

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

EXAMINATION REPORT
OF
CLEVELAND TOWNSHIP
WHITLEY COUNTY, INDIANA
January 1, 2006 to December 31, 2007



FILED
12/15/2008

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Roland D. King	01-01-03 to 12-31-10
Chairman of the Township Board	Kenneth E. Sherbahn James R. Eberhart Thomas L. Warner	01-01-06 to 12-31-06 01-01-07 to 12-31-07 01-01-08 to 12-31-08



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the financial information presented herein of Cleveland Township (Township), for the period of January 1, 2006 to December 31, 2007. 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, 2006 and 2007, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The Schedule of Capital Assets and Schedule of Long-Term Debt, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the basic financial information. They have not been subjected to the examination procedures applied to the basic financial information and, accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

October 27, 2008

CLEVELAND TOWNSHIP, WHITLEY COUNTY
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL FUND TYPES
As Of And For The Years Ended December 31, 2006 And 2007

	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
Governmental Funds:				
Township	\$ 197,561	\$ 99,216	\$ 82,629	\$ 214,148
Dog	1,395	1,553	2,948	-
Township Assistance	11,926	10,810	10,850	11,886
Firefighting	55,590	91,868	65,761	81,697
Park and Recreation	1,232	2,219	1,712	1,739
Horse Drawn Vehicles	-	2,415	2,415	-
Levy Excess	211	6,771	211	6,771
Fire Equipment Debt	13,107	52,575	55,163	10,519
Cumulative Fire Building and Equipment	44,512	31,769	20,317	55,964
Library	10,699	25,977	35,305	1,371
Totals	<u>\$ 336,233</u>	<u>\$ 325,173</u>	<u>\$ 277,311</u>	<u>\$ 384,095</u>

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Governmental Funds:				
Township	\$ 214,148	\$ 82,062	\$ 74,997	\$ 221,213
Township Assistance	11,886	8,962	9,524	11,324
Firefighting	81,697	61,546	75,951	67,292
Park and Recreation	1,739	1,495	1,700	1,534
Horse Drawn Vehicles	-	2,590	2,590	-
Levy Excess	6,771	-	6,771	-
Fire Equipment Debt	10,519	43,097	52,798	818
Cumulative Fire Building and Equipment	55,964	39,460	-	95,424
Library	1,371	905	2,276	-
Totals	<u>\$ 384,095</u>	<u>\$ 240,117</u>	<u>\$ 226,607</u>	<u>\$ 397,605</u>

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

CLEVELAND TOWNSHIP, WHITLEY 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, 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.

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.

CLEVELAND TOWNSHIP, WHITLEY COUNTY
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 December 31, 2007

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 185,000
Buildings	870,000
Machinery and equipment	<u>467,062</u>
 Total governmental activities, capital assets not being depreciated	 <u>\$ 1,522,062</u>

CLEVELAND TOWNSHIP, WHITLEY COUNTY
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 December 31, 2007

The Township has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental Activities:		
Bonds payable:		
General obligation bonds:		
\$535,000 2002 Fire station construction	\$ 415,000	\$ 10,634

CLEVELAND TOWNSHIP, WHITLEY COUNTY
EXAMINATION RESULTS AND COMMENTS

TEMPORARY LOAN

A temporary loan of \$6,100 was made in December 2003 from the General (Township) Fund to the Library Fund. The loan remained unpaid through December 31, 2006. Beginning in 2007, Cleveland Township no longer funds the Library through contractual payments. The Library Fund was closed in 2007 and the balance of \$2,276 was transferred to the General (Township) Fund.

Indiana Code 36-1-8-4 concerning temporary loans states in part:

"(a) (3) Except as provided in subsection (b), the prescribed period must end during the budget year of the year in which the transfer occurs. (4) The amount transferred must be returned to the other fund at the end of the prescribed period. . . ."

"(b) If the fiscal body of a political subdivision determines that an emergency exists that requires an extension of the prescribed period of a transfer under this section, the prescribed period may be extended for not more than six (6) months beyond the budget year of the year in which the transfer occurs if the fiscal body does the following: (1) Passes an ordinance or a resolution that contains the following: (A) A statement that the fiscal body has determined that an emergency exists. (B) A brief description of the grounds for the emergency. (C) The date the loan will be repaid that is not more than six (6) months beyond the budget year in which the transfer occurs. (2) Immediately forwards the ordinance or resolution to the state board of accounts and the Department of Local Government Finance."

INVESTMENT MATURITY LIMITATION

The Township purchased a certificate of deposit on January 31, 2005, with a stated maturity of January 31, 2010. A similar comment appeared in prior Report B28180.

Indiana Code 5-13-9-5.6 states in part:

". . . investments made under this chapter must have a stated final maturity of not more than . . . (3) two (2) years . . . after the date of purchase or entry into a repurchase agreement."

CLEVELAND TOWNSHIP, WHITLEY COUNTY
EXIT CONFERENCE

The contents of this report were discussed on October 27, 2008, with Roland D. King, Trustee.