

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

FINANCIAL STATEMENT EXAMINATION REPORT

OF

INDIAN CREEK TOWNSHIP

MONROE COUNTY, INDIANA

January 1, 2010 to December 31, 2010



**FILED**

03/15/2012



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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Linda Hollingsworth Vicky Sorensen	01-01-07 to 12-31-10 01-01-11 to 12-31-14
Chairman of the Township Board	Michael Lucas Amy Swain	01-01-10 to 12-31-10 01-01-11 to 12-31-12



**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 INDIAN CREEK TOWNSHIP, MONROE COUNTY, INDIANA

We have examined the financial statement of Indian Creek Township (Township), for the period of January 1, 2010 to December 31, 2010. The Township's management is responsible for the financial statement. 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 statement and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

As discussed in Note 1, the Township prepares its financial statement on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The basis noted above is a different basis than that used in the prior year.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the Township for the year ended December 31, 2010, on the basis of accounting described in Note 1.

The Combining Schedule of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis and Schedule of Capital Assets, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statement. They have not been subjected to the examination procedures applied to the financial statement and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the Township's management and Township Board and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

December 15, 2011

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## FINANCIAL STATEMENT

The financial statement and accompanying notes were prepared by management of the Township. The financial statement and notes are presented as intended by the Township.

INDIAN CREEK TOWNSHIP, MONROE COUNTY  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For The Year Ended December 31, 2010

	Cash and Investments 01-01-10	Receipts	Disbursements	Cash and Investments 12-31-10
Township	\$ 69,941	\$ 26,653	\$ 22,923	\$ 73,671
Township Assistance	5,667	8,249	10,348	3,568
Fire Fighting	85,463	115,195	92,744	107,914
Park And Recreation	6,005	1,356	990	6,371
Rainy Day	4,603	-	850	3,753
Totals	<u>\$ 171,679</u>	<u>\$ 151,453</u>	<u>\$ 127,855</u>	<u>\$ 195,277</u>

The notes to the financial statement are an integral part of this statement.

INDIAN CREEK TOWNSHIP, MONROE COUNTY  
NOTES TO FINANCIAL STATEMENT

**Note 1. Summary of Significant Accounting Policies**

*A. Reporting Entity*

The Township was established under the laws of the State of Indiana. The Township operates under a township trustee/township board form of government and provides some or all of the following services: public safety (fire), health and social services (township assistance), culture and recreation (parks and/or community centers), and general administrative services (weed and dog control).

The accompanying financial statement presents the financial information for the Township (primary government), and does not include financial information for any of the Township's legally separate component units, which accounting principles generally accepted in the United States of America require to be reported with the financial information of the Township (primary government).

*B. Basis of Accounting*

The financial statement is reported on a regulatory basis of accounting prescribed by the State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when received and disbursements are recorded when paid.

The regulatory basis of accounting differs from accounting principles generally accepted in the United States of America in that receipts are recognized when received in cash, rather than when earned, and disbursements are recognized when paid, rather than when a liability is incurred.

*C. Cash and Investments*

Investments are stated at cost. Any changes in fair value of the investments are reported as receipts in the year of the sale of the investment.

*D. Receipts*

Receipts are presented in the aggregate on the face of the financial statement. The aggregate receipts may include, but are not limited to, the following sources:

Taxes which can include one or more of the following: property taxes, certified shares (local option tax), property tax replacement credit (local option tax), county option income tax, wheel tax, innkeepers tax, food and beverage tax, county economic development income tax, boat and trailer excise tax, county adjusted gross income tax, and other taxes that are set by the Township.

Licenses and permits which include amounts received from businesses, occupations, or nonbusinesses that must be licensed before doing business within the government's jurisdiction or permits levied according to the benefits presumably conferred by the permit. Examples of licenses and permits include: peddler licenses, dog tax licenses, auctioneer license, building and planning permits, demolition permits, electrical permits, sign permits, and gun permits.

INDIAN CREEK TOWNSHIP, MONROE COUNTY  
NOTES TO FINANCIAL STATEMENT  
(Continued)

Intergovernmental receipts which include receipts from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of this type of receipts include, but are not limited to: federal grants, state grants, cigarette tax distributions received from the state, motor vehicle highway distribution received from the state, local road and street distribution received from the state, financial institution tax received from the state, auto excise surtax received from the state, commercial vehicle excise tax received from the state, major moves distributions received from the state, and riverboat receipts received from the county.

Charges for services which can include, but are not limited to the following: planning commission charges, building department charges, copies of public records, copy machine charges, accident report copies, gun permit applications, 911 telephone services, recycling fees, dog pound fees, emergency medical service fees, park rental fees, swimming pool receipts, cable tv receipts, ordinance violations, fines and fees, bond forfeitures, court costs, and court receipts.

