B40338

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

FINANCIAL STATEMENT EXAMINATION REPORT

OF

TURKEY CREEK TOWNSHIP

KOSCIUSKO COUNTY, INDIANA

January 1, 2010 to December 31, 2011

FILED

04/24/2012

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OFFICIALS

Office	Official	Term
Trustee	Barbara A. Griffith	01-01-07 to 12-31-14
Chairman of the Township Board	Arlen Bobeck	01-01-10 to 12-31-10
	William Dixon	01-01-11 to 12-31-12

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302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the financial statements of Turkey Creek Township (Township), for the period of January 1, 2010 to December 31, 2011. The Township's management is responsible for the financial statements. 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 statements 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 statements 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 statements referred to above present fairly, in all material respects, the financial position and results of operations of the Township for the years ended December 31, 2010 and 2011, on the basis of accounting described in Note 1.

The Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, 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.

This report is intended solely for the information and use of the Township's management, Township Board, and others within the entity, 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

March 13, 2012

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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.

TURKEY CREEK TOWNSHIP, KOSCIUSKO 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	$ 47,596	$ 63,730	$ 55,860	$ 55,466
Township Assistance	10,057	76,677	44,883	41,851
Cumulative Fire	75,531	2	75,533	-
Park And Recreation	6,418	5,347	-	11,765
Levy Excess	1,428	1,138	-	2,566
Rainy Day	68,374	28,474	10	96,838
Fire Territory General Funds	296,920	1,655,250	1,254,292	697,878
Fire Territory Equipment Fund	587,648	670,250	794,220	463,678
Payroll Withholding Fund	(13,071)	13,071	-	-
Totals	$ 1,080,901	$ 2,513,939	$ 2,224,798	$ 1,370,042

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

TURKEY CREEK TOWNSHIP, KOSCIUSKO 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	$ 55,466	$ 170,423	$ 57,196	$ 168,693
Park And Recreation	11,765	5,096	6,000	10,861
Township Assistance	41,851	122,336	50,022	114,165
Rainy Day	96,838	8,900	7,126	98,612
Levy Excess	2,566	-	-	2,566
Fire Territory Equipment Fund	463,678	700,243	168,242	995,679
Fire Territory General Funds	697,878	1,139,699	1,338,134	499,443
Totals	$ 1,370,042	$ 2,146,697	$ 1,626,720	$ 1,890,019

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

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.

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.

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 may 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.

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.

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.

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. These risks may also be mitigated by the Township by recording as a disbursement any replacement items purchased.

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SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the Township's 2010 Annual Report can be found on the Indiana Transparency Portal website: www.in.gov/itp/annual_reports/.

For additional financial information, the Township's 2011 Annual Report information 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.

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

	Township	Township Assistance	Cumulative Fire	Park And Recreation	Levy Excess
Cash and investments - beginning	$ 47,596	$ 10,057	$ 75,531	$ 6,418	$ 1,428
Receipts:					
Taxes	60,033	76,653	2	5,347	1,138
Intergovernmental	-	-	-	-	-
Charges for services	-	-	-	-	-
Other receipts	3,697	24	-	-	-
Total receipts	63,730	76,677	2	5,347	1,138
Disbursements:					
Personal services	36,040	-	-	-	-
Supplies	1,275	-	-	-	-
Other services and charges	18,545	44,883	-	-	-
Capital outlay	-	-	-	-	-
Other disbursements	-	-	75,533	-	-
Total disbursements	55,860	44,883	75,533	-	-
Excess (deficiency) of receipts over disbursements	7,870	31,794	(75,531)	5,347	1,138
Cash and investments - ending	$ 55,466	$ 41,851	$ -	$ 11,765	$ 2,566

TURKEY CREEK TOWNSHIP, KOSCIUSKO COUNTY
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For The Year Ended December 31, 2010
(Continued)

