

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

EXAMINATION REPORT
OF
THORNCREEK TOWNSHIP
WHITLEY COUNTY, INDIANA
January 1, 2004 to December 31, 2005



FILED
10/18/2006

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Officials	2
Independent Accountant's Report	3
Schedules of Receipts, Disbursements, and Cash and Investment Balances.....	4
Notes to Schedules	5-6
Examination Results and Comments:	
Capital Asset Records	7
Conflict of Interest Disclosure	7
Exit Conference	8

OFFICIALS

Office

Official

Term

Trustee

Eugene Heckman

01-01-03 to 12-31-06

Chairman of the
Township Board

Clay Geiger

01-01-04 to 12-31-06



STATE OF INDIANA
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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THORNCREEK TOWNSHIP, WHITLEY COUNTY, INDIANA

We have examined the schedules of receipts, disbursements, and cash and investment balances of Thorncreek 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

September 26, 2006

THORNCREEK TOWNSHIP, WHITLEY COUNTY
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL AND FIDUCIARY 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	\$ 120,076	\$ 88,063	\$ 75,928	\$ 132,211
Dog	1,526	1,272	1,254	1,544
Township Assistance	11,415	2,535	4,816	9,134
Firefighting	52,696	77,908	78,670	51,934
Park and Recreation	12,659	7,604	6,688	13,575
Fire Debt	9,594	84,441	77,254	16,781
Cumulative Fire	31,074	70,702	55,753	46,023
Fiduciary Fund:				
Payroll Withholdings	(60)	6,706	6,706	(60)
Totals	<u>\$ 238,980</u>	<u>\$ 339,231</u>	<u>\$ 307,069</u>	<u>\$ 271,142</u>

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds:				
General	\$ 132,211	\$ 86,539	\$ 79,920	\$ 138,830
Dog	1,544	1,395	1,244	1,695
Township Assistance	9,134	10,968	6,238	13,864
Firefighting	51,934	78,951	94,443	36,442
Park and Recreation	13,575	8,479	6,881	15,173
Rainy Day	-	33,132	25,000	8,132
Fire Debt	16,781	99,363	77,255	38,889
Cumulative Fire	46,023	72,837	55,753	63,107
Fiduciary Fund:				
Payroll Withholdings	(60)	6,657	6,657	(60)
Totals	<u>\$ 271,142</u>	<u>\$ 398,321</u>	<u>\$ 353,391</u>	<u>\$ 316,072</u>

The accompanying notes are an integral part of the schedules.

THORNCREEK TOWNSHIP, WHITLEY 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.

THORNCREEK TOWNSHIP, WHITLEY COUNTY
NOTES TO SCHEDULES
(Continued)

Note 6. Pension Plan

Public Employees' Retirement Fund

Plan Description

The Township contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF Board, most requirements of the system, and give the Township authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

PERF administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

Public Employees' Retirement Fund
Harrison Building, Room 800
143 West Market Street
Indianapolis, IN 46204
Ph. (317) 233-4162

Funding Policy and Annual Pension Cost

The contribution requirements of the plan members for PERF are established by the Board of Trustees of PERF.

Note 7. Long-Term Debt

The Township has entered into various debt such as bonds for a fire station and a loan for a fire truck. The outstanding principal at December 31, 2005, was \$180,417 and \$74,997, respectively.

THORNCREEK TOWNSHIP, WHITLEY COUNTY
EXAMINATION RESULTS AND COMMENTS

CAPITAL ASSET RECORDS

Capital asset records were not presented for audit.

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)

CONFLICT OF INTEREST DISCLOSURE

Karen Heckman, Clerk, is the spouse of Eugene Heckman, Trustee. A Uniform Conflict of Interest Disclosure Statement has not been filed.

Indiana Code 35-44-1-3 states in part:

"(a) A public servant who knowingly or intentionally: (1) has a pecuniary interest in; or (2) derives a profit from; a contract or purchase connected with an action by the governmental entity served by the public servant commits conflict of interest, a Class D felony. . . ."

"(c) This section does not prohibit a public servant from having a pecuniary interest in or deriving a profit from a contract or purchase connected with the governmental entity served . . . (3) if the public servant; (A) is an elected public servant . . . and (B) makes a disclosure under subsection (d)(1) through (d)(6)."

"(d) A disclosure required by this section must: (1) be in writing; (2) describe the contract or purchase to be made by the governmental entity; (3) describe the pecuniary interest that the public servant has in the contract or purchase; (4) be affirmed under penalty of perjury; (5) be submitted to the governmental entity and be accepted by the governmental entity in a public meeting of the governmental entity prior to final action on the contract or purchase; (6) be filed within fifteen (15) days after final action on the contract or purchase with: (A) the state board of accounts; and (B) . . . the clerk of the circuit court in the county where the governmental entity takes final action on the contract or purchase . . ."

"(g) A public servant has a pecuniary interest in a contract or purchase if the contract or purchase will result or is intended to result in an ascertainable increase in the income or net worth of: (1) the public servant; or (2) a dependent of the public servant who: (A) is under the direct or indirect administrative control of the public servant; or (B) receives a contract or purchase order that is reviewed, approved, or directly or indirectly administered by the public servant. . . ."

"(k) As used in this section, 'dependent' means any of the following: (1) The spouse of a public servant. (2) A child, stepchild, or adoptee (as defined in IC 31-3-4-1) of a public servant who is: (A) unemancipated; and (B) less than eighteen (18) years of age. (3) Any individual more than one-half (1/2) of whose support is provided during a year by the public servant."

THORNCREEK TOWNSHIP, WHITLEY COUNTY
EXIT CONFERENCE

The contents of this report were discussed on September 26, 2006, with Eugene Heckman, Trustee. The official concurred with our findings.