

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

FINANCIAL STATEMENTS EXAMINATION REPORT

OF

CASS TOWNSHIP

SULLIVAN COUNTY, INDIANA

January 1, 2012 to December 31, 2016



FILED
10/20/2017

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Todd E. Talpas	01-01-11 to 12-31-18
Chairman of the Township Board	Joe McCammon	01-01-12 to 12-31-17



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF CASS TOWNSHIP, SULLIVAN COUNTY, INDIANA

We have examined the accompanying financial statements of Cass Township (Township), for the period of January 1, 2012 to December 31, 2016. The Township's management is responsible for the fair presentation of these financial statements in accordance with the prescribed basis of accounting described in Note 1. 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. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the financial statements are in accordance with the criteria, in all material respects. An examination involves performing procedures to obtain evidence about the financial statements. The nature, timing, and extent of the procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.


As discussed in Note 1 to the financial statements, the Township prepares its financial statements on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the Indiana 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 statements 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.

In our opinion, because of the matter described in the preceding paragraph, the financial statements for the period of January 1, 2012 to December 31, 2016, referred to above, do not present, in conformity with accounting principles generally accepted in the United States of America, the financial position and results of operations of the Township.

INDEPENDENT ACCOUNTANT'S REPORT
(Continued)

In our opinion, the financial statements for the period of January 1, 2012 to December 31, 2016, referred to above, present the financial position and results of operations of the Township based on the prescribed basis of accounting described in Note 1 to the financial statements, in all material respects.

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 Schedule of Leases and Debt, 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.


Paul D. Joyce, CPA
State Examiner

September 5, 2017

FINANCIAL STATEMENTS AND ACCOMPANYING NOTES

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.

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CASS TOWNSHIP, SULLIVAN COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended December 31, 2012 and 2013

Fund	Cash and Investments 01-01-12	Receipts	Disbursements	Cash and Investments 12-31-12	Receipts	Disbursements	Cash and Investments 12-31-13
Township	\$ 32,019	\$ 24,434	\$ 24,860	\$ 31,593	\$ 24,578	\$ 25,325	\$ 30,846
Township Assistance	11,059	18,185	15,299	13,945	15,935	16,193	13,687
Fire Fighting	12,074	17,376	17,595	11,855	17,851	14,483	15,223
Cumulative Fire	18,211	7,259	12,000	13,470	6,997	8,288	12,179
Payroll Withholding	-	-	-	-	716	-	716
Totals	<u>\$ 73,363</u>	<u>\$ 67,254</u>	<u>\$ 69,754</u>	<u>\$ 70,863</u>	<u>\$ 66,077</u>	<u>\$ 64,289</u>	<u>\$ 72,651</u>

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

CASS TOWNSHIP, SULLIVAN COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended December 31, 2014 and 2015

Fund	Cash and Investments 01-01-14	Receipts	Disbursements	Cash and Investments 12-31-14	Receipts	Disbursements	Cash and Investments 12-31-15
Township	\$ 30,846	\$ 26,815	\$ 26,641	\$ 31,020	\$ 26,218	\$ 27,375	\$ 29,863
Township Assistance	13,687	16,263	16,026	13,924	17,066	16,071	14,919
Fire Fighting	15,223	18,198	22,000	11,421	-	11,421	-
Union Fire Protection Territory	-	21,736	21,316	420	87,138	78,307	9,251
Cumulative Fire	12,179	7,124	15,000	4,303	-	4,303	-
Union Fire Equipment Replacement	-	-	-	-	51,140	40,001	11,139
Payroll Withholding	716	-	-	716	-	-	716
Totals	<u>\$ 72,651</u>	<u>\$ 90,136</u>	<u>\$ 100,983</u>	<u>\$ 61,804</u>	<u>\$ 181,562</u>	<u>\$ 177,478</u>	<u>\$ 65,888</u>

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

CASS TOWNSHIP, SULLIVAN COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Year Ended December 31, 2016

Fund	Cash and Investments 01-01-16	Receipts	Disbursements	Cash and Investments 12-31-16
Township	\$ 29,863	\$ 27,562	\$ 26,815	\$ 30,610
Township Assistance	14,919	16,763	14,737	16,945
Union Fire Protection Territory	9,251	89,292	61,638	36,905
Union Fire Equipment Replacement	11,139	50,510	41,000	20,649
Payroll Withholding	<u>716</u>	<u>-</u>	<u>-</u>	<u>716</u>
Totals	<u>\$ 65,888</u>	<u>\$ 184,127</u>	<u>\$ 144,190</u>	<u>\$ 105,825</u>

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

CASS TOWNSHIP, SULLIVAN 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) and general administrative services (cemetery maintenance).

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 Indiana 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. The basis of accounting involves the reporting of only cash and investments and the changes therein resulting from cash inflows (receipts) and cash outflows (disbursements) reported in the period in which they occurred.

