

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

EXAMINATION REPORT  
OF  
THORNCREEK TOWNSHIP  
WHITLEY COUNTY, INDIANA  
January 1, 2008 to December 31, 2009



**FILED**

05/11/2010



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 .....	5-6
Supplementary Information:	
Schedule of Long-Term Debt .....	7
Examination Results and Comments:	
Personal Expenses.....	8
Overpayment of Wages.....	8
Capital Assets Record .....	9
Register of Investments.....	9
Interest on Investments .....	9
Exit Conference.....	10
Summary .....	11

OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Eugene J. Heckman	01-01-07 to 12-31-10
Chairman of the Township Board	Richard A. Krider	01-01-08 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](http://www.in.gov/sboa)

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, 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 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

April 15, 2010

THORNCREEK TOWNSHIP, WHITLEY 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	\$ 124,111	\$ 87,539	\$ 67,587	\$ 144,063
Township Assistance	23,009	12,789	9,633	26,165
Firefighting	24,347	86,048	93,101	17,294
Park and Recreation	10,621	8,063	13,046	5,638
Rainy Day	75,082	42,370	3,821	113,631
Fire Debt	639	114,613	74,685	40,567
Fire Equipment Purchase	355,988	-	182,613	173,375
Cumulative Fire	87,831	61,367	55,753	93,445
Totals	<u>\$ 701,628</u>	<u>\$ 412,789</u>	<u>\$ 500,239</u>	<u>\$ 614,178</u>
	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
Governmental Funds:				
Township	\$ 144,063	\$ 67,027	\$ 90,493	\$ 120,597
Township Assistance	26,165	13,004	6,215	32,954
Firefighting	17,294	105,101	99,777	22,618
Park and Recreation	5,638	15,207	8,394	12,451
Rainy Day	113,631	39,319	-	152,950
Fire Debt	40,567	73,500	74,685	39,382
Fire Equipment Purchase	173,375	-	173,360	15
Cumulative Fire	93,445	50,885	49,935	94,395
Totals	<u>\$ 614,178</u>	<u>\$ 364,043</u>	<u>\$ 502,859</u>	<u>\$ 475,362</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.

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.

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

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, 2009

The Township has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:		
Capital leases:		
Fire trucks and related equipment	\$ 272,906	\$ 74,685

THORNCREEK TOWNSHIP, WHITLEY COUNTY  
EXAMINATION RESULTS AND COMMENTS

PERSONAL EXPENSES

The Township paid personal expenses of the Trustee totaling \$191.44 as detailed below:

Color ink cartridges \$65.96  
Premium (photo) copy paper \$11.49  
Photo paper \$24.99  
Late fees paid on credit card \$78.00  
Wine purchased with a business meal \$11.00

The Trustee was requested to reimburse the Township for the personal expenses listed above.  
(See Summary, page 11)

Public funds may not be used to pay for personal items or for expenses which do not relate to the functions and purposes of the governmental unit. Any personal expenses paid by the governmental entity may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. 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)

OVERPAYMENT OF WAGES

Form 17, Resolution Establishing Salaries of Township Offices and Employees, for 2008 listed maintenance pay at \$18/hour, however, the Township Trustee paid \$20/hour which resulted in an overpayment for mowing of \$582. The Trustee was requested to reimburse the Township for the amount overpaid. (See Summary, page 11)

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

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

CAPITAL ASSETS RECORD

The Township did not maintain an inventory or record of capital assets. A similar comment appeared in prior Report B33996.

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)

REGISTER OF INVESTMENTS

General Form 350, Register of Investments, was not maintained.

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)

INTEREST ON INVESTMENTS

Interest earned on investments in some instances was automatically 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)

THORNCREEK TOWNSHIP, WHITLEY COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on April 15, 2010, with Eugene J. Heckman, Trustee; and Karen R. Heckman, Clerk.

THORNCREEK TOWNSHIP, WHITLEY COUNTY  
SUMMARY

	<u>Charges</u>	<u>Credits</u>	<u>Balance Due</u>
Eugene J. Heckman, Trustee			
Personal Expenses, page 8	\$ 191.44	\$	\$
Overpayment of Wages, page 8	582.00		
Reimbursed April 15, 2010		<u>773.44</u>	<u>-</u>
Totals	<u>\$ 773.44</u>	<u>\$ 773.44</u>	<u>\$ -</u>