

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

FINANCIAL STATEMENT EXAMINATION REPORT

OF

CEDAR CREEK TOWNSHIP

ALLEN COUNTY, INDIANA

January 1, 2010 to December 31, 2011



FILED
10/29/2012

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Gary Washington Carole Nadean Kruckeberg	01-01-10 to 12-31-10 01-01-11 to 12-31-14
Chairman of the Township Board	Steven Herman Norma Jean Yoder James Berger	01-01-10 to 12-31-10 01-01-11 to 12-31-11 01-01-12 to 12-31-12



STATE OF INDIANA
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INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the accompanying financial statements of Cedar Creek 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.

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 and the 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

September 26, 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.

CEDAR CREEK TOWNSHIP, ALLEN 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	\$ 5,736	\$ 22,890	\$ 40,140	\$ (11,514)
Township Assistance	32,010	40,946	9,972	62,984
Fire Fighting	71,877	114,969	83,124	103,722
Cumulative Fire	90,402	51,788	2,050	140,140
Park And Recreation	919	-	-	919
Levy Excess	-	555	-	555
Rainy Day	1,318	4,459	-	5,777
Township Assistance Debt	(1,149)	1,149	-	-
Payroll Deductions	995	4,002	4,794	203
Buggy Plate	-	7,805	7,805	-
Totals	<u>\$ 202,108</u>	<u>\$ 248,563</u>	<u>\$ 147,885</u>	<u>\$ 302,786</u>

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

CEDAR CREEK TOWNSHIP, ALLEN 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	\$ (11,514)	\$ 42,182	\$ 41,897	\$ (11,229)
Township Assistance	62,984	10,275	20,553	52,706
Fire Fighting	103,722	116,721	83,124	137,319
Cumulative Fire	140,140	46,234	-	186,374
Park And Recreation	919	-	-	919
Levy Excess	555	-	555	-
Rainy Day	5,777	-	-	5,777
Payroll Deductions	203	4,413	4,884	(268)
Buggy Plate	-	3,840	3,840	-
Totals	<u>\$ 302,786</u>	<u>\$ 223,665</u>	<u>\$ 154,853</u>	<u>\$ 371,598</u>

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

CEDAR CREEK TOWNSHIP, ALLEN 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.

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,

CEDAR CREEK TOWNSHIP, ALLEN COUNTY
NOTES TO FINANCIAL STATEMENTS
(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.

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.

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

CEDAR CREEK TOWNSHIP, ALLEN COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

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.

CEDAR CREEK TOWNSHIP, ALLEN COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

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. These risks may also be mitigated by the Township by recording as a disbursement any replacement items purchased.

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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.

CEDAR CREEK TOWNSHIP, ALLEN 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	Cumulative Fire	Park And Recreation	Levy Excess
Cash and investments - beginning	\$ 5,736	\$ 32,010	\$ 71,877	\$ 90,402	\$ 919	\$ -
Receipts:						
Taxes	22,511	40,613	114,969	45,988	-	555
Other receipts	379	333	-	5,800	-	-
Total receipts	<u>22,890</u>	<u>40,946</u>	<u>114,969</u>	<u>51,788</u>	<u>-</u>	<u>555</u>
Disbursements:						
Personal services	23,900	4,263	-	-	-	-
Supplies	511	100	-	-	-	-
Other services and charges	13,434	1,150	83,124	-	-	-
Capital outlay	2,295	-	-	2,050	-	-
Other disbursements	-	4,459	-	-	-	-
Total disbursements	<u>40,140</u>	<u>9,972</u>	<u>83,124</u>	<u>2,050</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(17,250)</u>	<u>30,974</u>	<u>31,845</u>	<u>49,738</u>	<u>-</u>	<u>555</u>
Cash and investments - ending	<u>\$ (11,514)</u>	<u>\$ 62,984</u>	<u>\$ 103,722</u>	<u>\$ 140,140</u>	<u>\$ 919</u>	<u>\$ 555</u>

CEDAR CREEK TOWNSHIP, ALLEN COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Rainy Day	Township Assistance Debt	Payroll Deductions	Buggy Plate	Totals
Cash and investments - beginning	\$ 1,318	\$ (1,149)	\$ 995	\$ -	\$ 202,108
Receipts:					
Taxes	-	-	-	-	224,636
Other receipts	4,459	1,149	4,002	7,805	23,927
Total receipts	4,459	1,149	4,002	7,805	248,563
Disbursements:					
Personal services	-	-	4,794	-	32,957
Supplies	-	-	-	-	611
Other services and charges	-	-	-	7,805	105,513
Capital outlay	-	-	-	-	4,345
Other disbursements	-	-	-	-	4,459
Total disbursements	-	-	4,794	7,805	147,885
Excess (deficiency) of receipts over disbursements	4,459	1,149	(792)	-	100,678
Cash and investments - ending	\$ 5,777	\$ -	\$ 203	\$ -	\$ 302,786

