

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

EXAMINATION REPORT  
OF  
THORNCREEK TOWNSHIP  
WHITLEY COUNTY, INDIANA  
January 1, 2006 to December 31, 2007



**FILED**  
01/26/2009



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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Eugene J. Heckman	01-01-03 to 12-31-10
Chairman of the Township Board	Clay W. Geiger Richard A. Krider	01-01-06 to 12-31-06 01-01-07 to 12-31-08



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THORNCREEK TOWNSHIP, WHITLEY COUNTY, INDIANA

We have examined the financial information presented herein of Thorncreek 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.

The Schedule of Long-Term Debt, as listed in the Table of Contents, is presented for additional analysis and is not a required part of the basic financial information. It has not been subjected to the examination procedures applied to the basic financial information and, accordingly, we express no opinion on it.

STATE BOARD OF ACCOUNTS

November 26, 2008

THORNCREEK TOWNSHIP, WHITLEY 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, 2006 And 2007

	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
Governmental Funds:				
Township	\$ 138,830	\$ 77,648	\$ 84,582	\$ 131,896
Dog	1,695	1,155	2,850	-
Township Assistance	13,864	12,002	5,451	20,415
Firefighting	36,442	81,593	88,270	29,765
Park and Recreation	15,173	7,929	8,362	14,740
Rainy Day	8,132	32,950	-	41,082
Levy Excess	-	3,573	3,573	-
Fire Debt	38,889	40,976	79,226	639
Cumulative Fire	63,107	71,782	56,318	78,571
Fiduciary Fund:				
Payroll Withholdings	(60)	6,889	6,829	-
Totals	<u>\$ 316,072</u>	<u>\$ 336,497</u>	<u>\$ 335,461</u>	<u>\$ 317,108</u>

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Governmental Funds:				
Township	\$ 131,896	\$ 76,467	\$ 84,252	\$ 124,111
Township Assistance	20,415	12,030	9,436	23,009
Firefighting	29,765	84,683	90,101	24,347
Park and Recreation	14,740	7,752	11,871	10,621
Rainy Day	41,082	34,000	-	75,082
Fire Debt	639	-	-	639
Cumulative Fire	78,571	65,013	55,753	87,831
Fire Equipment Purchase	-	391,925	35,937	355,988
Fiduciary Fund:				
Payroll Withholdings	-	6,173	6,173	-
Totals	<u>\$ 317,108</u>	<u>\$ 678,043</u>	<u>\$ 293,523</u>	<u>\$ 701,628</u>

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

THORNCREEK TOWNSHIP, WHITLEY 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.

THORNCREEK TOWNSHIP, WHITLEY COUNTY  
NOTES TO FINANCIAL INFORMATION  
(Continued)

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. Pension Plan

Public Employees' Retirement Fund

Plan Description

The Township contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF Board, most requirements of the system, and give the Township authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

PERF administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

Public Employees' Retirement Fund  
Harrison Building, Room 800  
143 West Market Street  
Indianapolis, IN 46204  
Ph. (317) 233-4162

Funding Policy and Annual Pension Cost

The contribution requirements of the plan members for PERF are established by the Board of Trustees of PERF.

THORNCREEK TOWNSHIP, WHITLEY COUNTY  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF LONG-TERM DEBT  
 December 31, 2007

The Township has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental Activities:		
Note payable	\$ 80,393	\$ 27,877
Capital lease:		
Fire department trucks and related equipment	391,000	74,685
Total governmental activities debt	\$ 471,393	\$ 102,562

THORNCREEK TOWNSHIP, WHITLEY COUNTY  
EXAMINATION RESULTS AND COMMENTS

CAPITAL ASSETS LEDGER

The Township did not maintain an inventory or record of capital assets. A similar comment appeared in prior Report B28408.

Every governmental unit should have a complete inventory of all capital assets owned which reflects their acquisition value. Such inventory should be recorded on the applicable Capital Assets 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)

CONFLICT OF INTEREST DISCLOSURE

Karen Heckman, Clerk, is the spouse of Eugene Heckman, Trustee. A Uniform Conflict of Interest Disclosure Statement does not appear to have been filed with the state board of accounts and clerk of the Whitley County Circuit Court. A similar comment appeared in prior Report B28408.

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 (1/2) of whose support is provided during a year by the public servant."

THORNCREEK TOWNSHIP, WHITLEY COUNTY  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

OVERPAYMENT COLLECTIONS

The final payment on the 2002 Fire Truck Loan was overpaid by \$658. Payroll taxes were overpaid in 2007 by \$106. Refunds for the overpayments have not been received as of November 26, 2008.

Governmental units should collect any overpayments made. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

APPROPRIATIONS

Fire Debt Fund expenditures exceeded budgeted appropriations in 2006, in the amount of \$658.

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."

EXCESSIVE OR UNREASONABLE EXPENSES

The Township paid the following excessive or unreasonable expenses during 2006 and 2007:

<u>Vendor/Payee</u>	<u>2006</u>	<u>2007</u>
Eugene Heckman (office rent)	\$ 4,800	\$ 4,800
Net Results, Inc. (data restoration)	1,600	-
Net Results, Inc. (software support)	423	2,795
Daniel Heckman (software installation and support)	1,270	991
A Plus Computers, Inc. (new cpu and labor on PC)	413	-
A Plus Computers, Inc. (software and supplies)	270	-
Dell (new PC, one year after repair on prior PC)	-	1,275
Vangorder Sales (new grasshopper mower yearly)	5,089	6,452
David Heckman (\$18 per hour for mowing)	5,490	5,454
Fuel for mowing cemeteries, fire station and park land	1,633	1,918

Every effort should be made by the governmental unit to avoid unreasonable or excessive costs. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

THORNCREEK TOWNSHIP, WHITLEY COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on November 26, 2008, with Eugene J. Heckman, Trustee; and Richard A. Krider, Chairman of the Township Board.