

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

FINANCIAL STATEMENTS EXAMINATION REPORT

OF

ROCKCREEK TOWNSHIP

WELLS COUNTY, INDIANA

January 1, 2010 to December 31, 2011



FILED
11/26/2012

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Independent Accountant's Report.....	3
Financial Statements:	
Statements of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis	6-7
Notes to Financial Statements	8-10
Supplementary Information:	
Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis	12-13
Schedule of Leases and Debt	14
Schedule of Capital Assets.....	15
Examination Results and Comments:	
Certified Report (Form 100R) Not Timely Filed.....	16
Resolution Establishing Salaries of Township Officers and Employees	16
Compliance Requirements - Annual Report.....	16-17
Firefighting Contracts	17
Interest Earned on Investments.....	17
Exit Conference.....	18

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Phyllian Keefer	01-01-07 to 12-31-14
Chairman of the Township Board	Lindsay J. Burnau	01-01-10 to 12-31-12



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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF ROCKCREEK TOWNSHIP, WELLS COUNTY, INDIANA

We have examined the accompanying financial statements of Rockcreek Township (Township), for the years ended December 31, 2010 and 2011. The financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on the financial statements 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.

Our examination was conducted for the purpose of forming an opinion on the Township's financial statements. The Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, Schedule of Leases and Debt, and Schedule of Capital Assets, 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

October 25, 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.

ROCKCREEK TOWNSHIP, WELLS 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	\$ 40,585	\$ 27,433	\$ 9,547	\$ 58,471
Township Assistance	26,028	6,014	1,650	30,392
Fire Fighting	42,278	14,598	13,842	43,034
Cumulative Fire	28,008	10,902	-	38,910
Fire Debt	-	13,450	12,822	628
Levy Excess	-	121	-	121
EMS	77,399	6,839	13,806	70,432
Totals	<u>\$ 214,298</u>	<u>\$ 79,357</u>	<u>\$ 51,667</u>	<u>\$ 241,988</u>

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

ROCKCREEK TOWNSHIP, WELLS 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	\$ 58,471	\$ 21,476	\$ 10,194	\$ 69,753
EMS	70,432	5,675	-	76,107
Township Assistance	30,392	5,556	1,850	34,098
Fire Fighting	43,034	10,063	14,950	38,147
Levy Excess	121	-	121	-
Cumulative Fire	38,910	9,696	-	48,606
Fire Debt	628	12,757	12,822	563
Totals	<u>\$ 241,988</u>	<u>\$ 65,223</u>	<u>\$ 39,937</u>	<u>\$ 267,274</u>

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

ROCKCREEK TOWNSHIP, WELLS COUNTY
NOTES TO FINANCIAL STATEMENTS

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 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.

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.

ROCKCREEK TOWNSHIP, WELLS COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

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 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.

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.

ROCKCREEK TOWNSHIP, WELLS COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

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.

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

	<u>Township</u>	<u>Township Assistance</u>	<u>Fire Fighting</u>	<u>Cumulative Fire</u>	<u>Fire Debt</u>	<u>Levy Excess</u>	<u>EMS</u>	<u>Totals</u>
Cash and investments - beginning	\$ 40,585	\$ 26,028	\$ 42,278	\$ 28,008	\$ -	\$ -	\$ 77,399	\$ 214,298
Receipts:								
Taxes	27,124	5,912	14,026	10,801	13,450	121	5,820	77,254
Other receipts	<u>309</u>	<u>102</u>	<u>572</u>	<u>101</u>	<u>-</u>	<u>-</u>	<u>1,019</u>	<u>2,103</u>
Total receipts	<u>27,433</u>	<u>6,014</u>	<u>14,598</u>	<u>10,902</u>	<u>13,450</u>	<u>121</u>	<u>6,839</u>	<u>79,357</u>
Disbursements:								
Personal services	5,347	-	-	-	-	-	-	5,347
Supplies	218	-	-	-	-	-	-	218
Other services and charges	-	200	13,842	-	12,822	-	13,806	40,670
Capital outlay	3,982	-	-	-	-	-	-	3,982
Other disbursements	<u>-</u>	<u>1,450</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,450</u>
Total disbursements	<u>9,547</u>	<u>1,650</u>	<u>13,842</u>	<u>-</u>	<u>12,822</u>	<u>-</u>	<u>13,806</u>	<u>51,667</u>
Excess (deficiency) of receipts over disbursements	<u>17,886</u>	<u>4,364</u>	<u>756</u>	<u>10,902</u>	<u>628</u>	<u>121</u>	<u>(6,967)</u>	<u>27,690</u>
Cash and investments - ending	<u>\$ 58,471</u>	<u>\$ 30,392</u>	<u>\$ 43,034</u>	<u>\$ 38,910</u>	<u>\$ 628</u>	<u>\$ 121</u>	<u>\$ 70,432</u>	<u>\$ 241,988</u>

