

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

FINANCIAL STATEMENT EXAMINATION REPORT

OF

ROCK CREEK TOWNSHIP

HUNTINGTON COUNTY, INDIANA

January 1, 2010 to December 31, 2012



FILED
09/12/2013

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Linda Pope Linda K. Mautz	01-01-07 to 12-31-10 01-01-11 to 12-31-14
Chairman of the Township Board	Marvin Zeller Jerry A. Mossburg	01-01-10 to 12-31-10 01-01-11 to 12-31-13



STATE OF INDIANA
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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF ROCK CREEK TOWNSHIP, HUNTINGTON COUNTY, INDIANA

We have examined the accompanying financial statement of Rock 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, 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 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

August 12, 2013

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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.

ROCK CREEK TOWNSHIP, HUNTINGTON COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For The Years Ended December 31, 2010, 2011, and 2012

Fund	Cash and Investments 01-01-10	Receipts	Disbursements	Cash and Investments 12-31-10
Township	\$ 4,000	\$ 12,009	\$ 10,948	\$ 5,061
Township Assistance	2,925	5,734	4,314	4,345
Fire Fighting	26,783	17,835	6,426	38,192
Rainy Day	-	411	-	411
Levy Excess	-	86	-	86
Fire Debt	-	20,072	12,822	7,250
Totals	<u>\$ 33,708</u>	<u>\$ 56,147</u>	<u>\$ 34,510</u>	<u>\$ 55,345</u>

Fund	Cash and Investments 01-01-11	Receipts	Disbursements	Cash and Investments 12-31-11
Township	\$ 5,061	\$ 13,368	\$ 11,430	\$ 6,999
Township Assistance	4,345	11,369	1,490	14,224
Fire Fighting	38,192	11,369	6,706	42,855
Rainy Day	411	-	-	411
Levy Excess	86	-	86	-
Building Remodeling/Fire Equipment	-	25	-	25
Fire Debt	7,250	5,673	12,822	101
Totals	<u>\$ 55,345</u>	<u>\$ 41,804</u>	<u>\$ 32,534</u>	<u>\$ 64,615</u>

Fund	Cash and Investments 01-01-12	Receipts	Disbursements	Cash and Investments 12-31-12
Township	\$ 6,999	\$ 13,320	\$ 11,357	\$ 8,962
Township Assistance	14,224	12,962	1,676	25,510
Fire Fighting	42,855	12,053	7,571	47,337
Rainy Day	411	-	-	411
Levy Excess	-	330	-	330
Building Remodeling/Fire Equipment	25	-	-	25
Fire Debt	101	13,331	12,822	610
Totals	<u>\$ 64,615</u>	<u>\$ 51,996</u>	<u>\$ 33,426</u>	<u>\$ 83,185</u>

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

ROCK CREEK TOWNSHIP, HUNTINGTON 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 (weed and dog control).

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.

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.

ROCK CREEK TOWNSHIP, HUNTINGTON COUNTY
NOTES TO FINANCIAL STATEMENT
(Continued)

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.

Debt service principal and interest which include fixed obligations resulting from financial transactions previously entered into by the Township. It includes all expenditures for the reduction of the principal and interest of the Township's general obligation indebtedness.

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.

ROCK CREEK TOWNSHIP, HUNTINGTON COUNTY
NOTES TO FINANCIAL STATEMENT
(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 statement. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks.

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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/.

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.

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

	Township	Township Assistance	Fire Fighting	Rainy Day	Levy Excess	Fire Debt	Totals
Cash and investments - beginning	\$ 4,000	\$ 2,925	\$ 26,783	\$ -	\$ -	\$ -	\$ 33,708
Receipts:							
Taxes	12,001	5,727	17,651	-	-	20,072	55,451
Other receipts	8	7	184	411	86	-	696
Total receipts	<u>12,009</u>	<u>5,734</u>	<u>17,835</u>	<u>411</u>	<u>86</u>	<u>20,072</u>	<u>56,147</u>
Disbursements:							
Personal services	6,507	-	542	-	-	-	7,049
Supplies	195	-	1,946	-	-	-	2,141
Other services and charges	4,146	87	3,938	-	-	12,822	20,993
Capital outlay	100	-	-	-	-	-	100
Other disbursements	-	4,227	-	-	-	-	4,227
Total disbursements	<u>10,948</u>	<u>4,314</u>	<u>6,426</u>	<u>-</u>	<u>-</u>	<u>12,822</u>	<u>34,510</u>
Excess of receipts over disbursements	<u>1,061</u>	<u>1,420</u>	<u>11,409</u>	<u>411</u>	<u>86</u>	<u>7,250</u>	<u>21,637</u>
Cash and investments - ending	<u>\$ 5,061</u>	<u>\$ 4,345</u>	<u>\$ 38,192</u>	<u>\$ 411</u>	<u>\$ 86</u>	<u>\$ 7,250</u>	<u>\$ 55,345</u>

