

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

EXAMINATION REPORT  
OF  
FALL CREEK TOWNSHIP  
MADISON COUNTY, INDIANA  
January 1, 2007 to December 31, 2008



**FILED**

12/31/2009



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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Michael J. Hart Fred Gaskill	01-01-07 to 12-31-08 01-01-09 to 12-31-10
Chairman of the Township Board	Joyce C. Gaskill Michael J. Hart	01-01-07 to 12-31-08 01-01-09 to 12-31-09



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF FALL CREEK TOWNSHIP, MADISON COUNTY, INDIANA

We have examined the financial information presented herein of Fall Creek Township (Township), for the period of January 1, 2007 to December 31, 2008. 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 and 2008, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The Schedule of Long-Term Debt, as listed in the Table of Contents, is presented for additional analysis and is not a required part of the basic financial information. It has not been subjected to the examination procedures applied to the basic financial information and, accordingly, we express no opinion on it.

STATE BOARD OF ACCOUNTS

November 24, 2009

FALL CREEK TOWNSHIP, MADISON 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, 2007 And 2008

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Governmental Funds:				
Township	\$ 6,668	\$ 26,839	\$ 12,761	\$ 20,746
Township Assistance	9,374	13,202	12,677	9,899
Firefighting	95,708	148,039	131,225	112,522
Levy Excess	12,732	7,965	12,732	7,965
Fire Equipment Debt	81,336	108,126	266,251	(76,789)
Cumulative Fire	3,064	21,045	28,263	(4,154)
Fire Debt	-	15,034	38,556	(23,522)
Fiduciary Fund:				
Payroll Withholdings	-	1,469	1,469	-
Totals	<u>\$ 208,882</u>	<u>\$ 341,719</u>	<u>\$ 503,934</u>	<u>\$ 46,667</u>

	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
Governmental Funds:				
Township	\$ 20,746	\$ 23,622	\$ 18,030	\$ 26,338
Township Assistance	9,899	28,541	19,511	18,929
Firefighting	112,522	127,171	159,342	80,351
Levy Excess	7,965	-	7,965	-
Fire Equipment Debt	(76,789)	155,416	186,727	(108,100)
Cumulative Fire	(4,154)	55,088	48,600	2,334
Fire Debt	(23,522)	40,721	22,822	(5,623)
Fiduciary Fund:				
Payroll Withholdings	-	1,469	1,469	-
Totals	<u>\$ 46,667</u>	<u>\$ 432,028</u>	<u>\$ 464,466</u>	<u>\$ 14,229</u>

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

FALL CREEK TOWNSHIP, MADISON 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, 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).

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.

FALL CREEK TOWNSHIP  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF LONG-TERM DEBT  
 December 31, 2008

The Township has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental Activities:		
Capital leases:		
2001 Fire Station Lease	\$ 1,730,600	\$ 242,245
Notes and loans payable:		
2006 Fire Truck Loan	<u>155,276</u>	<u>54,290</u>
Total governmental activities debt	<u>\$ 1,885,876</u>	<u>\$ 296,535</u>

FALL CREEK TOWNSHIP, MADISON COUNTY  
EXAMINATION RESULTS AND COMMENTS

APPROPRIATIONS

Records presented for examination indicated expenditures in excess of budgeted appropriations for the Fire Equipment Debt Fund. There were \$172,697 in expenditures in excess of budgeted appropriations in 2007, and in 2008, there were \$148,683 in expenditures in excess of budgeted appropriations. Review of the budget documents indicates that expenditures that were originally budgeted for the Fire Building Debt Fund were actually charged to the Fire Equipment Debt Fund.

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."

OVERDRAWN CASH BALANCES

The cash balances of the Fire Equipment Debt, Cumulative Fire, and Fire Debt Funds were all overdrawn at times during the examination period. The Fire Equipment Debt Fund had a deficit balance of \$76,789 and \$108,100 at the end of 2007 and 2008, respectively. The Fire Debt Fund had a deficit balance of \$23,522 and \$5,623 at the end of 2007 and 2008, respectively.

The cash balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the governmental unit. (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. A similar comment has appeared in several prior reports, most recently Report B29745.

IC 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."

FALL CREEK TOWNSHIP, MADISON COUNTY  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

CERTIFIED REPORT NOT FILED

Township officials did not file a certified report of compensation of officers and employees (Form 100-R or its equivalent) with the State Board of Accounts for the year 2008. A similar comment has appeared in several prior reports, most recently Report B29745.

IC 5-11-13-1 states in part:

"Every state, county, city, town, township, or school official . . . shall during the month of January of each year prepare, make, and sign a written or printed certified report, correctly and completely showing the names and addresses of each and all officers, employees, and agents . . . and the respective duties and compensation of each, and shall forthwith file said report in the office of the state examiner of the state board of accounts."

PRESCRIBED FORMS

The Township is not using Township Form 17, Resolution Recommending Salaries of Township Officers and Employees. The salaries of the Township Trustee and Township Clerk were not formally approved.

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, and resolution or salary schedule adopted by the governing body unless otherwise authorized by statute. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

The Township is also not using Township Form 369, Capital Asset Ledger. The Township has acquired joint ownership of a fire station and a fire truck with the Town of Pendleton. These assets are not recorded by the Township.

Every governmental unit should have a complete inventory of all capital assets owned which reflects their acquisition value. Such inventory should be recorded on the applicable Capital Assets 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 19)

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)

FALL CREEK TOWNSHIP, MADISON COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on November 24, 2009, with Fred Gaskill, Trustee; and Michael J. Hart, Chairman of the Township Board. The officials concurred with our findings.