

STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2765

EXAMINATION REPORT
OF
FALL CREEK TOWNSHIP
HENRY COUNTY, INDIANA
January 1, 2004 to December 31, 2005



FILED
09/22/2006

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Don Osbourne	01-01-03 to 12-31-06
Chairman of the Township Board	Richard Thornburg	01-01-04 to 12-31-06



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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF FALL CREEK TOWNSHIP, HENRY COUNTY, INDIANA

We have examined the schedules of receipts, disbursements, and cash and investment balances of Fall Creek Township (Township), for the period of January 1, 2004 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, 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

August 10, 2006

FALL CREEK TOWNSHIP, HENRY 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, 2004 And 2005

	Cash and Investments 01-01-04	Receipts	Disbursements	Cash and Investments 12-31-04
Governmental Funds:				
Township	\$ 99,101	\$ 56,303	\$ 89,544	\$ 65,860
Dog	482	158	182	458
Commercial Vehicle Excise	420	-	-	420
Township Assistance	47,718	27,007	8,666	66,059
Firefighting	(18,710)	51,278	18,500	14,068
Fire Debt	(9,346)	33,193	25,547	(1,700)
Cumulative Fire	94,465	67,312	8,319	153,458
Fiduciary Fund:				
Payroll Withholdings	(2,199)	3,730	4,147	(2,616)
Totals	<u>\$ 211,931</u>	<u>\$ 238,981</u>	<u>\$ 154,905</u>	<u>\$ 296,007</u>

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds:				
Township	\$ 65,860	\$ 34,885	\$ 73,174	\$ 27,571
Dog	458	165	158	465
Commercial Vehicle Excise	420	-	-	420
Township Assistance	66,059	14,131	5,866	74,324
Firefighting	14,068	28,796	18,500	24,364
Fire Debt	(1,700)	8,767	12,773	(5,706)
Cumulative Fire	153,458	29,753	12,828	170,383
Fiduciary Fund:				
Payroll Withholdings	(2,616)	4,276	4,185	(2,525)
Totals	<u>\$ 296,007</u>	<u>\$ 120,773</u>	<u>\$ 127,484</u>	<u>\$ 289,296</u>

The accompanying notes are an integral part of the schedules.

FALL CREEK TOWNSHIP, HENRY 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, 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.

Note 6. Long-Term Debt

The Township has entered into debt such as bonds for fire trucks. The outstanding principal at December 31, 2005, was \$25,517.

FALL CREEK TOWNSHIP, HENRY COUNTY
EXAMINATION RESULTS AND COMMENTS

BOARD MINUTES

Minutes of meetings made available for review did not evidence that the Board elected officers for 2004 and 2005. No Board approval of the annual reports or approval of budgets for 2004 and 2005 was noted in meeting minutes.

Indiana Code 5-14-1.5-4(b) states:

"As the meeting progresses, the following memoranda shall be kept:

- (1) The date, time, and place of the meeting.
- (2) The members of the governing body recorded as either present or absent.
- (3) The general substance of all matters proposed, discussed, or decided.
- (4) A record of all votes taken, by individual members if there is a roll call.
- (5) Any additional information required under IC 5-1.5-2-2.5 or IC 20-12-63-7."

OFFICIAL BOND

The following official bonds were not filed in the office of the County Recorder:

Don Osborne 2004 and 2006

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 . . ."

BANK ACCOUNT RECONCILIATIONS

Depository account balances were not in reconciliation to the record balances at December 31, 2005.

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)

APPROPRIATIONS

The records presented for examination indicated expenditures were in excess of budgeted appropriations for the Township Fund in 2005.

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."

FALL CREEK TOWNSHIP, HENRY COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

CAPITAL ASSET RECORDS

Information presented for examination did not indicate an inventory or record of capital assets using Form 369.

Every governmental unit should have a complete inventory of all capital assets owned which reflect their acquisition value. Such inventory should be recorded on the applicable Capital Asset Ledger. A complete inventory should be taken at least every two years for good internal control and for verifying account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

DONATIONS

The Township donated a tractor purchased in December 2004 for \$31,500 to the Middleton/Fall Creek Park Board. The Township also donated books purchased in 2005 for \$5,000 to the Middletown Library.

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)

JOINT TOWNSHIP/TOWN PARK - FUND SOURCES AND USES

Funds were disbursed by the Trustee from the Township Fund for repairs, maintenance, and purchased equipment for the direct benefit of the Middletown/Fall Creek Park (a joint park between the Town of Middletown and Fall Creek Township). Such expenses paid during the examination period were:

<u>Year</u>	<u>Payee</u>	<u>Description</u>	<u>Amount</u>
2004	Smith Implements	Tractor	\$ 31,500
2005	Jon Ashton	Miscellaneous repairs	14,350
2005	Pro Tech Systems	Video security	4,454

A separate property tax rate also exists within the overall tax rate for Fall Creek Township's share of Middletown/Fall Creek joint park operations. The Town of Middletown has been designated as the operational oversight agency, and receives the joint park tax distributions paid by Fall Creek Township's taxpayers as well as the property taxes collected from the taxpayers of the Town of Middletown.

Any increase in joint park operating costs should be agreed upon by both parties, and should be budgeted in the normal manner in each party's individual joint park tax rate. Operational costs for the joint park should be limited to those funds that are raised in each party's joint park tax levy. Any additional payments on behalf of the joint park by the Township Trustee places a disproportionate share of the tax burden on the taxpayers of the Township.

Sources and uses of funds should be limited to those authorized by the enabling statute, ordinance, resolution, or grant agreement. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

FALL CREEK TOWNSHIP, HENRY COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

OVERDRAWN CASH BALANCES

The cash balances of the Fire Debt Fund and Payroll Withholding Fund were overdrawn in 2004 and 2005.

The cash balance of any fund may not be reduced below zero. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

FALL CREEK TOWNSHIP, HENRY COUNTY
EXIT CONFERENCE

The contents of this report were discussed on August 10, 2006, with Don Osbourne, Trustee. The official concurred with our findings.