CEDAR CREEK TOWNSHIP, ALLEN 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	Cumulative Fire	Park And Recreation
Cash and investments - beginning	\$ (11,514)	\$ 62,984	\$ 103,722	\$ 140,140	\$ 919
Receipts:					
Taxes	40,501	10,240	116,599	46,185	-
Licenses and permits	-	-	-	-	-
Intergovernmental	79	35	122	49	-
Other receipts	1,602	-	-	-	-
Total receipts	<u>42,182</u>	<u>10,275</u>	<u>116,721</u>	<u>46,234</u>	<u>-</u>
Disbursements:					
Personal services	26,142	-	-	-	-
Supplies	1,253	-	-	-	-
Other services and charges	10,896	20,553	-	-	-
Debt service - principal and interest	355	-	-	-	-
Capital outlay	2,375	-	-	-	-
Other disbursements	876	-	83,124	-	-
Total disbursements	<u>41,897</u>	<u>20,553</u>	<u>83,124</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>285</u>	<u>(10,278)</u>	<u>33,597</u>	<u>46,234</u>	<u>-</u>
Cash and investments - ending	<u>\$ (11,229)</u>	<u>\$ 52,706</u>	<u>\$ 137,319</u>	<u>\$ 186,374</u>	<u>\$ 919</u>

CEDAR CREEK TOWNSHIP, ALLEN COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011
 (Continued)

	Levy Excess	Rainy Day	Payroll Deductions	Buggy Plate	Totals
Cash and investments - beginning	\$ 555	\$ 5,777	\$ 203	\$ -	\$ 302,786
Receipts:					
Taxes	-	-	-	-	213,525
Licenses and permits	-	-	-	3,840	3,840
Intergovernmental	-	-	4,413	-	4,698
Other receipts	-	-	-	-	1,602
Total receipts	-	-	4,413	3,840	223,665
Disbursements:					
Personal services	-	-	-	-	26,142
Supplies	-	-	-	-	1,253
Other services and charges	-	-	-	3,840	35,289
Debt service - principal and interest	-	-	-	-	355
Capital outlay	-	-	-	-	2,375
Other disbursements	555	-	4,884	-	89,439
Total disbursements	555	-	4,884	3,840	154,853
Excess (deficiency) of receipts over disbursements	(555)	-	(471)	-	68,812
Cash and investments - ending	\$ -	\$ 5,777	\$ (268)	\$ -	\$ 371,598

CEDAR CREEK TOWNSHIP
SUPPLEMENTARY INFORMATION
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>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Machinery and equipment	<u>\$ 2,541</u>

CEDAR CREEK TOWNSHIP, ALLEN COUNTY
EXAMINATION RESULTS AND COMMENTS

APPROPRIATIONS

As reported in a similar comment in prior Report B37234, the records presented for examination indicated the following expenditures in excess of budgeted appropriations:

<u>Fund</u>	<u>Year</u>	<u>Excess Amount Expended</u>
Township	2011	<u>\$ 11,171</u>

Indiana Code 6-1.1-18-4 states in part ". . . the proper officers of a political subdivision shall appropriate funds in such a manner that the expenditures for a year do not exceed its budget for that year as finally determined under this article."

PENALTIES, INTEREST, AND OTHER CHARGES

Penalties and interest were paid to the Indiana Department of Workforce Development during the examination period in amounts totaling \$4.50 for liability periods in 2009 and 2010.

Penalties and interest were paid to the Indiana Department of Revenue during the examination period in amounts totaling \$88.90 for liability periods in 2009 and 2010.

Penalties and interest were paid to the U.S. Treasury-IRS during the examination period in amounts totaling \$495.85 for liability periods in 2009, 2010 and 2011.

A similar comment was made in prior Report B37234.

CEDAR CREEK TOWNSHIP, ALLEN COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Failure to pay claims or remit taxes in a timely manner could be an indicator of serious financial problems which should be investigated by the governmental unit.

Additionally, officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the governmental unit.

Any penalties, interest or other charges paid by the governmental unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

OVERDRAWN FUND BALANCES

There were overdrawn fund balances during the examination period in the following funds and amounts:

	December 31, 2010	December 31, 2011
Township	\$ 11,514	\$ 11,229
Payroll Deductions	-	268

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)

CEDAR CREEK TOWNSHIP, ALLEN COUNTY
EXIT CONFERENCE

The contents of this report were discussed on September 26, 2012, with Carole Nadean Kruckeberg, Trustee.