

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

EXAMINATION REPORT
OF
STONEY CREEK TOWNSHIP
HENRY COUNTY, INDIANA
January 1, 2007 to December 31, 2009



FILED
05/05/2010

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
Examination Results and Comments:	
Condition of Records	6
Penalties, Interest, and Other Charges	6
Contracts	6-7
Capital Asset Records	7
Certified Report Not Filed	7
Overdrawn Fund Balance	7
Electronic Annual Report.....	7
Exit Conference.....	8

OFFICIALS

Office

Official

Term

Trustee

Michael C. Lykens

01-01-07 to 12-31-10

Chairman of the
Township Board

Thomas Glaser

01-01-07 to 12-31-10



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the financial information presented herein of Stoney Creek Township (Township), for the period of January 1, 2007 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, 2007, 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 13, 2010

STONEY CREEK TOWNSHIP, HENRY 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, 2007, 2008, And 2009

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Governmental Funds:				
Township	\$ 9,849	\$ 18,776	\$ 22,762	\$ 5,863
Township Assistance	7,267	1,808	836	8,239
Firefighting	24,323	25,958	25,411	24,870
Park and Recreation	17,582	-	11,468	6,114
Cumulative Fire	27,716	8,405	4,001	32,120
Fiduciary Fund:				
Payroll Withholdings	930	440	745	625
Totals	<u>\$ 87,667</u>	<u>\$ 55,387</u>	<u>\$ 65,223</u>	<u>\$ 77,831</u>

	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
Governmental Funds:				
Township	\$ 5,863	\$ 7,380	\$ 11,826	\$ 1,417
Township Assistance	8,239	2,254	1,661	8,832
Firefighting	24,870	27,145	29,024	22,991
Park and Recreation	6,114	-	-	6,114
Cumulative Fire	32,120	8,173	7,179	33,114
Fiduciary Fund:				
Payroll Withholdings	625	478	937	166
Totals	<u>\$ 77,831</u>	<u>\$ 45,430</u>	<u>\$ 50,627</u>	<u>\$ 72,634</u>

	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
Governmental Funds:				
Township	\$ 1,417	\$ 17,601	\$ 10,921	\$ 8,097
Township Assistance	8,832	1,367	3,185	7,014
Firefighting	22,991	20,319	29,846	13,464
Park and Recreation	6,114	-	177	5,937
Cumulative Fire	33,114	7,788	8,172	32,730
Fiduciary Fund:				
Payroll Withholdings	166	436	1,859	(1,257)
Totals	<u>\$ 72,634</u>	<u>\$ 47,511</u>	<u>\$ 54,160</u>	<u>\$ 65,985</u>

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

STONEY CREEK TOWNSHIP, HENRY 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.

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, HENRY COUNTY
EXAMINATION RESULTS AND COMMENTS

CONDITION OF RECORDS

The following deficiencies related to the recordkeeping were noted.

There were a considerable number of posting errors in the Township's ledger of appropriation detail for the years 2008 and 2009.

The financial information presented on the Annual Financial Report, Township Form 15, was inaccurate for the years 2008 and 2009.

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)

PENALTIES, INTEREST, AND OTHER CHARGES

Penalties, interest, and other charges totaling \$777.70 were paid (through a tax levy) to the Internal Revenue Service on December 3, 2007, for various tax periods beginning March 31, 2001, and ending June 30, 2006.

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)

CONTRACTS

Records presented for examination indicated payments were made for cemetery mowing in 2008 and 2009 without a contract.

STONEY CREEK TOWNSHIP, HENRY COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

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)

CAPITAL ASSET RECORDS

Information presented for examination did not include an inventory or record of capital assets.

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

CERTIFIED REPORT NOT FILED

The Township did not file a Certified Report of Names, Addresses, Duties and Compensation of Public Employees (Form 100-R) with the State Board of Accounts for the years 2007-2009.

IC 5-11-13-1 states in part:

"Every state, county, city, town, township, or school official . . . shall during the month of January of each year prepare, make, and sign a written or printed certified report, correctly and completely showing the names and addresses of each and all officers, employees, and agents . . . and the respective duties and compensation of each, and shall forthwith file said report in the office of the state examiner of the state board of accounts."

OVERDRAWN FUND BALANCE

The Payroll Withholdings Fund was overdrawn \$1,257 at December 31, 2009.

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)

ELECTRONIC ANNUAL REPORT

An electronic Annual Report for 2009 was not filed within 60 days of the close of the fiscal year.

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."

STONE CREEK TOWNSHIP, HENRY COUNTY
EXIT CONFERENCE

The contents of this report were discussed on April 13, 2010, with Michael Lykens, Trustee. The official concurred with our findings.