B47892

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

COMPLIANCE REPORT

OF

ROCK CREEK TOWNSHIP

BARTHOLOMEW COUNTY, INDIANA

January 1, 2012 to December 31, 2015

FILED
03/30/2017

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SCHEDULE OF OFFICIALS

Office	Official	Term
Trustee	David E. Buzzard	01-01-12 to 09-12-16
	(Vacant)	09-13-16 to 09-15-16
	Marcus D. Speer	09-16-16 to 12-31-18
Chairman of the Township Board	Garry L. Barker	01-01-01 to 12-31-16

STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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TO: THE OFFICIALS OF ROCK CREEK TOWNSHIP, BARTHOLOMEW COUNTY, INDIANA

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of Rock Creek Township (Township), Bartholomew County, for the period January 1, 2012 to December 31, 2015, to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts.

The Results and Comments contained herein describe the identified reportable instances of noncompliance found as a result of these procedures. Our tests were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified.

The Annual Financial Reports filed by the Township can be found on the Gateway website: https://gateway.ifionline.org/.

Paul D. Joyce

Paul D. Joyce, CPA
State Examiner

January 3, 2017

DEPOSITORY RECONCILIATIONS

Depository reconciliations of the fund balances to the bank account balances were not completed during the period.

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 ERRORS

The Annual Financial Reports (AFR) filed on Gateway for 2012, 2013, 2014, and 2015 contained a number of errors and did not properly reflect the financial activity of the Township. Amounts reported in Gateway were corrected after the Trustee was notified during the exit conference.

Years	Fund	Category	Amount per AFR	Amount Per Corrected Township Ledger	Difference
2012	Cemetery Trust Fund #80036399	Beginning Balance	$ 1,787.45	$ 6.00	$ 1,781.45
2012	Cumulative Fire	Beginning Balance	20,174.95	27,599.34	(7,424.39)
2012	Fire Fighting	Beginning Balance	(3,325.98)	(3,548.01)	222.03
2012	Township	Beginning Balance	(9,867.39)	(9,840.35)	(27.04)
2012	Township Assistance	Beginning Balance	(875.51)	(897.20)	21.69
2012	Cemetery Bond #80031968	Receipts	54.00	-	54.00
2012	Cemetery Bond #80032060	Receipts	52.32	-	52.32
2012	Cumulative Fire	Receipts	5,789.97	15,209.86	(9,419.89)
2012	Fire Fighting	Receipts	11,982.44	14,341.38	(2,358.94)
2012	Township	Receipts	19,318.31	20,376.45	(1,058.14)
2012	Township Assistance	Receipts	7,395.39	8,538.41	(1,143.02)
2012	Township	Disbursements	15,207.30	17024.55	(1,817.25)
2012	Cemetery Bond #80031968	Ending Balance	2,851.99	2,797.99	54.00
2012	Cemetery Bond #80032060	Ending Balance	1,773.63	1,721.31	52.32
2012	Cemetery Trust Fund #80036399	Ending Balance	1,787.45	6.00	1,781.45
2012	Cumulative Fire	Ending Balance	25,964.92	42,809.20	(16,844.28)
2012	Fire Fighting	Ending Balance	(3,343.54)	(1,206.63)	(2,136.91)
2012	Township	Ending Balance	(5,756.38)	(6,488.45)	732.07
2012	Township Assistance	Ending Balance	5,943.88	7,065.21	(1,121.33)
2013	Cemetery Bond #80031968	Beginning Balance	2,851.99	2,797.99	54.00
2013	Cemetery Bond #80032060	Beginning Balance	1,773.63	1,721.31	52.32
2013	Cemetery Trust Fund #80036399	Beginning Balance	1,787.45	6.00	1,781.45
2013	Cumulative Fire	Beginning Balance	25,964.92	42,809.20	(16,844.28)
2013	Fire Fighting	Beginning Balance	(3,343.54)	(1,206.63)	(2,136.91)
2013	Township	Beginning Balance	(5,756.38)	(6,488.45)	732.07
2013	Township Assistance	Beginning Balance	5,943.88	7,065.21	(1,121.33)
2013	Cemetery Bond #80031968	Receipts	0.36	2,852.35	(2,851.99)
2013	Cemetery Bond #80032060	Receipts	6.70	1,780.33	(1,773.63)
2013	Cemetery Trust Fund #80036399	Receipts	0.89	-	0.89
2013	Cumulative Fire	Receipts	11,053.86	11,424.94	(371.08)
2013	Fire Fighting	Receipts	10,990.55	11,322.32	(331.77)
2013	Township	Receipts	10,928.39	11,235.33	(306.94)
2013	Township Assistance	Receipts	8,247.49	8,365.93	(118.44)
2013	Cemetery Bond #80031968	Disbursements	-	2797.99	(2,797.99)
2013	Cemetery Bond #80032060	Disbursements	-	1721.31	(1,721.31)
2013	Township	Disbursements	15,787.31	16,644.35	(857.04)
2013	Township Assistance	Disbursements	1,040.00	1,180.00	(140.00)
2013	Cemetery Trust Fund #80036399	Ending Balance	1,788.34	6.00	1,782.34
2013	Cumulative Fire	Ending Balance	37,018.78	54,234.14	(17,215.36)
2013	Fire Fighting	Ending Balance	(4,352.99)	(1,884.31)	(2,468.68)
2013	Township	Ending Balance	(10,615.30)	(11,897.47)	1,282.17
2013	Township Assistance	Ending Balance	13,151.37	14,251.14	(1,099.77)

