

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

EXAMINATION REPORT
OF
SALT CREEK TOWNSHIP
MONROE COUNTY, INDIANA
January 1, 2005 to December 31, 2006



FILED
12/31/2007

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OFFICIALS

| <u>Office</u> | <u>Official</u> | <u>Term</u> |
|-----------------------------------|--|--|
| Trustee | Stanley Hawkins David J. Lane | 01-01-03 to 12-31-06 01-01-07 to 12-31-10 |
| Chairman of the Township Board | Dustin Hawkins Ronald Carter Donald Hall | 01-01-05 to 12-31-05 01-01-06 to 12-31-06 01-01-07 to 12-31-07 |



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF SALT CREEK TOWNSHIP, MONROE COUNTY, INDIANA

We have examined the financial information presented herein of Salt Creek Township (Township), for the period of January 1, 2005 to December 31, 2006. 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, 2005 and 2006, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The Supplementary Information, as listed in the Table of Contents, was presented for additional analysis and is not a required part of the basic financial information. The Supplementary Information has not been subjected to the examination procedures applied to the basic financial information and, accordingly, we express no opinion on the Supplementary Information.

STATE BOARD OF ACCOUNTS

November 27, 2007

SALT CREEK TOWNSHIP, MONROE COUNTY
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL FUND TYPES
As Of And For The Years Ended December 31, 2005 And 2006

| | Cash and Investments 01-01-05 | Receipts | Disbursements | Cash and Investments 12-31-05 |
|---------------------|-------------------------------------|------------------|------------------|-------------------------------------|
| Governmental Funds: | | | | |
| Township | \$ 52,493 | \$ 6,937 | \$ 17,588 | \$ 41,842 |
| Dog | 300 | 24 | - | 324 |
| Township Assistance | 17,743 | 1,028 | 3,915 | 14,856 |
| Firefighting | 3,150 | 11,870 | 19,246 | (4,226) |
| Cumulative Fire | - | 23,612 | 27,000 | (3,388) |
| Cemetery | 19,866 | 5,234 | 952 | 24,148 |
| Totals | <u>\$ 93,552</u> | <u>\$ 48,705</u> | <u>\$ 68,701</u> | <u>\$ 73,556</u> |

| | Cash and Investments 01-01-06 | Receipts | Disbursements | Cash and Investments 12-31-06 |
|---------------------|-------------------------------------|-------------------|------------------|-------------------------------------|
| Governmental Funds: | | | | |
| Township | \$ 41,842 | \$ 17,844 | \$ 17,559 | \$ 42,127 |
| Dog | 324 | 24 | 24 | 324 |
| Township Assistance | 14,856 | 3,492 | 2,658 | 15,690 |
| Firefighting | (4,226) | 34,018 | 20,000 | 9,792 |
| Cumulative Fire | (3,388) | 47,141 | 26,246 | 17,507 |
| Cemetery | 24,148 | 3,465 | 9,446 | 18,167 |
| Totals | <u>\$ 73,556</u> | <u>\$ 105,984</u> | <u>\$ 75,933</u> | <u>\$ 103,607</u> |

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

SALT CREEK TOWNSHIP, MONROE 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, 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 may 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.

SALT CREEK TOWNSHIP, MONROE COUNTY
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 December 31, 2006

The Township has entered into the following debt:

| Description of Debt | Ending Principal Balance | Principal and Interest Due Within One Year |
|--------------------------|--------------------------------|---|
| Governmental Activities: | | |
| Capital leases: | | |
| Lease for fire truck | \$ 264,078 | \$ 46,417 |

SALT CREEK TOWNSHIP, MONROE COUNTY
EXAMINATION RESULTS AND COMMENTS

CONDITION OF RECORDS

The Financial and Appropriation Record (Form 1C) includes a record of receipts, disbursements and balances by individual funds and a control of all funds. A review of the ledger for 2007 indicated that some financial activity had not been properly posted to the Form 1C, which resulted in the total of the individual funds not agreeing with the control of all funds. The total of all funds agreed with the reconciled bank balance on October 23, 2007, but the total of the individual funds were overstated in the amount of \$44,954.21.

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)

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)

CONTRACTS

The following list includes payments to individuals for cemetery care without a contract:

| <u>Fund</u> | <u>2005</u> | <u>2006</u> |
|-------------------|-----------------|---------------|
| Minnie Ann Vaught | \$ 1,060 | \$ 90 |
| Dustin Hawkins | - | 150 |
| Ronald Carter | <u>75</u> | <u>200</u> |
| Totals | <u>\$ 1,135</u> | <u>\$ 440</u> |

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)

CONFLICT OF INTEREST DISCLOSURE

Evelyn Hawkins, Township Clerk, is the spouse of Stanley Hawkins, Trustee. A Uniform Conflict of Interest Disclosure Statement does not appear to have been filed for 2005. The form submitted on December 8, 2006, is not complete.

Ronald Carter and Dustin Hawkins were Township Board members and were also paid for cemetery care. There were no Uniform Conflict of Interest Disclosure Statements filed.

SALT CREEK TOWNSHIP, MONROE COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

Indiana Code 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 (2) of whose support is provided during a year by the public servant."

PRESCRIBED FORM

Township Form 17, Resolution Establishing Salaries of Township Officers and Employees, was not in use during 2005 and 2006.

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)

DISBURSEMENT DOCUMENTATION

Several payments were observed which did not contain adequate supporting documentation such as receipts, and invoices. There were no invoices for utility bills, phone bills, mileage claims, office supplies, and cemetery equipment and repairs for 2005 and 2006.

SALT CREEK TOWNSHIP, MONROE COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

Due to the lack of supporting information, the validity and accountability for some monies disbursed could not be established.

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)

OFFICIAL BOND

The official bond for Stanley Hawkins, Trustee, for the period January 1, 2003 to December 31, 2006, was not filed in the office of the County Recorder.

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 . . ."

SALT CREEK TOWNSHIP, MONROE COUNTY
EXIT CONFERENCE

The contents of this report were discussed on November 27, 2007, with David J. Lane, Trustee.
The official concurred with our findings.