

STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2765

EXAMINATION REPORT
OF
TURKEY CREEK TOWNSHIP
KOSCIUSKO COUNTY, INDIANA
January 1, 2004 to December 31, 2005



FILED
09/29/2006

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OFFICIALS

Office

Official

Term

Trustee

Barbara A. Griffith

01-01-03 to 12-31-06

Chairman of the
Township Board

Arlen Bobeck

01-01-04 to 12-31-06



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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF TURKEY CREEK TOWNSHIP, KOSCIUSKO COUNTY, INDIANA

We have examined the schedules of receipts, disbursements, and cash and investment balances of Turkey Creek Township (Township), for the period of January 1, 2004 to December 31, 2005. The Township's management is responsible for the schedules. 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 schedule of receipts, disbursements, and cash and investment balances 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 schedules referred to above present fairly, in all material respects, the cash transactions of the Township for the years ended December 31, 2004 and 2005, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

August 8, 2006

TURKEY CREEK TOWNSHIP, KOSCIUSKO COUNTY
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL FUND TYPES
As Of And For The Years Ended December 31, 2004 And 2005

	Cash and Investments 01-01-04	Receipts	Disbursements	Cash and Investments 12-31-04
Governmental Funds:				
General	\$ 87,842	\$ 51,476	\$ 38,246	\$ 101,072
Dog	1,107	761	806	1,062
Township Assistance	104,749	88,571	67,056	126,264
Firefighting	350,054	310,288	312,500	347,842
Park and Recreation	12,124	3,106	6,000	9,230
Cumulative Fire	<u>546,686</u>	<u>107,267</u>	<u>52,074</u>	<u>601,879</u>
Totals	<u>\$ 1,102,562</u>	<u>\$ 561,469</u>	<u>\$ 476,682</u>	<u>\$ 1,187,349</u>

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds:				
General	\$ 101,072	\$ 42,974	\$ 38,610	\$ 105,436
Dog	1,062	611	773	900
Township Assistance	126,264	48,937	71,542	103,659
Firefighting	347,842	281,907	305,247	324,502
Park and Recreation	9,230	2,435	5,285	6,380
Cumulative Fire	<u>601,879</u>	<u>91,134</u>	<u>432,351</u>	<u>260,662</u>
Totals	<u>\$ 1,187,349</u>	<u>\$ 467,998</u>	<u>\$ 853,808</u>	<u>\$ 801,539</u>

The accompanying notes are an integral part of the schedules.

TURKEY CREEK TOWNSHIP, KOSCIUSKO COUNTY
NOTES TO SCHEDULES

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.

TURKEY CREEK TOWNSHIP, KOSCIUSKO COUNTY
EXAMINATION RESULTS AND COMMENTS

PENALTIES, INTEREST AND OTHER CHARGES

Penalties and interest totaling \$274.40 and \$175.76 were paid to the Internal Revenue Service and Indiana Department of Revenue, respectively, during the audit period for the periods December 2004, June 2004, and March 2005. A similar comment was included in the prior Audit Report B23077. These amounts were repaid by the Trustee and Clerk. (See Summary, page 9)

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)

INADEQUATE OR MISSING DISBURSEMENT DOCUMENTATION

Several payments were observed which did not contain adequate supporting documentation such as receipts and invoices; e.g., the November 2004 bank statement recorded two debit card withdrawals for lodging but no hotel receipts were presented for audit supporting such withdrawals. A cash withdrawal slip on which was written a business name and the words "office supplies" is another example of inadequate documentation of disbursement of Township funds.

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. Disbursements, other than properly authorized petty cash disbursements, shall be by check or warrant, not by cash or other methods unless specifically authorized by statute, federal or state rule. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

APPROPRIATIONS

The records presented for audit indicated the 2005 Cumulative Fire fund expenditures exceeded budgeted appropriations by \$132,351.

Indiana Code 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."

TURKEY CREEK TOWNSHIP, KOSCIUSKO COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

CAPITAL ASSET RECORDS

Information presented for audit did not indicate an inventory or record of capital assets using Capital Asset Ledger, Form 369, was prepared. A similar comment was included in the prior Audit Report B23077.

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)

INVESTMENT MATURITY LIMITATIONS

The Township purchased a certificate of deposit which has a stated maturity of 60 months or five years.

Indiana Code 5-13-9-5.6 states in part: ". . . investments made under this chapter must have a stated final maturity of not more than . . . (3) two (2) years . . . after the date of purchase or entry into a repurchase agreement."

INTEREST ON INVESTMENTS

Interest earned on investments was automatically added to the principal and not recorded in the records. The increase in the investment value without a corresponding receipt results in inaccurate financial statements. Interest of \$4,576 and \$10,484 was added to receipts for 2004 and 2005, respectively, to properly report increase in cash and investments during the audit years.

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)

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.

Indiana Code 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 from the political subdivision to the treasurer of each county in which the political subdivision is located."

TURKEY CREEK TOWNSHIP, KOSCIUSKO COUNTY
EXIT CONFERENCE

The contents of this report were discussed on August 17, 2006, with Barbara A. Griffith, Trustee.

TURKEY CREEK TOWNSHIP, KOSCIUSKO COUNTY
SUMMARY OF CHARGE

	<u>Charge</u>	<u>Credits</u>	<u>Balance Due</u>
Penalties, Interest and Other Charges, page 6	<u>\$ 450.16</u>	<u>\$ 450.16</u>	<u>\$ -</u>