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

	Township	Township Assistance	Fire Fighting	Rainy Day	Levy Excess	Building Remodeling/Fire Equipment	Fire Debt	Totals
Cash and investments - beginning	\$ 5,061	\$ 4,345	\$ 38,192	\$ 411	\$ 86	\$ -	\$ 7,250	\$ 55,345
Receipts:								
Taxes	10,864	5,463	10,422	-	-	-	5,233	31,982
Intergovernmental	2,213	5,897	894	-	-	25	440	9,469
Other receipts	291	9	53	-	-	-	-	353
Total receipts	<u>13,368</u>	<u>11,369</u>	<u>11,369</u>	<u>-</u>	<u>-</u>	<u>25</u>	<u>5,673</u>	<u>41,804</u>
Disbursements:								
Personal services	6,396	-	359	-	-	-	-	6,755
Supplies	200	-	2,727	-	-	-	-	2,927
Other services and charges	4,545	1,490	3,620	-	-	-	-	9,655
Debt service - principal and interest	-	-	-	-	-	-	12,822	12,822
Capital outlay	28	-	-	-	-	-	-	28
Other disbursements	261	-	-	-	86	-	-	347
Total disbursements	<u>11,430</u>	<u>1,490</u>	<u>6,706</u>	<u>-</u>	<u>86</u>	<u>-</u>	<u>12,822</u>	<u>32,534</u>
Excess (deficiency) of receipts over disbursements	<u>1,938</u>	<u>9,879</u>	<u>4,663</u>	<u>-</u>	<u>(86)</u>	<u>25</u>	<u>(7,149)</u>	<u>9,270</u>
Cash and investments - ending	<u>\$ 6,999</u>	<u>\$ 14,224</u>	<u>\$ 42,855</u>	<u>\$ 411</u>	<u>\$ -</u>	<u>\$ 25</u>	<u>\$ 101</u>	<u>\$ 64,615</u>

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

	Township	Township Assistance	Fire Fighting	Rainy Day	Levy Excess	Building Remodeling/Fire Equipment	Fire Debt	Totals
Cash and investments - beginning	\$ 6,999	\$ 14,224	\$ 42,855	\$ 411	\$ -	\$ 25	\$ 101	\$ 64,615
Receipts:								
Taxes	10,797	6,041	11,035	-	-	-	11,899	39,772
Intergovernmental	2,519	6,911	909	-	-	-	1,432	11,771
Other receipts	4	10	109	-	330	-	-	453
Total receipts	13,320	12,962	12,053	-	330	-	13,331	51,996
Disbursements:								
Personal services	6,395	-	471	-	-	-	-	6,866
Supplies	133	-	3,351	-	-	-	-	3,484
Other services and charges	4,238	1,676	3,749	-	-	-	-	9,663
Debt service - principal and interest	-	-	-	-	-	-	12,822	12,822
Other disbursements	591	-	-	-	-	-	-	591
Total disbursements	11,357	1,676	7,571	-	-	-	12,822	33,426
Excess of receipts over disbursements	1,963	11,286	4,482	-	330	-	509	18,570
Cash and investments - ending	\$ 8,962	\$ 25,510	\$ 47,337	\$ 411	\$ 330	\$ 25	\$ 610	\$ 83,185

ROCK CREEK TOWNSHIP, HUNTINGTON COUNTY
 SCHEDULE OF LEASES AND DEBT
 December 31, 2012

Description of Debt		Ending Principal Balance	Principal and Interest Due Within One Year
Type	Purpose		
Governmental activities:			
Notes and loans payable	Township Share of Fire Truck	<u>\$ 34,520</u>	<u>\$ 12,822</u>

ROCK CREEK TOWNSHIP, HUNTINGTON COUNTY
SCHEDULE OF CAPITAL ASSETS
December 31, 2012

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>\$ 203,414</u>

ROCK CREEK TOWNSHIP, HUNTINGTON COUNTY
EXIT CONFERENCE

The contents of this report were discussed on August 12, 2013, with Linda K. Mautz, Trustee. Our examination disclosed no material items that warrant comment at this time.