

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

FINANCIAL STATEMENT EXAMINATION REPORT

OF

ROOT TOWNSHIP

ADAMS COUNTY, INDIANA

January 1, 2010 to December 31, 2012



FILED
10/09/2013

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Daniel D. Bieberich	01-01-07 to 12-31-14
Chairman of the Township Board	Dwight Pierce Anna Spangler	01-01-10 to 12-31-10 01-01-11 to 12-31-13



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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF ROOT TOWNSHIP, ADAMS COUNTY, INDIANA

We have examined the accompanying financial statement of Root 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, 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

September 11, 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.

ROOT TOWNSHIP, ADAMS 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	\$ 96,134	\$ 39,826	\$ 35,982	\$ 99,978
Township Assistance	138,024	9,912	31,804	116,132
Fire Fighting	39,126	24,469	30,862	32,733
Recreation	-	800	800	-
Levy Excess	-	173	-	173
Rainy Day	-	569	-	569
Library	24,174	9,916	8,178	25,912
Totals	<u>\$ 297,458</u>	<u>\$ 85,665</u>	<u>\$ 107,626</u>	<u>\$ 275,497</u>

Fund	Cash and Investments 01-01-11	Receipts	Disbursements	Cash and Investments 12-31-11
Township	\$ 99,978	\$ 34,753	\$ 45,563	\$ 89,168
Township Assistance	116,132	5,590	29,259	92,463
Fire Fighting	32,733	23,763	28,727	27,769
Recreation	-	37,581	18,594	18,987
Levy Excess	173	-	173	-
Rainy Day	569	-	-	569
Library	25,912	8,396	6,612	27,696
Totals	<u>\$ 275,497</u>	<u>\$ 110,083</u>	<u>\$ 128,928</u>	<u>\$ 256,652</u>

Fund	Cash and Investments 01-01-12	Receipts	Disbursements	Cash and Investments 12-31-12
Township	\$ 89,168	\$ 12,230	\$ 49,420	\$ 51,978
Township Assistance	92,463	24,708	37,263	79,908
Fire Fighting	27,769	30,880	28,771	29,878
Recreation	18,987	11,130	21,112	9,005
Rainy Day	569	10,000	569	10,000
Library	27,696	4,903	7,234	25,365
Totals	<u>\$ 256,652</u>	<u>\$ 93,851</u>	<u>\$ 144,369</u>	<u>\$ 206,134</u>

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

ROOT TOWNSHIP, ADAMS 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.

Licenses and permits which include amounts received from businesses, occupations, or nonbusinesses that must be licensed before doing business within the government's jurisdiction or permits levied according to the benefits presumably conferred by the permit. Examples of licenses and permits include: peddler licenses, dog tax licenses, auctioneer license, building and planning permits, demolition permits, electrical permits, sign permits, and gun permits.

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,

ROOT TOWNSHIP, ADAMS COUNTY
NOTES TO FINANCIAL STATEMENT
(Continued)

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 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. 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.

ROOT TOWNSHIP, ADAMS COUNTY
NOTES TO FINANCIAL STATEMENT
(Continued)

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.

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.

ROOT TOWNSHIP, ADAMS COUNTY
NOTES TO FINANCIAL STATEMENT
(Continued)

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. Pension Plan

Public Employees' Retirement Fund

Plan Description

The Indiana Public Employees' Retirement Fund (PERF) is a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the Indiana Public Retirement System (INPRS) Board, most requirements of the system, and give the Township authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3 percent of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

INPRS administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

Indiana Public Retirement System
1 North Capital Street, Suite 001
Indianapolis, IN 46204
Ph. (888) 526-1687

Funding Policy and Annual Pension Cost

The contribution requirements of the plan members for PERF are established by the Board of Trustees of INPRS.

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.