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. Amounts received from one or more of the following: property tax, certified shares (local option tax), property tax replacement credit (local option tax), county option income tax, wheel tax, innkeeper's 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. Amounts received from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of intergovernmental receipts include, but are not limited to, the following: federal grants, state grants, cigarette tax distributions received from the state, motor vehicle highway distributions received from the state, local road and street distributions 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.

CASS TOWNSHIP, SULLIVAN COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

Charges for services. Amounts received for services including, but not limited to, the following: planning commission charges, building department charges, copies of public records, copy machines 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. Amounts received from various sources, including, but 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. Amounts disbursed 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. Amounts disbursed for 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, but are not limited to, the following: office supplies, operating supplies, and repair and maintenance supplies.

Other services and charges. Amounts disbursed for services including, but not limited to, the following: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

Debt service - principal and interest. Amounts disbursed for 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. Amounts disbursed for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

Other disbursements. Amounts disbursed for various other purposes including, but 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, make transfers 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.

CASS TOWNSHIP, SULLIVAN COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

G. Fund Accounting

Separate funds are established, maintained, and reported by the Township. Each fund is used to account for amounts 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 amounts 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, the following: federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

CASS TOWNSHIP, SULLIVAN COUNTY
NOTES TO FINANCIAL STATEMENTS
(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 statements. 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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OTHER INFORMATION - UNEXAMINED

The Township's Annual Financial Reports 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 Township's Annual Financial Reports 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 other information presented was approved by management of the Township. It is presented as intended by the Township.

CASS TOWNSHIP, SULLIVAN 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	Cumulative Fire	Totals
Cash and investments - beginning	\$ 32,019	\$ 11,059	\$ 12,074	\$ 18,211	\$ 73,363
Receipts:					
Taxes	20,596	15,459	15,202	6,350	57,607
Intergovernmental receipts	3,607	2,726	2,174	909	9,416
Other receipts	231	-	-	-	231
Total receipts	<u>24,434</u>	<u>18,185</u>	<u>17,376</u>	<u>7,259</u>	<u>67,254</u>
Disbursements:					
Personal services	19,952	6,300	2,500	-	28,752
Supplies	699	-	1,000	-	1,699
Other services and charges	4,209	8,999	14,095	-	27,303
Capital outlay	-	-	-	9,000	9,000
Other disbursements	-	-	-	3,000	3,000
Total disbursements	<u>24,860</u>	<u>15,299</u>	<u>17,595</u>	<u>12,000</u>	<u>69,754</u>
Excess (deficiency) of receipts over disbursements	<u>(426)</u>	<u>2,886</u>	<u>(219)</u>	<u>(4,741)</u>	<u>(2,500)</u>
Cash and investments - ending	<u>\$ 31,593</u>	<u>\$ 13,945</u>	<u>\$ 11,855</u>	<u>\$ 13,470</u>	<u>\$ 70,863</u>

CASS TOWNSHIP, SULLIVAN COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013

	Township	Township Assistance	Fire Fighting	Cumulative Fire	Payroll Withholding	Totals
Cash and investments - beginning	\$ 31,593	\$ 13,945	\$ 11,855	\$ 13,470	\$ -	\$ 70,863
Receipts:						
Taxes	20,791	13,553	15,331	6,009	-	55,684
Intergovernmental receipts	3,744	2,382	2,520	988	-	9,634
Charges for services	14	-	-	-	-	14
Other receipts	29	-	-	-	716	745
Total receipts	<u>24,578</u>	<u>15,935</u>	<u>17,851</u>	<u>6,997</u>	<u>716</u>	<u>66,077</u>
Disbursements:						
Personal services	19,975	6,300	2,500	-	-	28,775
Supplies	733	-	378	-	-	1,111
Other services and charges	4,617	9,893	11,605	-	-	26,115
Capital outlay	-	-	-	8,288	-	8,288
Other disbursements	-	-	-	-	-	-
Total disbursements	<u>25,325</u>	<u>16,193</u>	<u>14,483</u>	<u>8,288</u>	<u>-</u>	<u>64,289</u>
Excess (deficiency) of receipts over disbursements	<u>(747)</u>	<u>(258)</u>	<u>3,368</u>	<u>(1,291)</u>	<u>716</u>	<u>1,788</u>
Cash and investments - ending	<u>\$ 30,846</u>	<u>\$ 13,687</u>	<u>\$ 15,223</u>	<u>\$ 12,179</u>	<u>\$ 716</u>	<u>\$ 72,651</u>

CASS TOWNSHIP, SULLIVAN COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014