Fines and forfeits which include receipts derived from fines and penalties imposed for the commission of statutory offenses, violation of lawful administrative rules and regulations (fines), and for the neglect of official duty and monies derived from confiscating deposits held as performance guarantees (forfeitures).

Utility fees which are comprised mostly of charges for current services.

Other receipts which include amounts received from various sources which can include, but are not limited to the following: net proceeds from borrowings; interfund loan activity; transfers authorized by statute, ordinance, resolution or court order; internal service receipts; and fiduciary receipts.

*E. Disbursements*

Disbursements are presented in the aggregate on the face of the financial statement. The aggregate disbursements may include, but are not limited to, the following uses:

Personal services include outflows for salaries, wages, and related employee benefits provided for all persons employed. In those units where sick leave, vacation leave, overtime compensation, and other such benefits are appropriated separately, such payments would also be included.

Supplies which include articles and commodities that are entirely consumed and materially altered when used and/or show rapid depreciation after use for a short period of time. Examples of supplies include office supplies, operating supplies, and repair and maintenance supplies.

Other services and charges which include, but are not limited to: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

Debt service principal and interest which include fixed obligations resulting from financial transactions previously entered into by the Township. It includes all expenditures for the reduction of the principal and interest of the Township's general obligation indebtedness.

INDIAN CREEK TOWNSHIP, MONROE COUNTY  
NOTES TO FINANCIAL STATEMENT  
(Continued)

Capital outlay which include all outflows for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

Utility operating expenses which include all outflows for operating the utilities.

Other disbursements which include, but are not limited to the following: interfund loan payments, loans made to other funds, internal service disbursements, and transfers out that are authorized by statute, ordinance, resolution, or court order.

*F. Interfund Transfers*

The Township may, from time to time, transfer money from one fund to another. These transfers, if any, are included as a part of the receipts and disbursements of the affected funds and as a part of total receipts and disbursements. The transfers are used for cash flow purposes as provided by various statutory provisions.

*G. Fund Accounting*

Separate funds are established, maintained, and reported by the Township. Each fund is used to account for money received from and used for specific sources and uses as determined by various regulations. Restrictions on some funds are set by statute while other funds are internally restricted by the Township. The money accounted for in a specific fund may only be available for use for certain, legally restricted purposes. Additionally, some funds are used to account for assets held by the Township in a trustee capacity as an agent of individuals, private organizations, other funds, or other governmental units and therefore the funds cannot be used for any expenditures of the unit itself.

**Note 2. Budgets**

The operating budget is initially prepared and approved at the local level. The fiscal officer of the Township submits a proposed operating budget to the governing board for the following calendar year. The budget is advertised as required by law. Prior to adopting the budget, the governing board conducts public hearings and obtains taxpayer comments. Prior to November 1, the governing board approves the budget for the next year. The budget for funds for which property taxes are levied or highway use taxes are received is subject to final approval by the Indiana Department of Local Government Finance.

**Note 3. Property Taxes**

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the Township in June and December; however, situations can arise which would delay the distributions. 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 percent 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 normally become delinquent if not paid by May 10 and November 10, respectively.

INDIAN CREEK TOWNSHIP, MONROE COUNTY  
NOTES TO FINANCIAL STATEMENT  
(Continued)

**Note 4. *Deposits and Investments***

Deposits, made in accordance with state statute (IC 5-13), with financial institutions in the State of Indiana at year end should be 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 statutes authorize 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.

**Note 5. *Risk Management***

The Township may be exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents; and natural disasters.

These risks can be mitigated through the purchase of insurance, establishment of a self-insurance fund, and/or participation in a risk pool. The purchase of insurance transfers the risk to an independent third party. The establishment of a self-insurance fund allows the Township to set aside money for claim settlements. The self-insurance fund would be included in the financial statement. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks. These risks may also be mitigated by the Township by recording as a disbursement and replacement items purchased.

### SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the Township's Annual Report can be found on the Indiana Transparency Portal website: [www.in.gov/itp/annual\\_reports/](http://www.in.gov/itp/annual_reports/).

Differences may be noted between the financial information presented in the financial statement contained in this report and the financial information presented in the Annual Report of the Township which is referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the examination. This is a common occurrence in any financial statement examination. The financial information presented in this report is examined information, and the accuracy of such information can be determined by reading the opinion given in the Independent Accountant's Report.

The supplementary information presented was prepared and/or approved by management of the Township. It is presented as intended by the Township.

