

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

EXAMINATION REPORT

OF

EAGLE CREEK TOWNSHIP

LAKE COUNTY, INDIANA

January 1, 2004 to December 31, 2005



FILED
7/7/06

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OFFICIALS

Office

Official

Term

Trustee

James Morrow

01-01-03 to 12-31-06

Chairman of the
Township Board

Bruce McNeill

01-01-04 to 12-31-06



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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF EAGLE CREEK TOWNSHIP, LAKE COUNTY, INDIANA

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

June 7, 2006

EAGLE CREEK TOWNSHIP, LAKE COUNTY
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
As Of And For The Years Ended December 31, 2004 And 2005

	<u>Cash and Investments 01-01-04</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Cash and Investments 12-31-04</u>
Governmental Funds:				
General	\$ 55,638	\$ 8,104	\$ 30,966	\$ 32,776
Dog	355	62	60	357
Township Assistance	3,715	9,276	13,538	(547)
Firefighting	57,386	26,580	75,079	8,887
Ambulance	760	-	-	760
Cumulative Fire	<u>31,483</u>	<u>4,713</u>	<u>14,992</u>	<u>21,204</u>
Totals	<u>\$ 149,337</u>	<u>\$ 48,735</u>	<u>\$ 134,635</u>	<u>\$ 63,437</u>
	<u>Cash and Investments 01-01-05</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Cash and Investments 12-31-05</u>
Governmental Funds:				
General	\$ 32,776	\$ 53,041	\$ 30,633	\$ 55,184
Dog	357	-	62	295
Township Assistance	(547)	35,422	15,824	19,051
Firefighting	8,887	133,121	84,470	57,538
Ambulance	760	-	-	760
Cumulative Fire	<u>21,204</u>	<u>24,492</u>	<u>14,932</u>	<u>30,764</u>
Totals	<u>\$ 63,437</u>	<u>\$ 246,076</u>	<u>\$ 145,921</u>	<u>\$ 163,592</u>

The accompanying notes are an integral part of the schedules.

EAGLE CREEK TOWNSHIP, LAKE 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.

Property tax rates and levies were not established by the Indiana Department of Local Government Finance as of February 15, 2005, as required by statute, due to the continued delay in the completion of the reassessment of Lake County. The 2004 pay 2005 property tax bills were mailed out on October 31, 2005, with the first installment due November 18, 2005, and the second installment due February 10, 2006.

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.

EAGLE CREEK TOWNSHIP, LAKE COUNTY
NOTES TO SCHEDULES
(Continued)

Note 6. Subsequent Event

Property tax rates and levies were not established by the Indiana Department of Local Government Finance as of February 15, 2006, as required by statute, due to the continued delay caused by the reassessment of Lake County. As of June 7, 2006, the 2005 pay 2006 property tax bills have not been mailed out.

EAGLE CREEK TOWNSHIP, LAKE COUNTY
EXAMINATION RESULTS AND COMMENTS

BANK ACCOUNT RECONCILIATIONS

Depository reconciliations of the fund balances to the bank account balances were not prepared for calendar years 2004 and 2005. A similar comment appeared in prior examination reports.

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."

PRESCRIBED FORMS

Township Trustee's Receipt, Form 16, was not issued when money was received by the Township.

Resolution Recommending Salaries and Township Officers and Employees, Form 17, was not prepared or recorded in the Township Board minutes.

A similar comment appeared in the prior examination report.

Receipts shall be issued and recorded at the time of the transaction; for example, when cash or a check is received, a receipt is to be immediately prepared and given to the person making payment. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

Indiana Code 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 17. We recommended the board set the salaries of township officials and employees, except assessing officials and employees, in conjunction with the preparation and completion of the township budget. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 2)

DISBURSEMENTS EXCEED APPROPRIATION

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

<u>Fund</u>	<u>Year</u>	<u>Excess Amount Expended</u>
Firefighting	2005	\$ 1,470

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."

EAGLE CREEK TOWNSHIP, LAKE COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

CONTRACTS

Records presented for audit indicate payments were made to Tri-Creek Ambulance Service for \$57,078.60 in 2004 and \$65,470.00 in 2005 without a written contract.

Payments made or received for contractual services should be supported by a written contract. Each governmental unit is responsible for complying with the provisions of its contracts. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

PUBLIC EMPLOYEES RETIREMENT FUND

Cedar Creek Civil Township, West Creek Civil Township, and Eagle Creek Civil Township of Lake County, Indiana, by resolution in 1975, agreed to join together to provide ambulance services for the inhabitants of the three townships.

The agreement provides that the purpose is to operate ambulances or contract for the services for the operation in accordance with standards of equipment and personnel required by the laws of the State of Indiana. As a result, Tri-Creek Ambulance Service was formed.

The number of inhabitants in each township determines the amount to be paid by each Township to Tri-Creek Ambulance Service. Additionally, the Tri-Creek Ambulance Service receives additional income from private billings, interest and miscellaneous revenue.

Our examination disclosed that membership in the Public Employees Retirement Fund (PERF) was provided to the individuals employed by Tri-Creek Ambulance Service under the name of the governmental entity "West Creek Township." Employees of the civil township are members of the PERF plan provided by Lake County and not by the township plan.

Based on Tri-Creek Ambulance Service's Annual Report, remittances to PERF were from Tri-Creek Ambulance Service under the plan number assigned to West Creek Township.

Further review disclosed that for taxation purposes, Tri-Creek Ambulance Service has a separate tax identification number and issues W-2's to the individuals employed.

No disclosures or information was presented for examination which would validate that the ambulance employees were Township employees. The financial activities of the Tri-Creek Ambulance Service are not accounted for in the Township's financial records. An audit of the Tri-Creek Ambulance Service is conducted by a local accounting firm.

Indiana Code 5-10.3-7-1 states in part: ". . . any individual who becomes a full-time employee of the state or of a participating political subdivision . . . becomes a member of the fund . . ."

Indiana Code 5-10.3-1-6 defines: "Political subdivision as used in this article means a county, city, town, township, political body corporate, public school corporation, public library, public utility of a county, city, town, township, and any department of, or associated with, a county, city, town, or township, which department receives revenue independently of, or in addition to, funds obtained from taxation."

EAGLE CREEK TOWNSHIP, LAKE COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

Political subdivisions are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings, and filing requirements concerning reports and other procedural matters of federal and state agencies, including opinions of the Attorney General of the State of Indiana, and court decisions. Governmental units should file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

EAGLE CREEK TOWNSHIP, LAKE COUNTY
EXIT CONFERENCE

The contents of this report were discussed on June 8, 2006, with James Morrow, Trustee. The official concurred with our findings.