

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

EXAMINATION REPORT  
OF  
MILLCREEK TOWNSHIP  
FOUNTAIN COUNTY, INDIANA  
January 1, 2007 to December 31, 2009



**FILED**  
06/14/2010



## 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:	
Penalties, Interest, and Other Charges .....	6
Board Minutes.....	6
Official Bond .....	6
Capital Asset Records .....	7
Prescribed Forms .....	7
Public Records Retention .....	7
Condition of Records .....	7-8
Interest on Investments .....	8
Repayments and Transfers .....	8
Supporting Documentation .....	9
Appropriations.....	9
Exit Conference.....	10
Summary.....	11

OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Sandra S. Dawson	01-01-07 to 12-31-10
Chairman of the Township Board	Mike Jean	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](http://www.in.gov/sboa)

INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF MILLCREEK TOWNSHIP, FOUNTAIN COUNTY, INDIANA

We have examined the financial information presented herein of Millcreek 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 12, 2010

MILLCREEK TOWNSHIP, FOUNTAIN COUNTY  
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES  
ALL GOVERNMENTAL 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	\$ 51,504	\$ 19,676	\$ 14,061	\$ 57,119
Township Assistance	9,823	8,968	3,502	15,289
Firefighting	32,496	28,761	35,087	26,170
Levy Excess	372	-	-	372
Cumulative Fire	31,545	14,631	-	46,176
Rainy Day	1,142	-	-	1,142
Totals	<u>\$ 126,882</u>	<u>\$ 72,036</u>	<u>\$ 52,650</u>	<u>\$ 146,268</u>

	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
Governmental Funds:				
Township	\$ 57,119	\$ 56,197	\$ 70,229	\$ 43,087
Township Assistance	15,289	4,309	4,130	15,468
Firefighting	26,170	57,886	40,904	43,152
Levy Excess	372	-	-	372
Cumulative Fire	46,176	16,343	19,487	43,032
Rainy Day	1,142	-	-	1,142
Totals	<u>\$ 146,268</u>	<u>\$ 134,735</u>	<u>\$ 134,750</u>	<u>\$ 146,253</u>

	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
Governmental Funds:				
Township	\$ 43,087	\$ 15,227	\$ 12,437	\$ 45,877
Township Assistance	15,468	8,506	3,646	20,328
Firefighting	43,152	18,264	24,320	37,096
Levy Excess	372	-	-	372
Cumulative Fire	43,032	12,918	-	55,950
Rainy Day	1,142	-	-	1,142
Totals	<u>\$ 146,253</u>	<u>\$ 54,915</u>	<u>\$ 40,403</u>	<u>\$ 160,765</u>

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

MILLCREEK TOWNSHIP, FOUNTAIN 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). Ordinarily taxes are to be paid in two equal installments which become delinquent if not paid by May 10 and November 10, respectively. In 2007, taxes were due June 8 and November 13 and distributed by December 31, 2007. In 2008, taxes were due November 10 and January 12, 2009, and were distributed February 10, 2009. In 2009, taxes were due July 10 and November 10 and were distributed by December 31, 2009.

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.

MILLCREEK TOWNSHIP, FOUNTAIN COUNTY  
EXAMINATION RESULTS AND COMMENTS

PENALTIES, INTEREST, AND OTHER CHARGES

Interest totaling \$128.57 was paid to the Internal Revenue Service on March 10, 2009, for the payroll period ending December 31, 2006. Additionally, interest and penalty totaling \$18.57 was paid to the Indiana Department of Revenue on June 12, 2007, for payroll period ending March 31, 2007, Federal Form 944. The Trustee was requested to reimburse the Township \$147.14. (See Summary, page 11)

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)

BOARD MINUTES

The Township Board did not organize each year.

IC 5-14-1.5-4(b) states:

"As the meeting progresses, the following memoranda shall be kept:

- (1) The date, time, and place of the meeting.
- (2) The members of the governing body recorded as either present or absent.
- (3) The general substance of all matters proposed, discussed, or decided.
- (4) A record of all votes taken, by individual members if there is a roll call.
- (5) Any additional information required under IC 5-1.5-2-2.5."

OFFICIAL BOND

The following official bonds were not filed in the office of the County Recorder:

Trustee for the 2007, 2008, and 2009 years

IC 5-4-1-5.1(b) states in part: "Every elected or appointed officer, official, deputy, or employee of a political subdivision . . . shall file the bond in the office of the county recorder . . ."

MILLCREEK TOWNSHIP, FOUNTAIN COUNTY  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

CAPITAL ASSET RECORDS

Information presented for examination did not indicate an inventory or record of capital assets using General Form 369.

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)

PRESCRIBED FORMS

The following prescribed forms were not in use:

Township Form 1C (Financial and Appropriation Ledger)  
General Form 350 (Register of Investments)  
General Form 369 (Capital Asset Ledger)

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

Payroll reporting forms to the Internal Revenue Service and the Indiana Department of Revenue were not presented for examination for the years 2007, 2008, and 2009.

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)

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. A similar comment was in prior Reports B25128 and B30503.

MILLCREEK TOWNSHIP, FOUNTAIN COUNTY  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

- (1) Record balances were not reconciled to depository balances.

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) There were a considerable number of errors. These errors included interest not posted, no totals by fund for receipts and disbursements, and posting dates for checks different than the actual check date.

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)

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)

REPAYMENTS AND TRANSFERS

The Township cashed a Township Fund Certificate of Deposit and placed the proceeds of \$11,085 into the Fire Fund. The Township cashed a Cumulative Fire Fund Certificate of Deposit and placed the proceeds of \$10,776 also into the Fire Fund. Additionally, the Township cashed a Fire Fund Certificate of Deposit and placed the proceeds of \$10,678 into the Township Fund.

Payments or transfers which are not authorized by statute, ordinance, resolution, or court order must be reimbursed or transferred to the appropriate fund. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

MILLCREEK TOWNSHIP, FOUNTAIN COUNTY  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

SUPPORTING DOCUMENTATION

Four payments were observed which did not contain adequate supporting documentation, such as receipts, invoices, and other public records. Due to the lack of supporting information, the validity and accountability for some money disbursed could not be established.

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)

APPROPRIATIONS

The records presented for examination indicated the following expenditures in excess of budgeted appropriations:

<u>Fund</u>	<u>Year</u>	<u>Excess Amount Expended</u>
Township	2009	<u>\$ 3,047</u>

IC 6-1.1-18-4 states in part: ". . . the proper officers of a political subdivision shall appropriate funds in such a manner that the expenditures for a year do not exceed its budget for that year as finally determined under this article."

MILLCREEK TOWNSHIP, FOUNTAIN COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on April 12, 2010, with Sandra S. Dawson, Trustee.  
The official concurred with our findings.

MILLCREEK TOWNSHIP, FOUNTAIN COUNTY  
SUMMARY

	<u>Charges</u>	<u>Credits</u>	<u>Balance Due</u>
Sandra S. Dawson, Trustee: Penalties, Interest, and Other Charges, page 6	<u>\$ 147.14</u>	<u>\$ 147.14</u>	<u>\$ -</u>