	Township	Township Assistance	Fire Fighting	Union Fire Protection Territory	Cumulative Fire	Union Fire Equipment Replacement	Payroll Withholding	Totals
Cash and investments - beginning	\$ 30,846	\$ 13,687	\$ 15,223	\$ -	\$ 12,179	\$ -	\$ 716	\$ 72,651
Receipts:								
Taxes	23,002	13,978	15,658	-	6,137	-	-	58,775
Intergovernmental receipts	3,760	2,285	2,519	-	987	-	-	9,551
Other receipts	53	-	21	21,736	-	-	-	21,810
Total receipts	26,815	16,263	18,198	21,736	7,124	-	-	90,136
Disbursements:								
Personal services	19,975	6,300	2,500	3,400	-	-	-	32,175
Supplies	956	-	1,500	419	-	-	-	2,875
Other services and charges	5,710	9,726	18,000	17,497	-	-	-	50,933
Capital outlay	-	-	-	-	15,000	-	-	15,000
Other disbursements	-	-	-	-	-	-	-	-
Total disbursements	26,641	16,026	22,000	21,316	15,000	-	-	100,983
Excess (deficiency) of receipts over disbursements	174	237	(3,802)	420	(7,876)	-	-	(10,847)
Cash and investments - ending	\$ 31,020	\$ 13,924	\$ 11,421	\$ 420	\$ 4,303	\$ -	\$ 716	\$ 61,804

CASS TOWNSHIP, SULLIVAN COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015

	Township	Township Assistance	Fire Fighting	Union Fire Protection Territory	Cumulative Fire	Union Fire Equipment Replacement	Payroll Withholding	Totals
Cash and investments - beginning	\$ 31,020	\$ 13,924	\$ 11,421	\$ 420	\$ 4,303	\$ -	\$ 716	\$ 61,804
Receipts:								
Taxes	22,759	14,851	-	63,531	-	48,082	-	149,223
Intergovernmental receipts	3,394	2,215	-	4,040	-	3,058	-	12,707
Charges for services	8	-	-	-	-	-	-	8
Other receipts	57	-	-	19,567	-	-	-	19,624
Total receipts	26,218	17,066	-	87,138	-	51,140	-	181,562
Disbursements:								
Personal services	20,375	6,300	-	8,969	-	-	-	35,644
Supplies	1,000	-	-	17,365	-	-	-	18,365
Other services and charges	6,000	9,771	-	51,973	-	-	-	67,744
Debt service - principal and interest	-	-	-	-	-	13,871	-	13,871
Capital outlay	-	-	-	-	-	25,620	-	25,620
Other disbursements	-	-	11,421	-	4,303	510	-	16,234
Total disbursements	27,375	16,071	11,421	78,307	4,303	40,001	-	177,478
Excess (deficiency) of receipts over disbursements	(1,157)	995	(11,421)	8,831	(4,303)	11,139	-	4,084
Cash and investments - ending	\$ 29,863	\$ 14,919	\$ -	\$ 9,251	\$ -	\$ 11,139	\$ 716	\$ 65,888

CASS TOWNSHIP, SULLIVAN COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	Township	Township Assistance	Union Fire Protection Territory	Union Fire Equipment Replacement	Payroll Withholding	Totals
Cash and investments - beginning	\$ 29,863	\$ 14,919	\$ 9,251	\$ 11,139	\$ 716	\$ 65,172
Receipts:						
Taxes	24,095	14,655	83,625	47,521	-	169,896
Intergovernmental receipts	3,467	2,108	5,259	2,989	-	13,823
Other receipts	-	-	408	-	-	408
Total receipts	<u>27,562</u>	<u>16,763</u>	<u>89,292</u>	<u>50,510</u>	<u>-</u>	<u>184,127</u>
Disbursements:						
Personal services	19,975	6,300	9,525	-	-	35,800
Supplies	902	-	11,706	-	-	12,608
Other services and charges	5,938	8,437	40,407	41,000	-	95,782
Other disbursements	-	-	-	-	-	-
Total disbursements	<u>26,815</u>	<u>14,737</u>	<u>61,638</u>	<u>41,000</u>	<u>-</u>	<u>144,190</u>
Excess (deficiency) of receipts over disbursements	<u>747</u>	<u>2,026</u>	<u>27,654</u>	<u>9,510</u>	<u>-</u>	<u>39,937</u>
Cash and investments - ending	<u>\$ 30,610</u>	<u>\$ 16,945</u>	<u>\$ 36,905</u>	<u>\$ 20,649</u>	<u>\$ 716</u>	<u>\$ 105,109</u>

CASS TOWNSHIP, SULLIVAN COUNTY
 SCHEDULE OF LEASES AND DEBT
 For the Year Ended December 31, 2016

Description of Debt		Ending Principal Balance	Principal and Interest Due Within One Year
Type	Purpose		
Governmental activities: Notes and loans payable	2016 Rescue Truck	\$ 66,193	\$ 27,741
Totals		<u>\$ 66,193</u>	<u>\$ 27,741</u>

OTHER REPORTS

In addition to this report, other reports may have been issued for the Township. All reports can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>.