Years	Fund	Category	Amount per AFR	Amount per Corrected Township Ledger	Difference
2014	Cemetery Trust Fund #80036399	Beginning Balance	1,788.34	6.00	1,782.34
2014	Cumulative Fire	Beginning Balance	37,018.78	54,234.14	(17,215.36)
2014	Fire Fighting	Beginning Balance	(4,352.99)	(1,884.31)	(2,468.68)
2014	Township	Beginning Balance	(10,615.30)	(11,897.47)	1,282.17
2014	Township Assistance	Beginning Balance	13,151.37	14,251.14	(1,099.77)
2014	Cumulative Fire	Receipts	11,549.61	11,649.03	(99.42)
2014	Fire Fighting	Receipts	11,468.69	11,468.69	-
2014	Township	Receipts	13,265.82	13,295.72	(29.90)
2014	Township Assistance	Receipts	8,224.07	8,427.15	(203.08)
2014	Township	Disbursements	22,618.22	23,713.31	(1,095.09)
2014	Township Assistance	Disbursements	1,300.00	1,500.00	(200.00)
2014	Cemetery Trust Fund #80036399	Ending Balance	1,788.34	6.00	1,782.34
2014	Cumulative Fire	Ending Balance	48,568.39	65,883.17	(17,314.78)
2014	Fire Fighting	Ending Balance	(4,884.30)	(2,415.62)	(2,468.68)
2014	Township	Ending Balance	(19,967.70)	(22,315.06)	2,347.36
2014	Township Assistance	Ending Balance	20,075.44	21,178.29	(1,102.85)
2015	Cemetery Trust Fund #80036399	Beginning Balance	1,788.34	6.00	1,782.34
2015	Cumulative Fire	Beginning Balance	48,568.39	65,883.17	(17,314.78)
2015	Fire Fighting	Beginning Balance	(4,884.30)	(2,415.62)	(2,468.68)
2015	Township	Beginning Balance	(19,967.70)	(22,315.06)	2,347.36
2015	Township Assistance	Beginning Balance	20,075.44	21,178.29	(1,102.85)
2015	Cumulative Fire	Receipts	12,587.01	11,666.82	920.19
2015	Fire Fighting	Receipts	9,473.81	12,762.57	(3,288.76)
2015	Township	Receipts	14,452.60	13,949.66	502.94
2015	Township Assistance	Receipts	6,935.08	7,215.35	(280.27)
2015	Township	Disbursements	14,490.05	32,541.31	(18,051.26)
2015	Township Assistance	Disbursements	625.00	825.00	(200.00)
2015	Cemetery Trust Fund #80036399	Ending Balance	1,788.34	6.00	1,782.34
2015	Cumulative Fire	Ending Balance	61,155.40	77,549.99	(16,394.59)
2015	Fire Fighting	Ending Balance	(7,410.49)	(1,653.05)	(5,757.44)
2015	Township	Ending Balance	(20,005.15)	(40,906.71)	20,901.56
2015	Township Assistance	Ending Balance	26,385.52	27,568.64	(1,183.12)

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 Indiana Code 5-14-3.8-7."

OVERDRAWN CASH BALANCES

The following funds had overdrawn fund balances at December 31:

Years	Fund	Amount Overdrawn
2012	Fire Fighting	$ 1,206.63
2012	Township	6,488.45
2013	Fire Fighting	1,884.31
2013	Township	11,897.47
2014	Fire Fighting	2,415.62
2014	Township	22,315.06
2015	Fire Fighting	1,653.05
2015	Township	40,906.71

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 unit. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

OVERSPENT APPROPRIATIONS

The records presented indicated the following disbursements in excess of budgeted appropriations:

Years	Fund	Excess Amount Disbursed
2014	Township	$ 3,492.31
2015	Township	12,320.31

Indiana Code 6-1.1.18-4 states: "Except as otherwise provided in this chapter, 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."

DEPOSITS NOT MADE TIMELY

In numerous instances, receipts were deposited later than the first and fifteenth of the month for 2012 and 2013.

Indiana Code 5-13-6-1(c) states in part: " . . . The public funds collected by township trustees shall be deposited in the designated depository on or before the first and fifteenth day of each month. . . ."

APPROVAL OF SALARIES

The Township Board did not fix the salaries of Township officers and employees in 2012, 2013, 2014, and 2015.

Indiana Code 36-6-6-10(b) states in part:

"The township legislative body shall fix the:

(1) salaries;

(2) wages;

(3) rates of hourly pay . . .

of all officers and employees of the township."

