

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

FINANCIAL STATEMENT EXAMINATION REPORT

OF

EAGLE CREEK TOWNSHIP

LAKE COUNTY, INDIANA

January 1, 2010 to December 31, 2012



**FILED**  
05/31/2013



## TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials .....	2
Independent Accountant's Report.....	3
Financial Statement:	
Statement of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis.....	6
Notes to Financial Statement.....	7-9
Supplementary Information - Unaudited:	
Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis .....	12-14
Examination Results and Comments:	
Bank Account Reconciliations .....	15
Receipt Issuance .....	15
Contracts .....	15
Overdrawn Fund Balance.....	15
Exit Conference.....	16

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	James Morrow (Deceased) Rosemarie Morrow	01-01-07 to 01-25-12 01-26-12 to 12-31-14
Chairman of the Township Board	Bruce McNeil	01-01-10 to 12-31-13



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
302 WEST WASHINGTON STREET  
ROOM E418  
INDIANAPOLIS, INDIANA 46204-2769

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

INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the accompanying financial statement of Eagle Creek Township (Township), for the period of January 1, 2010 to December 31, 2012. The financial statement is the responsibility of the Township's management. Our responsibility is to express an opinion on the financial statement 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 statement 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 statement 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 effects on the financial statement of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material. The basis noted above is a different basis than that used in the prior period.

In our opinion, because of the matter discussed in the preceding paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position and results of operations of the Township for the period of January 1, 2010 to December 31, 2012.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the Township for the period of January 1, 2010 to December 31, 2012, 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 statement. 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 statement. They have not been subjected to the examination procedures applied to the financial statement and, accordingly, we express no opinion on them.

Bruce Hartman  
State Examiner

April 15, 2013

(This page intentionally left blank.)

## FINANCIAL STATEMENT

The financial statement and accompanying notes were approved by management of the Township. The financial statement and notes are presented as intended by the Township.

EAGLE CREEK TOWNSHIP, LAKE COUNTY  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For The Years Ended 2010, 2011, and 2012

Fund	Cash and Investments 01-01-10	Receipts	Disbursements	Cash and Investments 12-31-10
Township	\$ 36,969	\$ 43,533	\$ 34,636	\$ 45,866
Park And Recreation	931	-	-	931
Township Assistance	26,807	32,557	19,290	40,074
Fire Fighting	(26,389)	117,892	94,000	(2,497)
Cumulative Fire	(267)	18,477	17,345	865
Dog	314	-	-	314
Totals	<u>\$ 38,365</u>	<u>\$ 212,459</u>	<u>\$ 165,271</u>	<u>\$ 85,553</u>

Fund	Cash and Investments 01-01-11	Receipts	Disbursements	Cash and Investments 12-31-11
Township	\$ 45,866	\$ 48,902	\$ 39,887	\$ 54,881
Park And Recreation	931	-	-	931
Township Assistance	40,074	36,422	19,252	57,244
Fire Fighting	(2,497)	133,962	94,000	37,465
Cumulative Fire	865	23,177	16,522	7,520
Dog	314	-	-	314
Totals	<u>\$ 85,553</u>	<u>\$ 242,463</u>	<u>\$ 169,661</u>	<u>\$ 158,355</u>

Fund	Cash and Investments 01-01-12	Receipts	Disbursements	Cash and Investments 12-31-12
Township	\$ 54,881	\$ 30,743	\$ 33,528	\$ 52,096
Park And Recreation	931	-	-	931
Township Assistance	57,244	22,655	13,084	66,815
Fire Fighting	37,465	84,185	85,944	35,706
Cumulative Fire	7,520	14,797	5,683	16,634
Dog	314	-	-	314
Totals	<u>\$ 158,355</u>	<u>\$ 152,380</u>	<u>\$ 138,239</u>	<u>\$ 172,496</u>

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

EAGLE CREEK TOWNSHIP, LAKE COUNTY  
NOTES TO FINANCIAL 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.

The accompanying financial statement presents the financial information for the Township.

*B. Basis of Accounting*

The financial statement is 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 statement. 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.

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

EAGLE CREEK TOWNSHIP, LAKE COUNTY  
NOTES TO FINANCIAL STATEMENT  
(Continued)

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 statement. 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. 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

EAGLE CREEK TOWNSHIP, LAKE COUNTY  
NOTES TO FINANCIAL STATEMENT  
(Continued)

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 statement. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks.

**Note 6. *Cash Balance Deficit***

The financial statement contains a fund with a deficit in cash. This is a result of a delay in the property tax distribution for 2009 pay 2010 that was distributed in January, 2011.

**Note 7. *Combined Funds***

Funds related to Firefighting and Ambulance were reported individually in the prior financial statements but were combined into one fund for the current financial statement.

(This page intentionally left blank.)

## SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the Township's Annual Reports for years prior to 2011 can be found on the Indiana Transparency Portal website: [www.in.gov/itp/annual\\_reports/](http://www.in.gov/itp/annual_reports/).

For additional financial information, the Township's Annual Report information for years 2011 and later can be found on the Gateway website: <https://gateway.ifionline.org/>.

Differences may be noted between the financial information presented in the financial statement 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.