ROOT TOWNSHIP, ADAMS 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	Recreation	Levy Excess	Rainy Day	Library	Totals
Cash and investments - beginning	\$ 96,134	\$ 138,024	\$ 39,126	\$ -	\$ -	\$ -	\$ 24,174	\$ 297,458
Receipts:								
Taxes	39,726	5,481	23,562	800	173	-	9,009	78,751
Charges for services	100	-	-	-	-	-	-	100
Other receipts	-	4,431	907	-	-	569	907	6,814
Total receipts	<u>39,826</u>	<u>9,912</u>	<u>24,469</u>	<u>800</u>	<u>173</u>	<u>569</u>	<u>9,916</u>	<u>85,665</u>
Disbursements:								
Personal services	14,232	11,094	-	-	-	-	-	25,326
Supplies	261	132	-	-	-	-	-	393
Other services and charges	21,489	-	30,862	800	-	-	8,178	61,329
Capital outlay	-	447	-	-	-	-	-	447
Other disbursements	-	20,131	-	-	-	-	-	20,131
Total disbursements	<u>35,982</u>	<u>31,804</u>	<u>30,862</u>	<u>800</u>	<u>-</u>	<u>-</u>	<u>8,178</u>	<u>107,626</u>
Excess (deficiency) of receipts over disbursements	<u>3,844</u>	<u>(21,892)</u>	<u>(6,393)</u>	<u>-</u>	<u>173</u>	<u>569</u>	<u>1,738</u>	<u>(21,961)</u>
Cash and investments - ending	<u>\$ 99,978</u>	<u>\$ 116,132</u>	<u>\$ 32,733</u>	<u>\$ -</u>	<u>\$ 173</u>	<u>\$ 569</u>	<u>\$ 25,912</u>	<u>\$ 275,497</u>

ROOT TOWNSHIP, ADAMS 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	Recreation	Levy Excess	Rainy Day	Library	Totals
Cash and investments - beginning	\$ 99,978	\$ 116,132	\$ 32,733	\$ -	\$ 173	\$ 569	\$ 25,912	\$ 275,497
Receipts:								
Taxes	19,291	5,550	15,395	21,865	-	-	4,987	67,088
Licenses and permits	-	-	1,228	-	-	-	-	1,228
Intergovernmental	139	40	6,705	326	-	-	3,409	10,619
Other receipts	15,323	-	435	15,390	-	-	-	31,148
Total receipts	34,753	5,590	23,763	37,581	-	-	8,396	110,083
Disbursements:								
Personal services	14,232	10,096	-	-	-	-	-	24,328
Supplies	785	371	-	-	-	-	-	1,156
Other services and charges	15,428	18,792	28,727	3,594	-	-	-	66,541
Other disbursements	15,118	-	-	15,000	173	-	6,612	36,903
Total disbursements	45,563	29,259	28,727	18,594	173	-	6,612	128,928
Excess (deficiency) of receipts over disbursements	(10,810)	(23,669)	(4,964)	18,987	(173)	-	1,784	(18,845)
Cash and investments - ending	\$ 89,168	\$ 92,463	\$ 27,769	\$ 18,987	\$ -	\$ 569	\$ 27,696	\$ 256,652

ROOT TOWNSHIP, ADAMS 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	Recreation	Rainy Day	Library	Totals
Cash and investments - beginning	\$ 89,168	\$ 92,463	\$ 27,769	\$ 18,987	\$ 569	\$ 27,696	\$ 256,652
Receipts:							
Taxes	11,392	23,033	15,423	9,772	-	4,474	64,094
Intergovernmental	829	1,675	14,200	936	-	429	18,069
Other receipts	9	-	1,257	422	10,000	-	11,688
Total receipts	<u>12,230</u>	<u>24,708</u>	<u>30,880</u>	<u>11,130</u>	<u>10,000</u>	<u>4,903</u>	<u>93,851</u>
Disbursements:							
Personal services	14,270	10,403	-	-	-	-	24,673
Supplies	726	137	-	-	-	-	863
Other services and charges	10,150	21,723	-	21,112	569	-	53,554
Other disbursements	24,274	5,000	28,771	-	-	7,234	65,279
Total disbursements	<u>49,420</u>	<u>37,263</u>	<u>28,771</u>	<u>21,112</u>	<u>569</u>	<u>7,234</u>	<u>144,369</u>
Excess (deficiency) of receipts over disbursements	<u>(37,190)</u>	<u>(12,555)</u>	<u>2,109</u>	<u>(9,982)</u>	<u>9,431</u>	<u>(2,331)</u>	<u>(50,518)</u>
Cash and investments - ending	<u>\$ 51,978</u>	<u>\$ 79,908</u>	<u>\$ 29,878</u>	<u>\$ 9,005</u>	<u>\$ 10,000</u>	<u>\$ 25,365</u>	<u>\$ 206,134</u>

ROOT TOWNSHIP, ADAMS 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:	
Land	\$ 56,000
Infrastructure	20,000
Buildings	<u>10,000</u>
Total capital assets	<u><u>\$ 86,000</u></u>

ROOT TOWNSHIP, ADAMS COUNTY
EXIT CONFERENCE

The contents of this report were discussed on September 11, 2013, with Daniel D. Bieberich, Trustee. Our examination disclosed no material items that warrant comment at this time.