounts of \$1,844.53 and \$2,664.33 for the years 2008 and 2009, respectively, for work not performed while vacationing during the periods January 14, 2008 through March 15, 2008, and January 10, 2009 through April 10, 2009, respectively. No information was presented during the examination to indicate work was performed for the period listed.

Kathryn Hickam, Township Clerk, reimbursed the Township \$4,508.86. (See Summary, page 12)

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)

OFFICIAL BOND

Michael Hickman was covered by a surety bond from Ohio Farmers Insurance Co. in the amount of \$15,000 for the term beginning January 1, 1983 until successor is duly qualified.

Until July 1, 2009, IC 5-4-1-18 stated in part:

"(c) The fiscal bodies of the respective units shall fix the amount of the bond . . . township trustees . . . as follows:

- (1) The amount must equal fifteen thousand dollars (\$15,000) for each one million dollars (\$1,000,000) of receipts of the officer's office during the last complete fiscal year before the purchase of the bond, subject to subdivision (2).
- (2) The amount may not be less than fifteen thousand dollars (\$15,000) nor more than three hundred thousand dollars (\$300,000) . . ."

Effective July 1, 2009, IC 5-4-1-18 states in part:

"(c) Except as provided in subsections (h) and (i), the fiscal bodies of the respective units shall fix the amount of the bond of. . . township trustees . . . as follows:

- (1) The amount of annual coverage must equal thirty thousand dollars (\$30,000) for each one million dollars (\$1,000,000) of receipts of the officer's office during the last complete fiscal year before the purchase of the bond, subject to subdivision (2).
- (2) The amount of annual coverage may not be less than thirty thousand dollars (\$30,000) nor more than three hundred thousand dollars (\$300,000) unless the fiscal body approves a greater amount of annual coverage for the officer or employee . . ."

The State Board of Accounts is of the audit position continuation certificates or renewals should not be used in lieu of obtaining the required annual bond coverage. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

GUILFORD TOWNSHIP, HENDRICKS COUNTY
EXIT CONFERENCE

The contents of this report were discussed on March 25, 2010, with Michael Hickam, Trustee; Charles Ellis, Chairman of the Township Board; Darlene Young, Township Administrator; and Derek Clay, Park Administrator. The official response has been made a part of this report and may be found on pages 9 through 11.

OFFICIAL RESPONSE

State Board of Accounts
302 West Washington Street, Room E 418
Indianapolis, In 46204-2765

March 31, 2010

Dear Sirs;

OVERDRAWN FUND BALANCES

The Firefighting Fund was overdrawn in 2009

Guilford Township and the town of Plainfield formed a fire territory in 2008 to be implemented on January 1, 2009. The township tried to close out the fire fund in 2008, but several items were purchased late in 2008 and invoices not received until late December. Once the invoices were received, I instructed the Trustee Assistant to pay the bills. Regrettably, the bills were not paid until February and March 2009. Also, the 2008 tax distribution was not completed until April 2009. When all the bills were paid in full and the distribution complete, the township wrote a check in May to the Fire territory to close out the fund. There was an accounting error of \$334 that the township overpaid to the fire territory.

ANNUAL REPORT

The annual Reports for 2007 and 2009 were inaccurate and did not reflect the financial activity of the Township. The Annual Report for 2008 was not filed.

On March 26, 2010 I talked to Hendricks County Auditor and she had the filed 2008 Guilford Township Annual Report. I have a copy in the township office now. The 2008 Annual Report was filed with the county, but not with the SBA. That copy will be sent to you in April 2010. Some of the 2008 and 2009 files were misplaced or lost in 2009. After thorough searching, we have not been able to locate them anywhere. However, along with some files in my home office and ones retrieved on the computer, the audit could be completed. Admittedly, there were staffing problems in the office and several files needed for the township audit were misplaced. These two errant staff members were replaced in May and June of 2009 by responsible personnel.

The inaccuracies in the annual audits were off for all three years by an excess of \$1158.22 to the positive for the township. I plan to get help from an accountant to help me in this endeavor.

BANK ACCOUNT RECONCILIATION

As stated in the prior Audit Report #B31399, depository reconciliation of the fund balances to the bank account balances presented for audit were incorrect.

As stated in the above paragraph a more concentrated effort is being made to assure an accurate balance.

COMPENSATION AND BENEFITS

The Township Clerk received \$1,879.95 and \$2,699.75 in payments for years 2008 and 2009 respectively for work not performed while away vacationing during the period January 14, 2008 through March 15 2008 and January 10, 2009 through April 10, 2009 respectively.

As many of you know, my wife is in a wheelchair and has been the township clerk, since I took office in 1983. Over the years, we've had several Township Assistance (Poor Relief) investigators and the township clerk has worked with all of them. That continued effort, by the clerk ensured that the new investigators had the training and necessary knowledge to do their job correctly, from the beginning of employment.

Since the audit report of 2005, the clerk has documented all of her township hours. She has consistently put in 15 to 16 hours a week. Some of her time is spent with township assistance; talking to clients when calls come to the home phone or with the township assistance person. The rest of her time is spent filing papers, working on comp hours, and helping the trustee with payroll.

The last two winters have been spent away from the township. During that time our home phone was forwarded to my cell phone. We did this, so as to not miss, township business or township assistance calls; which averaged several calls a week. Since almost everything was computerized there was very little paper work. We also talked to the staffers several times a week. They called us with updates and problems as they arose.

We had the township computer with us and stayed in contact with the bank and our ledger, "TOMSweb" on the internet, just as if we were in Indiana. That enabled us to check all banking activities, plus payroll and employee hours. The clerk's time was recorded and mailed to the trustee assistant. Unfortunately, some of the files for 2008 and the first three months of 2009 were among the paperwork lost. However, the time sheets were completed and mailed to the office in a timely manner.

In summary, the errors in overpayment to the fire territory and those of the annual reports not correct are not acceptable but can be corrected with accounting help. The extra \$1158.22 after three years of record keeping is better than being underfunded. The township clerk being paid when not in Indiana was not thought of as an error due to the fact that the work was performed. In the electronic age a person can be almost anywhere and still do the job. Of all the time sheets mailed in only one was found by our current staff. The old staff was not doing their job, thence the lost records, but that has been corrected and we are now on the right path.

I hope this answers your concerns and if you want to discuss this with me call me.

Thank You



Michael J. Hickam
Guilford Township Trustee
317-331-6643 Cell

GUILFORD TOWNSHIP, HENDRICKS COUNTY
SUMMARY

	Charges	Credits	Balance Due
Kathryn Hickam, Township Clerk: Compensation and Benefits, page 7 Reimbursed by Kathryn Hickman, Township Clerk, Check Number 1517, August 17, 2010	4,508.86	\$ 4,508.86	\$ -
Totals	\$ 4,508.86	\$ 4,508.86	\$ -