

B36551

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

EXAMINATION REPORT
OF
TURKEY CREEK TOWNSHIP
KOSCIUSKO COUNTY, INDIANA
January 1, 2008 to December 31, 2009



FILED
04/29/2010

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
Supplementary Information:	
Schedule of Capital Assets.....	6
Examination Results and Comments:	
Annual Financial Report	7
Condition of Records	7
Public Records Retention	7-8
Penalties, Interest, and Other Charges	8
Transaction Recording	8
Overdrawn Cash Balances.....	8
Exit Conference.....	9
Summary	10

OFFICIALS

Office

Official

Term

Trustee

Barbara A. Griffith

01-01-07 to 12-31-10

Chairman of the
Township Board

Arlen Bobeck

01-01-08 to 12-31-10



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF TURKEY CREEK TOWNSHIP, KOSCIUSKO COUNTY, INDIANA

We have examined the financial information presented herein of Turkey 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.

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

STATE BOARD OF ACCOUNTS

April 7, 2010

TURKEY CREEK TOWNSHIP, KOSCIUSKO 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, 2008 And 2009

	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
Governmental Funds:				
Township	\$ 82,034	\$ 69,832	\$ 80,432	\$ 71,434
Dog	730	-	730	-
Township Assistance	60,164	60,553	112,689	8,028
Firefighting	90,758	785,214	705,621	170,351
Park and Recreation	32	5,971	6,000	3
Levy Excess	1,428	-	-	1,428
Rainy Day	-	17,050	13,163	3,887
Cumulative Fire	307,026	162,784	419,163	50,647
Fiduciary Fund:				
Payroll Withholdings	-	139,717	151,587	(11,870)
Totals	<u>\$ 542,172</u>	<u>\$ 1,241,121</u>	<u>\$ 1,489,385</u>	<u>\$ 293,908</u>

	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
Governmental Funds:				
Township	\$ 71,434	\$ 34,047	\$ 57,885	\$ 47,596
Township Assistance	8,028	74,292	72,263	10,057
Firefighting	170,351	1,840,172	1,948,551	61,972
Fire Territory	-	1,764,150	1,467,230	296,920
Park and Recreation	3	12,415	6,000	6,418
Levy Excess	1,428	-	-	1,428
Rainy Day	3,887	2,515	-	6,402
Fire Territory Capital	-	782,648	195,000	587,648
Cumulative Fire	50,647	130,340	105,456	75,531
Fiduciary Fund:				
Payroll Withholdings	(11,870)	19,090	20,291	(13,071)
Totals	<u>\$ 293,908</u>	<u>\$ 4,659,669</u>	<u>\$ 3,872,676</u>	<u>\$ 1,080,901</u>

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

TURKEY CREEK TOWNSHIP, KOSCIUSKO 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.

TURKEY CREEK TOWNSHIP, KOSCIUSKO COUNTY
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 December 31, 2009

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 79,815
Buildings	477,305
Machinery and equipment	<u>1,106,605</u>
 Total governmental activities, capital assets not being depreciated	 <u>\$ 1,663,725</u>

TURKEY CREEK TOWNSHIP, KOSCIUSKO COUNTY
EXAMINATION RESULTS AND COMMENTS

ANNUAL FINANCIAL REPORT

The Trustee did not prepare a complete, accurate Annual Financial Report for either 2008 or for 2009.

The Township Trustee's Report of Receipts and Disbursements for the Calendar Year is an abstract report of receipts and disbursements for the calendar year. The annual report shall be prepared, verified, and filed with the State Board of Accounts within 30 days after the close of each fiscal year. The report must be published, within four weeks after the third Tuesday after the first Monday in January, one time in accordance with IC 5-3-1. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 2)

Effective July 1, 2009, IC 5-11-1-4 states:

"The state examiner shall require from every municipality and every state or local governmental unit, entity, or instrumentality financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each fiscal year. The reports must be filed electronically, in a manner prescribed by the state examiner that is compatible with the technology employed by the political subdivision."

CONDITION OF RECORDS

Financial records presented for examination included numerous errors. The December 31, 2008 fund ledger balance did not agree to the January 1, 2009 fund ledger balance for five of the eight reported funds. Funds and their differences were: Township, \$6,812; Township Assistance, \$23,948; Firefighting, (\$6,812); Park and Recreation, (\$2,200); Rainy Day, \$2,200; and Cumulative Fire, \$93,141. We researched each difference and concluded the differences were a result of posting errors or attempts to correct posting errors.

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)

PUBLIC RECORDS RETENTION

Investment records for a Certificate of Deposit with a January 1, 2008, balance of \$137,639.44 was not presented for examination and could not be confirmed through a third-party. Financial ledgers and bank deposits indicated that the investment was deposited into the Township's bank account at maturity.

TURKEY CREEK TOWNSHIP, KOSCIUSKO COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

Numerous payments were made in 2008 which did not have supporting documentation such as receipts, statements, or statements with invoices. Only five of the twelve monthly 2008 electric utility bills had invoice copies available for our examination. Only one of the monthly 2008 telephone bill invoices were available for our examination. Several other purchases such as payments to Wal-Mart, Menards, and restaurants had no invoices.

IC 5-15-6-3(f) concerning destruction of public records, states in part: "Original records may be disposed of only with the approval of the commission according to guidelines established by the commission."

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)

PENALTIES, INTEREST, AND OTHER CHARGES

Penalties and interest totaling \$37.44 were paid on the Citgo Credit Card in November 2008. Penalties totaling \$35.00 were paid on the Key Bank Corporate Credit Card in November 2008. We asked the Trustee, Barbara Griffith, to repay \$72.44. The Trustee repaid \$72.44 on April 7, 2010. A similar exception was included in the prior report.

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)

TRANSACTION RECORDING

Transactions in a bank account used to account for Fire Territory EMS deposits were not included in the Trustee's financial records. The December 31, 2009, balance in the bank account was \$36,920. Officials agreed and the reported financial statements have been adjusted to include the bank account.

All financial transactions pertaining to the governmental unit should be recorded in the records of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

OVERDRAWN CASH BALANCES

The cash balance of the Payroll Withholdings Fund had negative cash balances at December 31, 2008, and December 31, 2009, \$11,870 and \$13,071, respectively.

The cash 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)

TURKEY CREEK TOWNSHIP, KOSCIUSKO COUNTY
EXIT CONFERENCE

The contents of this report were discussed on April 7, 2010, with Barbara A. Griffith, Trustee; and Arlen Bobeck, Chairman of the Township Board. The officials concurred with our findings.

TURKEY CREEK TOWNSHIP, KOSCIUSKO COUNTY
SUMMARY

	<u>Charges</u>	<u>Credits</u>	<u>Balance Due</u>
Barbara Griffith, Trustee:			
Penalties, Interest, and Other Charges, page 8			
- Paid by Barbara Griffith, April 7, 2010	\$ 72.44	\$ 72.44	\$ -
	<u> </u>	<u> </u>	<u> </u>