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

FINANCIAL STATEMENT REVIEW REPORT

OF

ROCK CREEK TOWNSHIP

HUNTINGTON COUNTY, INDIANA

January 1, 2017 to December 31, 2018

FILED
05/01/2020

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SCHEDULE OF OFFICIALS

Office	Official	Term
Trustee	Linda K. Mautz	01-01-15 to 12-31-18
	(Vacant)	01-01-19 to 02-17-19
	Tiffany S. Grant	02-18-19 to 12-31-22
Chairman of the Township Board	Carrie Osborn	01-01-17 to 12-31-18
	(Vacant)	01-01-19 to 04-28-19
	Robert E. Mautz	04-29-19 to 12-31-19
	(Vacant)	01-01-20 to 03-18-20
	Robert E. Mautz	03-19-20 to 12-31-20

STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

TO: THE OFFICIALS OF ROCK CREEK TOWNSHIP, HUNTINGTON COUNTY, INDIANA

We have reviewed the accompanying financial statement of Rock Creek Township (Township), for the period of January 1, 2017 to December 31, 2018. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the Township's management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statement as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with a regulatory 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. This includes determining that the basis of accounting the Township uses is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement whether due to fraud or error.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with *Statement on Standards for Accounting and Review Services* promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statement for it to be in accordance with the prescribed basis of accounting described in Note 1. We believe that the results of our procedures provide a reasonable basis for our conclusion.

INDEPENDENT ACCOUNTANT'S REVIEW REPORT
(Continued)

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statement in order for it to be in accordance with the prescribed basis of accounting described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statement, which describes the basis of accounting. The financial statement is prepared in accordance with 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. Our conclusion is not modified with respect to this matter.

Paul D. Joyce
Paul D. Joyce, CPA
State Examiner

April 15, 2020

FINANCIAL STATEMENT AND ACCOMPANYING NOTES

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.

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ROCK CREEK TOWNSHIP, HUNTINGTON COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended December 31, 2017 and 2018

Fund	Cash and Investments 01-01-17	Receipts	Disbursements	Cash and Investments 12-31-17	Receipts	Disbursements	Cash and Investments 12-31-18
Township	$ 45,102	$ 25,877	$ 13,449	$ 57,530	$ 34,050	$ 13,056	$ 78,524
Township Assistance	43,824	5,047	500	48,371	533	500	48,404
Fire Fighting	67,774	13,909	14,498	67,185	14,768	22,787	59,166
Rainy Day	7,134	-	-	7,134	-	-	7,134
Levy Excess	-	194	-	194	124	-	318
Building Remodeling/Fire Equipment	25	-	-	25	11,971	-	11,996
Totals	$ 163,859	$ 45,027	$ 28,447	$ 180,439	$ 61,446	$ 36,343	$ 205,542

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 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 statement. 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.

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 statement. 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.

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.

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 December 31 of the year preceding the budget year or January 15 of the budget year if the Township is issuing debt after December 1 or intends on filing a shortfall appeal. These rates were based upon the assessed valuations adjusted for various tax credits from the preceding year's lien date of January 1. 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.

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. Subsequent Event

In July 2019, the Township made a $32,683 down payment on their portion of a fire truck for the Markle Volunteer Fire Department.

ROCK CREEK TOWNSHIP, HUNTINGTON COUNTY
REVIEW RESULTS AND COMMENTS

LATE SUBMISSION OF ANNUAL FINANCIAL REPORT

Condition and Context

The Township's Annual Financial Report for 2018 was not filed electronically in the Indiana Gateway for Government Units financial reporting system until March 14, 2019, which was 13 days past the due date.

Criteria

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every municipality and every state or local governmental unit, entity, or instrumentality financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each fiscal year. The reports must be in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under IC 5-14-3.8-7."

LATE SUBMISSION OF CERTIFIED REPORT

Condition and Context

The Township's 2018 Certified Report of Names, Addresses, Duties and Compensation of Public Employees (Form 100R) was not filed electronically in the Indiana Gateway for Government Units financial reporting system until March 14, 2019, which was 42 days past the due date.

Criteria

Indiana Code 5-11-13-1(a) states in part:

"Every . . . township . . . 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. . . . The certification must be filed electronically in the manner prescribed under IC 5-14-3.8-7."

ANNUAL FINANCIAL REPORT - BANK-TO-BANK TRANSFERS

Condition and Context

Receipts and disbursements for 2018 were materially overstated due to bank transfers in the amount of $178,136, which were recorded as receipts and disbursements. Review adjustments were proposed, accepted by the Township, and made to the financial statement.

Criteria

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every municipality and every state or local governmental unit, entity, or instrumentality financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each fiscal year. The reports must be in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under IC 5-14-3.8-7."

Units are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings, court decisions, and filing requirements concerning reports and other procedural matters of federal and state agencies. Units must file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

April 24, 2020

OFFICIAL RESPONSE

As current Trustee for Rock Creek Township, Huntington County, Indiana, I would like to write an official response to the 2017-2018 Township Audit.

Matters of Consideration:

Advance Payments – in order to obtain a 10% discount on the cost of the fire truck, the 5 entities making the payments on the fire truck had to make a down payment.

Election of Officers – in 2019 there was no Trustee and no board members in January 2019, therefore, no meeting could be held. We will address the meeting minutes from March 19, 2020 to make sure that they indicate the selection of the officers was retroactive to January 1, 2020.

Official response to the Review Results and Comments:

Late Submission of Annual Financial Report/Late Submission of Certified Report – upon taking the Trustee position on 2/18/19, I was not trained or told what needed to be done with what due dates. After getting set up on Gateway and getting emails with notifications, I was able to get these items submitted.

Annual Financial Report: Bank-to-Bank Transfers – this was from the previous Trustee, Linda Mautz.

I was not the Trustee for the period being audited. The Trustee at the time was Linda Mautz, who declined to participate in the exit conference.

Thank you,

Tiffany Grant

Tiffany Grant
Rock Creek Township Trustee
Huntington County, Indiana

PO Box 263
Markle, IN 46770
P: (260) 414-9323

ROCK CREEK TOWNSHIP, HUNTINGTON COUNTY
EXIT CONFERENCE

The contents of this report were discussed on April 15, 2020, with Tiffany S. Grant, Trustee.