

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

FINANCIAL STATEMENTS EXAMINATION REPORT

OF

SANDCREEK TOWNSHIP

BARTHOLOMEW COUNTY, INDIANA

January 1, 2010 to December 31, 2011



**FILED**  
10/22/2013



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### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Janice Jines	01-01-08 to 01-16-12
	Sandra Bayles	01-17-12 to 12-31-13
Chairman of the Township Board	David Skinner	01-01-10 to 12-31-10
	Ronnie Hoevener	01-01-11 to 12-31-11
	Karl Forster	01-01-12 to 12-31-13



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

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

We were engaged to examine the accompanying financial statements of Sandcreek Township (Township), for the period of January 1, 2010 to December 31, 2011. The financial statements are the responsibility of the Township's management.

The Township did not properly maintain accounting records. Documentation for disbursements was not maintained or presented for examination to verify that the disbursements were an obligation of the Township. Additionally, the Township's 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, and payroll withholdings were not posted. The Township's records do not permit the application of other examination procedures to ascertain if the financial statements are fairly stated.

Since the Township did not properly maintain accounting records and we were not able to apply other examination procedures to satisfy ourselves as to whether the financial statements are fairly stated, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on these financial statements.

Our examination was conducted for the purpose of forming an opinion on the Township's financial statements. The Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis and Schedule of Payables and Receivables, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statements. They have not been subjected to the examination procedures applied to the financial statements and, accordingly, we express no opinion on them.

A handwritten signature in cursive script, appearing to read "Bruce Hartman".

Bruce Hartman  
State Examiner

October 8, 2013

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## FINANCIAL STATEMENTS

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

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

Fund	Cash and Investments 01-01-10	Receipts	Disbursements	Cash and Investments 12-31-10
Township	\$ 87,569	\$ 15,174	\$ 12,060	\$ 90,683
Township Assistance	38,991	13,397	7,050	45,338
Fire Fighting	2,088	22,711	15,000	9,799
Cumulative Fire	54,393	-	54,393	-
Rainy Day	3,721	-	-	3,721
Totals	<u>\$ 186,762</u>	<u>\$ 51,282</u>	<u>\$ 88,503</u>	<u>\$ 149,541</u>

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

SANDCREEK TOWNSHIP, BARTHOLOMEW COUNTY  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For The Year Ended December 31, 2011

Fund	Cash and Investments 01-01-11	Receipts	Disbursements	Cash and Investments 12-31-11
Township	\$ 90,519	\$ 14,283	\$ 15,293	\$ 89,509
Township Assistance	45,689	13,368	9,550	49,507
Fire Fighting	9,799	18,315	20,000	8,114
Rainy Day	3,721	-	-	3,721
Totals	<u>\$ 149,728</u>	<u>\$ 45,966</u>	<u>\$ 44,843</u>	<u>\$ 150,851</u>

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

SANDCREEK TOWNSHIP, BARTHOLOMEW COUNTY  
NOTES TO FINANCIAL STATEMENTS

**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 statements present the financial information for the Township.

*B. Basis of Accounting*

The financial statements are 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 statements. The aggregate receipts include 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.

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.

SANDCREEK TOWNSHIP, BARTHOLOMEW COUNTY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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 statements. The aggregate disbursements include 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.

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

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.

SANDCREEK TOWNSHIP, BARTHOLOMEW COUNTY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

**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.

**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 statements. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks.

## SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the Township's Annual Reports for years prior to 2011 can be found on the Indiana Transparency Portal website: [www.in.gov/itp/annual\\_reports/](http://www.in.gov/itp/annual_reports/).

For additional financial information, the Township's Annual Report information for years 2011 and later can be found on the Gateway website: <https://gateway.ifionline.org/>.

Differences may be noted between the financial information presented in the financial statements contained in this report and the financial information presented in the Annual Reports of the Township which are 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 approved by management of the Township. It is presented as intended by the Township.

