B42701

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

FINANCIAL STATEMENT EXAMINATION REPORT

OF

BLUE CREEK TOWNSHIP

ADAMS COUNTY, INDIANA

January 1, 2010 to December 31, 2012

FILED
09/26/2013

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SCHEDULE OF OFFICIALS

Office	Official	Term
Trustee	James K. Werst	01-01-07 to 12-31-14
Chairman of the Township Board	Gregg A. Snyder	01-01-10 to 12-31-13

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF BLUE CREEK TOWNSHIP, ADAMS COUNTY, INDIANA

We have examined the accompanying financial statement of Blue 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

August 15, 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.

BLUE CREEK 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	$ 6,222	$ 17,996	$ 19,883	$ 4,335
Township Assistance	64,489	419	412	64,496
Fire Fighting	194	9,241	9,316	119
Totals	$ 70,905	$ 27,656	$ 29,611	$ 68,950

Fund	Cash and Investments 01-01-11	Receipts	Disbursements	Cash and Investments 12-31-11
Township	$ 4,335	$ 17,823	$ 16,086	$ 6,072
Township Assistance	64,496	420	452	64,464
Fire Fighting	119	8,632	8,735	16
Totals	$ 68,950	$ 26,875	$ 25,273	$ 70,552

Fund	Cash and Investments 01-01-12	Receipts	Disbursements	Cash and Investments 12-31-12
Township	$ 6,072	$ 17,874	$ 15,754	$ 8,192
Township Assistance	64,464	421	3,951	60,934
Fire Fighting	16	13,408	9,604	3,820
Rainy Day	-	3,713	3,713	-
Totals	$ 70,552	$ 35,416	$ 33,022	$ 72,946

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

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.

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.

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.

BLUE CREEK 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	Totals
Cash and investments - beginning	$ 6,222	$ 64,489	$ 194	$ 70,905
Receipts:				
Taxes	16,453	-	9,241	25,694
Charges for services	850	-	-	850
Other receipts	693	419	-	1,112
Total receipts	17,996	419	9,241	27,656
Disbursements:				
Personal services	6,693	412	9,316	16,421
Supplies	181	-	-	181
Other services and charges	13,009	-	-	13,009
Total disbursements	19,883	412	9,316	29,611
Excess (deficiency) of receipts over disbursements	(1,887)	7	(75)	(1,955)
Cash and investments - ending	$ 4,335	$ 64,496	$ 119	$ 68,950

BLUE CREEK 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	Totals
Cash and investments - beginning	$ 4,335	$ 64,496	$ 119	$ 68,950
Receipts:				
Taxes	15,664	-	5,205	20,869
Intergovernmental	1,423	-	2,620	4,043
Charges for services	300	-	-	300
Other receipts	436	420	807	1,663
Total receipts	17,823	420	8,632	26,875
Disbursements:				
Personal services	5,861	408	-	6,269
Supplies	319	44	-	363
Other services and charges	8,516	-	8,735	17,251
Other disbursements	1,390	-	-	1,390
Total disbursements	16,086	452	8,735	25,273
Excess (deficiency) of receipts over disbursements	1,737	(32)	(103)	1,602
Cash and investments - ending	$ 6,072	$ 64,464	$ 16	$ 70,552

BLUE CREEK 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	Rainy Day	Totals
Cash and investments - beginning	$ 6,072	$ 64,464	$ 16	$ -	$ 70,552
Receipts:					
Taxes	15,961	-	5,303	-	21,264
Intergovernmental	616	-	4,392	-	5,008
Charges for services	850	-	-	-	850
Other receipts	447	421	3,713	3,713	8,294
Total receipts	17,874	421	13,408	3,713	35,416
Disbursements:					
Personal services	6,843	420	-	-	7,263
Other services and charges	8,616	-	9,604	-	18,220
Other disbursements	295	3,531	-	3,713	7,539
Total disbursements	15,754	3,951	9,604	3,713	33,022
Excess (deficiency) of receipts over disbursements	2,120	(3,530)	3,804	-	2,394
Cash and investments - ending	$ 8,192	$ 60,934	$ 3,820	$ -	$ 72,946

APPROPRIATIONS

The following expenditures exceeded budgeted appropriations:

Fund	Year	Excess Amount Expended
Fire Fighting	2012	$ 4,975
Rainy Day	2012	3,713

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."

CERTIFIED REPORT FILED AFTER DUE DATE

The Township did not timely file a certified report of compensation of officers and employees (Form 100-R) with the State Board of Accounts for the years 2010, 2011, and 2012. The reports were filed on March 3, 2011, March 8, 2012, and April 3, 2013, which are past the January 31 due date.

Indiana Code 5-11-13-1 states in part:

"Every state, county, city, town, township, or school official . . . shall during the month of January of each year prepare, make, and sign a certified report, correctly and completely showing the names and business addresses of each and all officers, employees, and agents . . . and the respective duties and compensation of each, and shall forthwith file said report in the office of the state examiner of the state board of accounts."

(b) The department of local government finance may not approve the budget of a county, city, town, or township or a supplemental appropriation for a county, city, town, or township until the county, city, town, or township files an annual report under subsection (a) for the preceding calendar year.

COMPENSATION AND BENEFITS

Compensation and benefits were paid to seven Township officials and employees in each of the years 2010, 2011 and 2012. The compensation and benefits paid to these officials and employees was $6,166 for 2010, $6,162 for 2011 and $6,173 for 2012, and was not approved by the Township Board using Township Form 17, Resolution Establishing Salaries of Township Officers and Employees.

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, resolution or salary schedule adopted by the governing body unless otherwise authorized by statute. Compensation should be made in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

Indiana Code 36-6-6-10 requires the township board to set the salaries; wages; rates of hourly pay; and remuneration other than statutory allowances of all township officials and employees, except assessing officials and employees, for the year 1985 and each year thereafter. . . A type of format for recording these salaries should be the existing format of Township Form No. 17.

Township Form No. 17 (Revised 2008) has been prescribed to fulfill the requirements of the statute. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 2)

DEPOSITS

Of the 36 months examined, 20 months had no bank deposits even though the Township receives a monthly distribution from the County.

Indiana Code 5-13-6-1(c) states in part: " . . . public funds collected by township trustees shall be deposited in the designated depository on or before the first and fifteenth day of each month."

BLUE CREEK TOWNSHIP, ADAMS COUNTY
EXIT CONFERENCE

The contents of this report were discussed on August 15, 2013, with James K. Werst, Trustee. The official concurred with our findings.