

B37022

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

EXAMINATION REPORT
OF
SANDCREEK TOWNSHIP
BARTHOLOMEW COUNTY, INDIANA
January 1, 2008 to December 31, 2009



FILED
05/20/2010

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Janice Jines	01-01-08 to 12-31-10
Chairman of the Township Board	Ronald Hoevener	01-01-08 to 12-31-08
	Karl Forster	01-01-09 to 12-31-09
	David Skinner	01-01-10 to 12-31-10



STATE OF INDIANA
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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF SANDCREEK TOWNSHIP, BARTHOLOMEW COUNTY, INDIANA

We have examined the financial information presented herein of Sandcreek 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 22, 2010

SANDCREEK TOWNSHIP, BARTHOLOMEW 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	\$ 65,757	\$ 25,751	\$ 10,823	\$ 80,685
Township Assistance	38,238	8,753	5,577	41,414
Firefighting	3,564	11,686	14,000	1,250
Cemetery	2,421	400	-	2,821
Cumulative Fire	29,286	14,125	-	43,411
Totals	<u>\$ 139,266</u>	<u>\$ 60,715</u>	<u>\$ 30,400</u>	<u>\$ 169,581</u>

	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
Governmental Funds:				
Township	\$ 80,685	\$ 21,365	\$ 14,481	\$ 87,569
Township Assistance	41,414	9,228	11,651	38,991
Firefighting	1,250	15,838	15,000	2,088
Cemetery	2,821	900	-	3,721
Cumulative Fire	43,411	10,982	-	54,393
Totals	<u>\$ 169,581</u>	<u>\$ 58,313</u>	<u>\$ 41,132</u>	<u>\$ 186,762</u>

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

SANDCREEK TOWNSHIP, BARTHOLOMEW 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.

SANDCREEK TOWNSHIP, BARTHOLOMEW COUNTY
EXAMINATION RESULTS AND COMMENTS

CONDITION OF RECORDS

The following deficiencies relating to the recordkeeping were noted.

- (1) Record balances were not reconciled to depository balances. The Trustee had a calculator tape that she indicated was her reconciliation. However, reconciliements prepared for examination purposes included a balance in the bank of \$425 greater than the ledger balance.

IC 5-13-6-1(e) states: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

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)

- (2) The ledger was not always posted correctly. The ledger pages were not subtotaled and/or totaled consistently; cash balances were not consistently calculated and carried forward correctly. Appropriations were not posted to the ledger. Also, payroll withholdings were not posted to the ledger.

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)

ANNUAL REPORT

The Annual Reports for 2008 and 2009 were inaccurate and did not reflect the financial activity of the Township. The Township Fund and the Township Assistance Fund balances were not correct.

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)

SANDCREEK TOWNSHIP, BARTHOLOMEW COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

LIST OF EMPLOYEES NOT FILED WITH COUNTY TREASURER

Officials or employees of the Township had money due from the Township, but a list of such employees was not certified to the County Treasurer.

IC 6-1.1-22-14(a) states in part: "On or before June 1 and December 1 of each year . . . the disbursing officer of each political subdivision . . . shall certify the names and addresses of each person who has money due the person from the political subdivision to the treasurer of each county in which the political subdivision is located."

FEDERAL AND STATE AGENCIES - COMPLIANCE REQUIREMENTS

There was Internal Revenue Service (IRS) correspondence concerning a penalty assessment of \$683.93 related to the calendar year 2006 and differences between the tax returns filed and the related IRS Forms W-2s or 1099s. The Trustee indicated that she had responded to the assessment notice; however, she said that there had not been a resolution of the issue by the Internal Revenue Service. There was no check issued to the Internal Revenue Service for \$683.93, for the 2009 calendar year. Also, the Trustee did not provide paperwork to support an IRS reimbursement in the amount of \$1,240.94 for the period ending December 2006. The information was obtained from a copy of the IRS check, found in the Trustee's tax file.

The Trustee's 2008 calculated gross pay per the financial ledger was \$5,400.00; however, the amount reported as gross pay on the IRS W-2 was \$5,000.00.

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)

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)

SANDCREEK TOWNSHIP, BARTHOLOMEW COUNTY
EXIT CONFERENCE

The contents of this report were discussed on April 22, 2010, with Janice Jines, Trustee.