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

	<u>Township</u>	<u>Township Assistance</u>	<u>Fire Fighting</u>	<u>Cumulative Fire</u>	<u>Rainy Day</u>	<u>Totals</u>
Cash and investments - beginning	\$ 87,569	\$ 38,991	\$ 2,088	\$ 54,393	\$ 3,721	\$ 186,762
Receipts:						
Taxes	15,013	13,397	22,711	-	-	51,121
Other receipts	161	-	-	-	-	161
Total receipts	<u>15,174</u>	<u>13,397</u>	<u>22,711</u>	<u>-</u>	<u>-</u>	<u>51,282</u>
Disbursements:						
Personal services	6,095	-	-	-	-	6,095
Supplies	67	-	-	-	-	67
Other services and charges	5,898	-	-	-	-	5,898
Capital outlay	-	7,050	15,000	54,393	-	76,443
Total disbursements	<u>12,060</u>	<u>7,050</u>	<u>15,000</u>	<u>54,393</u>	<u>-</u>	<u>88,503</u>
Excess (deficiency) of receipts over disbursements	<u>3,114</u>	<u>6,347</u>	<u>7,711</u>	<u>(54,393)</u>	<u>-</u>	<u>(37,221)</u>
Cash and investments - ending	<u>\$ 90,683</u>	<u>\$ 45,338</u>	<u>\$ 9,799</u>	<u>\$ -</u>	<u>\$ 3,721</u>	<u>\$ 149,541</u>

SANDCREEK TOWNSHIP, BARTHOLOMEW COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2011

	<u>Township</u>	<u>Township Assistance</u>	<u>Fire Fighting</u>	<u>Cemetery</u>	<u>Totals</u>
Cash and investments - beginning	\$ 90,519	\$ 45,689	\$ 9,799	\$ 3,721	\$ 149,728
Receipts:					
Taxes	8,916	12,046	12,521	-	33,483
Intergovernmental	5,263	1,294	5,794	-	12,351
Other receipts	<u>104</u>	<u>28</u>	<u>-</u>	<u>-</u>	<u>132</u>
Total receipts	<u>14,283</u>	<u>13,368</u>	<u>18,315</u>	<u>-</u>	<u>45,966</u>
Disbursements:					
Personal services	6,452	-	-	-	6,452
Supplies	333	466	-	-	799
Other services and charges	8,508	9,084	-	-	17,592
Capital outlay	<u>-</u>	<u>-</u>	<u>20,000</u>	<u>-</u>	<u>20,000</u>
Total disbursements	<u>15,293</u>	<u>9,550</u>	<u>20,000</u>	<u>-</u>	<u>44,843</u>
Excess (deficiency) of receipts over disbursements	<u>(1,010)</u>	<u>3,818</u>	<u>(1,685)</u>	<u>-</u>	<u>1,123</u>
Cash and investments - ending	<u>\$ 89,509</u>	<u>\$ 49,507</u>	<u>\$ 8,114</u>	<u>\$ 3,721</u>	<u>\$ 150,851</u>

SANDCREEK TOWNSHIP, BARTHOLOMEW COUNTY  
SCHEDULE OF PAYABLES AND RECEIVABLES  
December 31, 2011

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	<u>\$ 44,844</u>	<u>\$ 45,968</u>

SANDCREEK TOWNSHIP, BARTHOLOMEW COUNTY  
EXAMINATION RESULTS AND COMMENTS

***BOARD MINUTES MISSING***

The minutes of the meetings of the governing body were not presented for examination for any of the meetings.

Indiana Code 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 or IC 20-12-63-7."

***CONDITION OF RECORDS***

No supporting documentation for Township disbursements, totaling \$133,346, was presented for examination to provide sufficient information to examine the transactions for accuracy or correctness. Due to the lack of supporting information, we could not verify the purpose of the disbursements.

Additionally, the Township ledger was not posted correctly. The pages were not subtotaled and/or totaled consistently; some cash balances were not calculated or carried forward correctly; appropriations were not posted; and payroll withholdings were not posted.

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)

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)

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

***BANK ACCOUNT RECONCILIATIONS***

Record balances were not reconciled to depository balances. The Trustee had a calculator tape that she indicated was her reconciliation. However, reconcilements prepared for examination purposes included a balance in the bank of \$1,448 greater than the ledger balance for 2010 and a balance in the bank of \$1,609 greater than the ledger balance for 2011.

Indiana Code 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."

***ANNUAL REPORT***

The Annual Report for 2011 was not filed electronically until April 2, 2012.

Indiana Code 5-11-1-4(a) 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 in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under IC 5-14-3.8-7."

SANDCREEK TOWNSHIP, BARTHOLOMEW COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on October 8, 2013, with Sandra Bayles, Trustee.