

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

EXAMINATION REPORT

OF

STONEY CREEK TOWNSHIP

RANDOLPH COUNTY, INDIANA

January 1, 2006 to December 31, 2007



FILED

11/05/2008

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Officials	2
Independent Accountant's Report.....	3
Financial Information:	
Schedules of Receipts, Disbursements, and Cash and Investment Balances	4
Notes to Financial Information	5
Examination Results and Comments:	
Penalties, Interest, and Other Charges	6
Overdrawn Cash Balances.....	6
Exit Conference.....	7
Official Response	8-10

OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Lori McCollum Dennis Patty	01-01-03 to 12-31-06 01-01-07 to 12-31-10
Chairman of the Township Board	P. Michael Thomas	01-01-06 to 12-31-08



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF STONEY CREEK TOWNSHIP, RANDOLPH COUNTY, INDIANA

We have examined the financial information presented herein of Stoney Creek Township (Township), for the period of January 1, 2006 to December 31, 2007. 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, 2006 and 2007, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

September 4, 2008

STONEY CREEK TOWNSHIP, RANDOLPH COUNTY
 SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
 ALL GOVERNMENTAL FUND TYPES
 As Of And For The Years Ended December 31, 2006 And 2007

	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
Governmental Funds:				
Township	\$ 21,283	\$ 20,274	\$ 14,945	\$ 26,612
Township Assistance	46,000	4,173	2,300	47,873
Firefighting	7,408	172	8,690	(1,110)
Dog	-	436	436	-
Levy Excess	203	-	-	203
	<u>74,894</u>	<u>25,055</u>	<u>26,371</u>	<u>73,578</u>
Totals	<u>\$ 74,894</u>	<u>\$ 25,055</u>	<u>\$ 26,371</u>	<u>\$ 73,578</u>

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Governmental Funds:				
Township	\$ 26,612	\$ 21,011	\$ 15,350	\$ 32,273
Township Assistance	47,873	4,001	1,507	50,367
Firefighting	(1,110)	7,279	8,575	(2,406)
Levy Excess	203	-	-	203
	<u>73,578</u>	<u>32,291</u>	<u>25,432</u>	<u>80,437</u>
Totals	<u>\$ 73,578</u>	<u>\$ 32,291</u>	<u>\$ 25,432</u>	<u>\$ 80,437</u>

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

STONEY CREEK TOWNSHIP, RANDOLPH 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.

STONE CREEK TOWNSHIP, RANDOLPH COUNTY
EXAMINATION RESULTS AND COMMENTS

PENALTIES, INTEREST, AND OTHER CHARGES

Due to an insufficient cash balance in the Firefighting Fund, the Township cashed a certificate of deposit before the maturity date. The penalty for early withdrawal resulted in the Township receiving \$70.89 less than invested in the certificate of deposit.

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Failure to pay claims or remit taxes in a timely manner could be an indicator of serious financial problems which should be investigated by the governmental unit.

Additionally, officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the governmental unit.

Any penalties, interest or other charges paid by the governmental unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

OVERDRAWN CASH BALANCES

The Firefighting Fund's cash and investment balances have been negative amounts since December 27, 2006.

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)

STONEY CREEK TOWNSHIP, RANDOLPH COUNTY
EXIT CONFERENCE

The contents of this report were discussed on September 4, 2008, with Dennis Patty, Trustee; and P. Michael Thomas, Chairman of the Township Board. The official response has been made a part of this report and may be found on pages 8 through 10.

Stoney Creek Township

Dennis E. Patty – Trustee
2901 S. Co. Rd. 900 W.
Farmland, IN 47340
765-468-6821

Greetings,

This letter is in response to the Bi-annual audit on September 4, 2008. The State Board of Accounts made note that the Stoney Creek Township Fire Fund was in the red (or negative numbers). This letter is an explanation of the chain of events that took place to alleviate the situation prior to this audit.

In the minutes of the August 23, 2004 it was discussed that due to a printing error in the Winchester newspaper, the Stoney Creek Township Fire Fund would not be funded properly for the following year. It was noted that the Auditor advertized the wrong tax rate.

In the minutes of August 29, 2005, the Fire Fund was discussed. It was noted in a Stoney Creek Township meeting that the Fire Fund had a mistake and would need to petition the Dept. of Local Government Finance to make the correction of the fire fund.

In the minutes of the January 14, 2006 meeting it was noted that Lori McCollum (trustee) would be going to Indianapolis to petition for the Fire Funds to be returned to the proper levels.

It should be noted that a copy of the letter that Lori McCollum sent to: Judy Robertson, Dept. of Local Government Finance to appear on the LGTCB agenda on September 14, 2006, will be sent in with this letter of explanation.

On October 26, 2006 Lori McCollum made an appearance before the board of the Dept. of Local Government Finance to petition for \$6500.00 to be reinstated to the Stoney Creek Township Fire Fund. At the end of the board meeting Lori McCollum was giving verbal approval that the Stoney Creek Township Fire Fund would be restored the \$6500.00 to resolve the funding problem. It should be noted that Lori McCollum turned in mileage for October 26, 2006 for the trip to Indianapolis.

Stoney Creek Township

Dennis E. Patty – Trustee
2901 S. Co. Rd. 900 W.
Farmland, IN 47340
765-468-6821

After the October 26, 2006 meeting, Lori McCollum communicated to me (Dennis Patty) that she was convinced that the Fire Fund situation was resolved. Lori McCollum was told by the Dept. of Local Government Finance board that the problem would be resolved in 2007. Lori McCollum's term ended as of December 31, 2006.

As of September 4, 2008 there has not been any contact information to me (Dennis Patty-Trustee) that the petition of Lori McCollum was reversed or invalid.

As acting Trustee of Stoney Creek Township I would like the public to understand that the board of Stoney Creek Township and Lori McCollum has done all they know to do to reinstate the Fire Fund to its proper financial levels. It would now be a decision of the Dept. of Local Government Finance to reinstate the needed Fire Funds to Stoney Creek Township. Once the \$6500 is reinstated to Stoney Creek Township Fire Fund the problem of the township being in the negative numbers for the Fire Fund would be resolved.

All records pertaining to this issue can be viewed by appointment at the office of:

Stoney Creek Township Trustee

2901 S. Co. Rd. 900 W.

Farmland, IN 47340

A handwritten signature in black ink that reads "Dennis Patty". The signature is written in a cursive, flowing style.

Dennis Patty

Stoney Creek Township Trustee

To: Judy Robertson, Dept. of Local Gov't. Finance
From: Lori McCollum, Stoney Creek Township Trustee
Re: Request to appear on LGTCB agenda
Date: September 14, 2006

Dear Ms. Robertson,

Due to an advertising error (newspaper's mistake) on the 2004 Stoney Creek Township budget, the proposed Fire Fund levy was advertised as \$660 but should have actually been \$6,600.

Because of Senate Bill 1, Stoney Creek Township lost more than \$6,000 in Fire maximum levy.

The township was advised to adopt a \$0 levy for the Fire Fund in 2006 in order to request a reestablishment to the Fire maximum levy for 2007. This was carried out and now Stoney Creek Township; Randolph County is requesting permission to be put on the agenda of the Local Government Tax Control Board for consideration of reestablishment of its Fire Fund maximum levy for 2007. We are requesting that the Fire Fund maximum levy be reestablished at \$6,500.

Thank you for consideration of this matter.

Sincerely,

Lori McCollum
Stoney Creek Township Trustee