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

	Township	Park And Recreation	Township Assistance	Fire Fighting	Cumulative Fire	Dog	Totals
Cash and investments - beginning	\$ 36,969	\$ 931	\$ 26,807	\$ (26,389)	\$ (267)	\$ 314	\$ 38,365
Receipts:							
Taxes	43,120	-	31,824	117,892	18,477	-	211,313
Intergovernmental	413	-	483	-	-	-	896
Other receipts	-	-	250	-	-	-	250
Total receipts	<u>43,533</u>	<u>-</u>	<u>32,557</u>	<u>117,892</u>	<u>18,477</u>	<u>-</u>	<u>212,459</u>
Disbursements:							
Personal services	18,098	-	2,309	-	-	-	20,407
Supplies	3,062	-	-	-	-	-	3,062
Other services and charges	10,412	-	16,981	94,000	-	-	121,393
Capital outlay	3,064	-	-	-	17,345	-	20,409
Total disbursements	<u>34,636</u>	<u>-</u>	<u>19,290</u>	<u>94,000</u>	<u>17,345</u>	<u>-</u>	<u>165,271</u>
Excess (deficiency) of receipts over disbursements	<u>8,897</u>	<u>-</u>	<u>13,267</u>	<u>23,892</u>	<u>1,132</u>	<u>-</u>	<u>47,188</u>
Cash and investments - ending	<u>\$ 45,866</u>	<u>\$ 931</u>	<u>\$ 40,074</u>	<u>\$ (2,497)</u>	<u>\$ 865</u>	<u>\$ 314</u>	<u>\$ 85,553</u>

EAGLE CREEK TOWNSHIP, LAKE 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	Fire Fighting	Cumulative Fire	Dog	Totals
Cash and investments - beginning	\$ 45,866	\$ 931	\$ 40,074	\$ (2,497)	\$ 865	\$ 314	\$ 85,553
Receipts:							
Taxes	46,913	-	35,247	130,526	22,588	-	235,274
Intergovernmental	1,239	-	925	3,436	589	-	6,189
Charges for services	750	-	-	-	-	-	750
Other receipts	-	-	250	-	-	-	250
Total receipts	<u>48,902</u>	<u>-</u>	<u>36,422</u>	<u>133,962</u>	<u>23,177</u>	<u>-</u>	<u>242,463</u>
Disbursements:							
Personal services	22,032	-	2,359	-	-	-	24,391
Supplies	1,523	-	-	-	-	-	1,523
Other services and charges	6,899	-	16,893	94,000	-	-	117,792
Capital outlay	3,207	-	-	-	16,522	-	19,729
Other disbursements	6,226	-	-	-	-	-	6,226
Total disbursements	<u>39,887</u>	<u>-</u>	<u>19,252</u>	<u>94,000</u>	<u>16,522</u>	<u>-</u>	<u>169,661</u>
Excess (deficiency) of receipts over disbursements	<u>9,015</u>	<u>-</u>	<u>17,170</u>	<u>39,962</u>	<u>6,655</u>	<u>-</u>	<u>72,802</u>
Cash and investments - ending	<u>\$ 54,881</u>	<u>\$ 931</u>	<u>\$ 57,244</u>	<u>\$ 37,465</u>	<u>\$ 7,520</u>	<u>\$ 314</u>	<u>\$ 158,355</u>

EAGLE CREEK TOWNSHIP, LAKE COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2012

	Township	Park And Recreation	Township Assistance	Fire Fighting	Cumulative Fire	Dog	Totals
Cash and investments - beginning	\$ 54,881	\$ 931	\$ 57,244	\$ 37,465	\$ 7,520	\$ 314	\$ 158,355
Receipts:							
Taxes	29,582	-	21,703	81,005	14,238	-	146,528
Intergovernmental	1,161	-	852	3,180	559	-	5,752
Other receipts	-	-	100	-	-	-	100
Total receipts	<u>30,743</u>	<u>-</u>	<u>22,655</u>	<u>84,185</u>	<u>14,797</u>	<u>-</u>	<u>152,380</u>
Disbursements:							
Personal services	21,825	-	1,769	-	-	-	23,594
Supplies	386	-	-	-	-	-	386
Other services and charges	8,723	-	11,315	85,944	-	-	105,982
Capital outlay	-	-	-	-	5,683	-	5,683
Other disbursements	<u>2,594</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,594</u>
Total disbursements	<u>33,528</u>	<u>-</u>	<u>13,084</u>	<u>85,944</u>	<u>5,683</u>	<u>-</u>	<u>138,239</u>
Excess (deficiency) of receipts over disbursements	<u>(2,785)</u>	<u>-</u>	<u>9,571</u>	<u>(1,759)</u>	<u>9,114</u>	<u>-</u>	<u>14,141</u>
Cash and investments - ending	<u>\$ 52,096</u>	<u>\$ 931</u>	<u>\$ 66,815</u>	<u>\$ 35,706</u>	<u>\$ 16,634</u>	<u>\$ 314</u>	<u>\$ 172,496</u>

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 presented for examination for the three years during the examination period. Bank reconciliations were not completed by the Trustee. A similar comment appeared in the prior report.

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)

***RECEIPT ISSUANCE***

We conducted a test designed to verify that receipts issued were properly recorded to the Township's record at the time the transaction occurred. Our test of this procedure found that while cash collections were posted to the record, no receipts had been issued. A similar comment appeared in the prior 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)

***CONTRACTS***

Payments totaling \$75,000, \$75,000, and \$66,944 were made to Tri-Creek Ambulance Service for emergency medical services in 2010, 2011, and 2012 respectively. A written contract for these services was not entered into between the Township and the Tri-Creek Ambulance Service to support the payments. A similar comment appeared in the prior report.

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)

***OVERDRAWN FUND BALANCE***

The balance of the Fire Fighting Fund was overdrawn by \$2,497 in 2010.

The 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 governmental unit. (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 April 15, 2013, with Rosemarie Morrow, Trustee. The officials concurred with our findings.