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

	<u>Township</u>	<u>EMS</u>	<u>Township Assistance</u>	<u>Fire Fighting</u>	<u>Levy Excess</u>	<u>Cumulative Fire</u>	<u>Fire Debt</u>	<u>Totals</u>
Cash and investments - beginning	\$ 58,471	\$ 70,432	\$ 30,392	\$ 43,034	\$ 121	\$ 38,910	\$ 628	\$ 241,988
Receipts:								
Taxes	9,942	4,729	5,011	3,484	-	8,897	11,759	43,822
Intergovernmental	11,260	501	502	6,383	-	755	998	20,399
Other receipts	274	445	43	196	-	44	-	1,002
Total receipts	<u>21,476</u>	<u>5,675</u>	<u>5,556</u>	<u>10,063</u>	<u>-</u>	<u>9,696</u>	<u>12,757</u>	<u>65,223</u>
Disbursements:								
Personal services	5,433	-	-	-	-	-	-	5,433
Supplies	238	-	-	-	-	-	-	238
Other services and charges	4,523	-	1,850	14,950	-	-	-	21,323
Capital outlay	-	-	-	-	-	-	12,822	12,822
Other disbursements	-	-	-	-	121	-	-	121
Total disbursements	<u>10,194</u>	<u>-</u>	<u>1,850</u>	<u>14,950</u>	<u>121</u>	<u>-</u>	<u>12,822</u>	<u>39,937</u>
Excess (deficiency) of receipts over disbursements	<u>11,282</u>	<u>5,675</u>	<u>3,706</u>	<u>(4,887)</u>	<u>(121)</u>	<u>9,696</u>	<u>(65)</u>	<u>25,286</u>
Cash and investments - ending	<u>\$ 69,753</u>	<u>\$ 76,107</u>	<u>\$ 34,098</u>	<u>\$ 38,147</u>	<u>\$ -</u>	<u>\$ 48,606</u>	<u>\$ 563</u>	<u>\$ 267,274</u>

ROCKCREEK TOWNSHIP, WELLS COUNTY
 SCHEDULE OF LEASES AND DEBT
 December 31, 2011

Description of Debt		Ending Principal Balance	Principal and Interest Due Within One Year
Type	Purpose		
Governmental activities:			
Notes and loans payable	Fire Truck	<u>\$ 34,519</u>	<u>\$ 12,822</u>

ROCKCREEK TOWNSHIP, WELLS COUNTY
SCHEDULE OF CAPITAL ASSETS
December 31, 2011

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:	
Machinery, equipment and vehicles	<u>\$ 267,684</u>

ROCKCREEK TOWNSHIP, WELLS COUNTY
EXAMINATION RESULTS AND COMMENTS

CERTIFIED REPORT (FORM 100R) NOT TIMELY FILED

The Township did not file a Certified Report of Names, Addresses, Duties and Compensation of Public Employees (Form 100R or its equivalent) with the State Board of Accounts for the year 2011 on a timely basis. The report, which was due in January 2012, was filed March 7, 2012.

During the examination period, Indiana Code 5-11-13-1 stated 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 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."

RESOLUTION ESTABLISHING SALARIES OF TOWNSHIP OFFICERS AND EMPLOYEES

The salaries of the Trustee and township employees were not approved by the Township Board using Form 17, Resolution Establishing Salaries of Township Officers and Employees, for the years 2010 and 2011.

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 . . . A type of format for recording these salaries should be the existing format of Township Form No. 17. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 2)

COMPLIANCE REQUIREMENTS - ANNUAL REPORT

The Township made quarterly payments to two volunteer fire departments. This information was not included in the Financial Assistance to Non-Governmental Entities section of the Gateway Township Annual Report.

ROCKCREEK TOWNSHIP, WELLS 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)

FIREFIGHTING CONTRACTS

There were no agreements or contracts presented for examination to support payments for firefighting services.

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)

INTEREST EARNED ON INVESTMENTS

Interest earned on investments was not posted to the proper funds. Interest should be posted to the fund from which the investment was purchased.

Interest received in such investments by fund should be entered as a receipt to the fund from which the investment was purchased. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 18)

ROCKCREEK TOWNSHIP, WELLS COUNTY
EXIT CONFERENCE

The contents of this report were discussed on October 25, 2012, with Phyllian Keefer, Trustee. The official concurred with our findings.