	Rainy Day	Fire Territory General Funds	Fire Territory Equipment Fund	Payroll Withholding Fund	Totals
Cash and investments - beginning	$ 68,374	$ 296,920	$ 587,648	$ (13,071)	$ 1,080,901
Receipts:					
Taxes	-	1,352,830	590,925	-	2,086,928
Intergovernmental	-	1,033	-	-	1,033
Charges for services	-	289,077	-	-	289,077
Other receipts	28,474	12,310	79,325	13,071	136,901
Total receipts	28,474	1,655,250	670,250	13,071	2,513,939
Disbursements:					
Personal services	10	921,570	-	-	957,620
Supplies	-	85,328	-	-	86,603
Other services and charges	-	224,537	-	-	287,965
Capital outlay	-	14,903	-	-	14,903
Other disbursements	-	7,954	794,220	-	877,707
Total disbursements	10	1,254,292	794,220	-	2,224,798
Excess (deficiency) of receipts over disbursements	28,464	400,958	(123,970)	13,071	289,141
Cash and investments - ending	$ 96,838	$ 697,878	$ 463,678	$ -	$ 1,370,042

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

	Township	Park And Recreation	Township Assistance	Rainy Day	Levy Excess	Fire Territory Equipment Fund	Fire Territory General Funds	Totals
Cash and investments - beginning	$ 55,466	$ 11,765	$ 41,851	$ 96,838	$ 2,566	$ 463,678	$ 697,878	$ 1,370,042
Receipts:								
Taxes	24,258	5,063	71,124	-	-	550,799	490,991	1,142,235
Intergovernmental	145,955	33	50,354	236	-	13,087	412,255	621,920
Charges for services	100	-	-	-	-	-	228,605	228,705
Other receipts	110	-	858	8,664	-	136,357	7,848	153,837
Total receipts	170,423	5,096	122,336	8,900	-	700,243	1,139,699	2,146,697
Disbursements:								
Personal services	33,046	6,000	-	-	-	-	926,464	965,510
Supplies	661	-	-	-	-	-	89,359	90,020
Other services and charges	22,289	-	50,022	-	-	-	179,376	251,687
Capital outlay	1,200	-	-	-	-	168,242	6,577	176,019
Other disbursements	-	-	-	7,126	-	-	136,358	143,484
Total disbursements	57,196	6,000	50,022	7,126	-	168,242	1,338,134	1,626,720
Excess (deficiency) of receipts over disbursements	113,227	(904)	72,314	1,774	-	532,001	(198,435)	519,977
Cash and investments - ending	$ 168,693	$ 10,861	$ 114,165	$ 98,612	$ 2,566	$ 995,679	$ 499,443	$ 1,890,019

TURKEY CREEK TOWNSHIP, KOSCIUSKO COUNTY
EXAMINATION RESULTS AND COMMENTS

APPROPRIATIONS

The records presented for examination indicated the following expenditures in excess of budgeted appropriations:

Fund	Year	Excess Amount Expended
Fire Territory Equipment Fund	2010	$ 294,220

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."

DEPOSITORY RECONCILIATION

The depository reconciliations for December 31, 2011, indicated the bank balances exceeded the record balance by $ 2,477.

Indiana Code 5-13-6-1(e) states in part: "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."

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

SALARY APPROVAL

No evidence was presented to document that the board had approved the salaries paid during the examination period.

IC 36-6-6-10 requires the township board to set the salaries; wages; rates of hourly pay; and remuneration other than statutory allowances of all township officials and employees, except assessing officials and employees, for the year 1985 and each year thereafter. However, please remember the township board should record the salaries so fixed in the Township Board Minutes. A type of format for recording these salaries should be the existing format of Township Form No. 17. We recommend the board set the salaries of township officials and employees, in conjunction with the preparation and completion of the township budget. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 2)

TURKEY CREEK TOWNSHIP, KOSCIUSKO COUNTY
EXIT CONFERENCE

The contents of this report were discussed on March 13, 2012, with Barbara A. Griffith, Trustee. The official concurred with our findings.