

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

EXAMINATION REPORT  
OF  
DEER CREEK TOWNSHIP  
CARROLL COUNTY, INDIANA  
January 1, 2008 to December 31, 2009



**FILED**  
04/23/2010



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OFFICIALS

Office

Official

Term

Trustee

Neda Duff

01-01-07 to 12-31-10

Chairman of the  
Township Board

Sherry Mears

01-01-08 to 12-31-10



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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF DEER CREEK TOWNSHIP, CARROLL COUNTY, INDIANA

We have examined the financial information presented herein of Deer Creek Township (Township), for the period of January 1, 2008 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, 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

April 14, 2010

DEER CREEK TOWNSHIP, CARROLL COUNTY  
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES  
ALL GOVERNMENTAL FUND TYPES  
As Of And For The Years Ended December 31, 2008 And 2009

	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
Governmental Funds:				
Township	\$ 268,408	\$ 58,071	\$ 33,414	\$ 293,065
Township Assistance	67,482	40,591	61,790	46,283
Firefighting	252,126	84,771	24,703	312,194
Park and Recreation	41,487	51,291	22,200	70,578
Rainy Day	3,466	-	-	3,466
Levy Excess	149	-	-	149
Cumulative Fire	91,935	31,949	-	123,884
Totals	<u>\$ 725,053</u>	<u>\$ 266,673</u>	<u>\$ 142,107</u>	<u>\$ 849,619</u>

	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
Governmental Funds:				
Township	\$ 293,065	\$ 21,944	\$ 40,291	\$ 274,718
Township Assistance	46,283	57,928	75,611	28,600
Firefighting	312,194	77,277	22,402	367,069
Park and Recreation	70,578	53,127	23,000	100,705
Rainy Day	3,466	2,232	-	5,698
Levy Excess	149	-	-	149
Cumulative Fire	123,884	28,569	-	152,453
Totals	<u>\$ 849,619</u>	<u>\$ 241,077</u>	<u>\$ 161,304</u>	<u>\$ 929,392</u>

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

DEER CREEK TOWNSHIP, CARROLL 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, 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.

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.

DEER CREEK TOWNSHIP, CARROLL COUNTY  
EXAMINATION RESULTS AND COMMENTS

INTEREST ON INVESTMENTS

Interest earned on investments, in some instances, was added to the principal and not recorded in the records.

Interest on investments should not be automatically added into the investment. Instead, interest on investments should be paid to the governmental unit at each maturity date and posted to the appropriate fund. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

CONTRACTS

Records presented for audit indicated a payment was made for display cabinets for the Carroll County Historical Society in 2008 instead paying an amount to the Carroll County Historical Society as stated in the contract. We noted payments for a copier, computers, a two year copier service contract and a desk for the Carroll Manor (the County Home) without a contract.

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)

PENALTIES, INTEREST, AND OTHER CHARGES

Penalties and interest totaling \$24.49 were paid to the Indiana Department of Workforce Development on August 11, 2008, for the period 2007.

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)

Each governmental unit is responsible for compliance with all rules, regulations, guidelines, and directives of the Internal Revenue Service and the Indiana Department of Revenue. All questions concerning taxes should be directed to these agencies. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

CONDITION OF RECORDS

The following deficiencies relating to the recordkeeping were noted:

1. The annual reports prepared for each year did not agree with the financial record. Some of the fund balances were inaccurate or were combined with other balances.

DEER CREEK TOWNSHIP, CARROLL COUNTY  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

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)

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)

2. Investment activity was not always posted properly to the ledger. A few of the investments were renewed with no interest being posted to the ledger. The ledger indicated that investments were on hand at December 31, 2009; however, some of the investments listed had matured and had been sold.

A certificate of deposit or other investments may be renewed for an additional term if authorized by the governing board, without the original certificate of deposit being paid by the depository and a warrant being issued for the purchase of a new certificate of deposit or other investments if all applicable statutory provisions have been complied with by the political subdivision. However, if renewed, the interest due the political subdivision shall be paid to the fiscal officer at each maturity date, or the records should show transactions which will reflect the true financial condition and the amount invested at all times. The interest shall not be added to the original deposit and reinvested by the depository without being recorded in the records. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 18)

3. There were several old outstanding checks over two years old that had not been receipted back to the fund from which the checks were written. Also, we noted replacement checks that were also posted to the ledger.

All checks drawn upon public funds of the township, which checks are outstanding and unpaid for two or more years as of December 31 of each year, shall be declared void. (IC 5-11-10.5-2)

The amounts of such checks should be receipted into the fund or funds from which originally drawn by writing an official receipt or receipts therefore. The amount of such check should be receipted into the township (general) fund if the fund from which a check was drawn is not now in existence or cannot be ascertained. These checks should also be removed from the list of outstanding checks. (IC 5-11-10.5-5) (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 2)

DEER CREEK TOWNSHIP, CARROLL COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on April 14, 2010, with Neda Duff, Trustee. The official concurred with our findings.