INDIAN CREEK TOWNSHIP, MONROE COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2010

	Township	Township Assistance	Fire Fighting	Park And Recreation	Rainy Day	Totals
Cash and investments - beginning	\$ 69,941	\$ 5,667	\$ 85,463	\$ 6,005	\$ 4,603	\$ 171,679
Receipts:						
Taxes	25,788	8,249	73,596	1,356	-	108,989
Intergovernmental	-	-	38,148	-	-	38,148
Other receipts	865	-	3,451	-	-	4,316
Total receipts	<u>26,653</u>	<u>8,249</u>	<u>115,195</u>	<u>1,356</u>	<u>-</u>	<u>151,453</u>
Disbursements:						
Personal services	13,512	-	22,327	-	-	35,839
Supplies	436	-	5,499	545	-	6,480
Other services and charges	8,975	-	26,770	445	850	37,040
Capital outlay	-	-	38,148	-	-	38,148
Other disbursements	-	10,348	-	-	-	10,348
Total disbursements	<u>22,923</u>	<u>10,348</u>	<u>92,744</u>	<u>990</u>	<u>850</u>	<u>127,855</u>
Excess (deficiency) of receipts over disbursements	<u>3,730</u>	<u>(2,099)</u>	<u>22,451</u>	<u>366</u>	<u>(850)</u>	<u>23,598</u>
Cash and investments - ending	<u>\$ 73,671</u>	<u>\$ 3,568</u>	<u>\$ 107,914</u>	<u>\$ 6,371</u>	<u>\$ 3,753</u>	<u>\$ 195,277</u>

INDIAN CREEK TOWNSHIP, MONROE COUNTY  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF CAPITAL ASSETS  
December 31, 2010

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	\$ 45,000
Machinery and equipment	<u>6,475</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 51,475</u>

INDIAN CREEK TOWNSHIP, MONROE COUNTY  
EXAMINATION RESULTS AND COMMENTS

**DISBURSEMENT DOCUMENTATION**

The following claims selected for review did not contain adequate supporting documentation such as receipts, invoices, or contracts:

Check No	Payee	Check Date	Amount	Purpose per check memo
1911	Patty Sturgeon	02-23-10	\$ 1,000.00	Rent pd monthly
1941	McNeal Insurance	03-09-10	851.75	Insurance fire
1962	Ezell group	05-15-10	3,459.00	Insurance fire
1985	C & L Computer Repair	05-06-10	460.00	Repair of fire computer
2152	Patty Sturgeon	12-07-10	1,500.00	Rent for January 2011
2166	Jim Shaw	12-11-10	200.00	Clothing allowance
2175	Hinds Security	12-11-10	76.50	Video the transfer of records to new trustee
2188	Darla Brown	12-31-10	891.77	Attorney fees
	Total		<u>\$ 8,439.02</u>	

Upon further inquiry we discovered the Township rented a barn owned by Patty Sturgeon, Township resident, that was used by the fire department. The Trustee approved the rent payments; however, no invoice or other documentation was provided for examination.

Due to the lack of supporting information, the validity and accountability for some monies 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)

**CONTRACT**

The Township paid a total of \$12,500 to Patty Sturgeon, Township resident, in 2010 to rent her barn for use by the fire department. Linda Hollingsworth, former Trustee, stated there was a contract signed; however, the current Trustee could not locate the contract. No contract was presented for examination.

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)

**EQUIPMENT NOT SURRENDERED TIMELY**

On October 23, 2011, Vicky Sorensen, Trustee, met with the State Board of Accounts. She brought to our attention, five checks that had been issued in previous years for what appeared to be purchases of equipment. She could not locate an invoice or claim supporting the checks, nor could she locate equipment on hand that would support the purchases. Upon further inquiry with Linda Hollingsworth, former Trustee, the following information was obtained regarding the five checks:

INDIAN CREEK TOWNSHIP, MONROE COUNTY  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

Check Date	Payee	Amount	Memo	Per Inquiry	Status
12-31-08	Owensburg-Jackson Fire Department	\$ 725.00	Radio Equipment	9 radios	8 returned to current trustee on December 15, 2011, 1 lost
08-06-09	B&L Communications	1,580.85	Radios for truck	2 radios	Returned to current trustee on December 15, 2011
09-24-09	Jackson Twp	1,000.00	Truck	SUV/Medical Truck	Returned to current trustee when she took office
10-01-09	Logisys Systems, Inc.	369.45	Dispatch Computer Software	Replacement of damaged leased equipment	Leased equipment returned to lessor per lease agreement
02-02-10	Winslow Hardware	324.95	Heater	Destroyed when truck backed over it.	n/a

Indiana Code 36-6-4-14 states: When his term of office expires, the executive shall:

- (1) immediately deliver to the new executive custody of all funds and property of the township, except records necessary in the preparation of his annual report;
- (2) deliver to the new executive, not later than the second Monday in the next January, his annual report and any records he has retained; and
- (3) attend the annual meeting of the township legislative body held under IC 36-6-6-9 and submit to inquiries from the legislative body concerning the operation of the executive's office during the preceding calendar year.

INDIAN CREEK TOWNSHIP, MONROE COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on January 10, 2011, with Vicky Sorensen, Trustee and on January 6, 2012, with Linda Hollingsworth, former Trustee.