

STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2765

EXAMINATION REPORT

OF

CEDAR CREEK TOWNSHIP

LAKE COUNTY, INDIANA

January 1, 2003 to December 31, 2005



FILED
7/7/06

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OFFICIALS

Office

Official

Term

Trustee

Alice F. Dahl

01-01-03 to 12-31-06

Chairman of the
Township Board

Robert Gunning
Ronald Mills

01-01-03 to 12-31-03
01-01-04 to 12-31-06



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INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the schedules of receipts, disbursements, and cash and investment balances of Cedar Creek Township (Township), for the period of January 1, 2003 to December 31, 2005. The Township's management is responsible for the schedules. 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 schedule of receipts, disbursements, and cash and investment balances 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 schedules referred to above present fairly, in all material respects, the cash transactions of the Township for the years ended December 31, 2003, 2004, and 2005, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

May 30, 2006

CEDAR CREEK TOWNSHIP, LAKE COUNTY
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
As Of And For The Years Ended December 31, 2003, 2004, And 2005

	Cash and Investments 01-01-03	Receipts	Disbursements	Cash and Investments 12-31-03
Governmental Funds:				
General	\$ 145,871	\$ 205,081	\$ 323,533	\$ 27,419
Dog	200	80	-	280
Township Assistance	53,885	23,886	61,488	16,283
Firefighting	86,979	118,422	181,365	24,036
Park and Recreation	10,978	43,210	54,183	5
Cumulative Fire	53,624	21,100	45,105	29,619
Totals	<u>\$ 351,537</u>	<u>\$ 411,779</u>	<u>\$ 665,674</u>	<u>\$ 97,642</u>
	Cash and Investments 01-01-04	Receipts	Disbursements	Cash and Investments 12-31-04
Governmental Funds:				
General	\$ 27,419	\$ 457,921	\$ 461,563	\$ 23,777
Dog	280	88	10	358
Township Assistance	16,283	75,412	82,800	8,895
Firefighting	24,036	278,418	289,960	12,494
Park and Recreation	5	150,713	138,399	12,319
Cumulative Fire	29,619	13,208	38,901	3,926
Totals	<u>\$ 97,642</u>	<u>\$ 975,760</u>	<u>\$ 1,011,633</u>	<u>\$ 61,769</u>
	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds:				
General	\$ 23,777	\$ 514,930	\$ 500,504	\$ 38,203
Dog	358	71	57	372
Township Assistance	8,895	96,161	92,480	12,576
Firefighting	12,494	227,597	235,140	4,951
Park and Recreation	12,319	101,069	109,995	3,393
Cumulative Fire	3,926	49,867	31,109	22,684
Totals	<u>\$ 61,769</u>	<u>\$ 989,695</u>	<u>\$ 969,285</u>	<u>\$ 82,179</u>

The accompanying notes are an integral part of the schedules.

CEDAR CREEK TOWNSHIP, LAKE COUNTY
NOTES TO SCHEDULES

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.

Property tax rates and levies were not established by the Indiana Department of Local Government Finance as of February 15, 2005, as required by statute, due to the continued delay in the completion of the reassessment of Lake County. The 2004 pay 2005 property tax bills were mailed out on October 31, 2005, with the first installment due November 18, 2005, and the second installment due February 10, 2006.

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.

CEDAR CREEK TOWNSHIP, LAKE COUNTY
NOTES TO SCHEDULES

Note 6. Pension Plan

Public Employees' Retirement Fund

Plan Description

The Township contributes to the Indiana Public Employees' Retirement Fund (PERF), 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 PERF 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% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

PERF 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:

Public Employees' Retirement Fund
Harrison Building, Room 800
143 West Market Street
Indianapolis, IN 46204
Ph. (317) 233-4162

Funding Policy and Annual Pension Cost

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

Note 7. Subsequent Event

Property tax rates and levies were not established by the Indiana Department of Local Government Finance as of February 15, 2006, as required by statute, due to the continued delay caused by the reassessment of Lake County. As of June 8, 2006, the 2005 pay 2006 property tax bills have not been mailed out.

CEDAR CREEK TOWNSHIP, LAKE COUNTY
EXAMINATION RESULTS AND COMMENTS

CONTRACTS

Records presented for audit indicate payments were made to Tri-Creek Ambulance Service for \$248,605 in 2002, \$261,610 in 2004, and \$267,000 in 2005 without a written contract.

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)

PUBLIC EMPLOYEES RETIREMENT FUND

Cedar Creek Civil Township, West Creek Civil Township, and Eagle Creek Civil Township of Lake County, Indiana, by resolution in 1975, agreed to join together to provide ambulance services for the inhabitants of the three townships.

The agreement provides that the purpose is to operate ambulances or contract for the services for the operation in accordance with standards of equipment and personnel required by the laws of the State of Indiana. As a result, Tri-Creek Ambulance Service was formed.

The number of inhabitants in each township determines the amount to be paid by each Township to Tri-Creek Ambulance Service. Additionally, the Tri-Creek Ambulance Service receives additional income from private billings, interest and miscellaneous revenue.

Our examination disclosed that membership in the Public Employees Retirement Fund (PERF) was provided to the individuals employed by Tri-Creek Ambulance Service under the name of the governmental entity "West Creek Township." Employees of the civil township are members of the PERF plan provided by Lake County and not by the township plan.

Based on Tri-Creek Ambulance Service's Annual Report, remittances to PERF were from Tri-Creek Ambulance Service under the plan number assigned to West Creek Township.

Further review disclosed that for taxation purposes, Tri-Creek Ambulance Service has a separate tax identification number and issues W-2's to the individuals employed.

No disclosures or information was presented for examination which would validate that the ambulance employees were Township employees. The financial activities of the Tri-Creek Ambulance Service are not accounted for in the Township's financial records. An audit of the Tri-Creek Ambulance Service is conducted by a local accounting firm.

Indiana Code 5-10.3-7-1 states in part: ". . . any individual who becomes a full-time employee of the state or of a participating political subdivision . . . becomes a member of the fund . . ."

Indiana Code 5-10.3-1-6 defines: "Political subdivision as used in this article means a county, city, town, township, political body corporate, public school corporation, public library, public utility of a county, city, town, township, and any department of, or associated with, a county, city, town, or township, which department receives revenue independently of, or in addition to, funds obtained from taxation."

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)

CEDAR CREEK TOWNSHIP, LAKE COUNTY
EXIT CONFERENCE

The contents of this report were discussed on June 12, 2006, with Alice F. Dahl, Trustee. The official concurred with our findings.