COMPENSATION PAID IN ADVANCE

The Trustee and Township Clerk were paid in advance of the actual date the services were provided during the years 2013, 2014, and 2015.

Compensation and any other payments for goods and services must not be paid in advance of receipts of the goods or services unless specifically authorized by law. Payments made for goods or services which are not received may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

FAILURE TO PROPERLY REMIT PAYROLL TAXES

Payroll taxes withheld were not properly remitted to the Internal Revenue Service for 2015.

Units are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings, court decisions, and filing requirements concerning reports and other procedural matters of federal and state agencies. Units must file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

ERRORS ON FORM W-2

The wages reported on the W-2s issued did not agree with the actual amounts paid to the Trustee and Township Clerk in 2012, 2013, 2014, and 2015.

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, resolution, or salary schedule adopted by the governing body unless otherwise authorized by law. Compensation must be paid in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

Units are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings, court decisions, and filing requirements concerning reports and other procedural matters of federal and state agencies. Units must file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

UNDOCUMENTED DISBURSEMENTS

Several payments were observed which did not contain adequate supporting documentation, such as receipts, invoices, and other public records.

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for examination 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 1)

INACCURATE FORM 100-R

The Certified Report of Names, Addresses, Duties and Compensation of Public Employees (Form 100-R) was inaccurate.

Years	Employee	Amount Reported on 100-R	Actual Wages Paid	Difference
2012	David E. Buzzard	$ 4,841.00	$ 6,049.20	$ (1,208.20)
2012	Jacqueline Buzzard	721.00	1,179.85	(458.85)
2013	David E. Buzzard	4,841.00	6,599.20	(1,758.20)
2013	Jacqueline Buzzard	721.00	1,049.85	(328.85)
2014	David E. Buzzard	4,841.00	3,899.20	941.80
2014	Jacqueline Buzzard	721.00	1,049.85	(328.85)
2015	David E. Buzzard	4,437.51	21,264.20	(16,826.69)
2015	Jacqueline Buzzard	660.88	2,149.85	(1,488.97)

Indiana Code 5-11-13-1(a) states in part:

"Every state, county, city, town, township, or school official . . . during the month of January of each year prepare, make, and sign a certified report, correctly and completely showing the names and business 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."

NEPOTISM POLICY

The Township did not have a Nepotism Policy for 2012, 2013, or 2014.

Indiana Code 36-1-20.2-9(a) states in part: "This chapter establishes minimum requirements regarding employment of relatives. The legislative body of the unit shall adopt a policy that includes, at a minimum, the requirements set forth in this chapter. . . ."

ANNUAL NEPOTISM CERTIFICATION

Each elected officer did not annually certify in writing that the officer had not violated Indiana Code 36-1-20.2 (Nepotism) by December 31, 2012, 2013, 2014, and 2015.

Indiana Code 36-1-20.2-16 states: "Each elected officer of the unit shall annually certify in writing, subject to the penalties for perjury, that the officer has not violated this chapter. An officer shall submit the certification to the executive of the unit not later than December 31 of each year."

CONTRACTING POLICY

The Township did not have a Contracting Policy for 2012, 2013, or 2014.

Indiana Code 36-1-21-4(a) states in part: "This chapter establishes minimum requirements regarding contracting with a unit. The legislative body of the unit shall adopt a policy that includes, at a minimum, the requirements set forth in this chapter. . . ."

ANNUAL CONTRACTING POLICY CERTIFICATION

Each elected officer did not certify in writing that the officer had not violated Indiana Code 36-1-21 (Contracting With a Unit) by December 31, 2012, 2013, 2014, or 2015.

Indiana Code 36-1-21-6 states: "Each elected officer of the unit shall annually certify in writing, subject to the penalties for perjury that the officer is in compliance with this chapter. An officer shall submit the certification to the executive of the unit not later than December 31 of each year."

ANNUAL FINANCIAL REPORT FILED LATE

The Township did not timely file the annual report with the Indiana State Board of Accounts for the year 2014. The report was filed on March 15, 2015, which was 14 days past the due date.

Indiana Code 5-11-1-4 states:

> "(a) 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 Indiana Code 5-14-3.8-7."

LATE FILING OF FORM 100-R

The Township did not timely file a Certified Report of Names, Addresses, Duties and Compensation of Public Employees (Form 100-R) with the Indiana State Board of Accounts for the year 2014. The report was filed on March 26, 2015, which was 54 days past the due date.

Indiana Code 5-11-13-1(a) states in part:

> "Every state, county, city, town, township, or school official . . . during the month of January of each year prepare, make, and sign a certified report, correctly and completely showing the names and business 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."

ROCK CREEK TOWNSHIP, BARTHOLOMEW COUNTY
EXIT CONFERENCE

The contents of this report were discussed on January 3, 2017, with David E. Buzzard, former Trustee; Marcus D. Speer, Trustee; and Garry L. Barker, Chairman of the Township Board.