

B40738

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

FINANCIAL STATEMENT EXAMINATION REPORT

OF

EEL RIVER TOWNSHIP

HENDRICKS COUNTY, INDIANA

January 1, 2010 to December 31, 2011



**FILED**  
08/20/2012



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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Joyce Greene	01-01-07 to 12-31-14
Chairman of the Township Board	Steve Miller	01-01-10 to 12-31-10
	Mike Schlagel	01-01-11 to 12-31-11
	Clara Thompson	01-01-12 to 12-31-12



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF EEL RIVER TOWNSHIP, HENDRICKS COUNTY, INDIANA

We have examined the financial statements of Eel River Township, for the period of January 1, 2010 to December 31, 2011. The Township's management is responsible for the financial statements. 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 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. The basis noted above is a different basis than that used in the prior year.

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.

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 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

June 4, 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.

EEL RIVER TOWNSHIP, HENDRICKS 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	\$ 38,729	\$ 38,636	\$ 58,045	\$ 19,320
Township Assistance	9,253	33,954	22,375	20,832
Fire Fighting	44,782	70,487	93,853	21,416
Cumulative Fire	15,038	12,087	6,017	21,108
Fire Debt	(110)	-	-	(110)
Levy Excess	1,520	193	1,520	193
Rainy Day	1,943	-	1,943	-
Payroll Withholdings	(2,590)	9,773	8,486	(1,303)
Totals	<u>\$ 108,565</u>	<u>\$ 165,130</u>	<u>\$ 192,239</u>	<u>\$ 81,456</u>

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

EEL RIVER TOWNSHIP, HENDRICKS 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	\$ 19,320	\$ 49,918	\$ 51,900	\$ 17,338
Township Assistance	20,832	8,199	14,694	14,337
Fire Fighting	21,416	51,121	41,126	31,411
Levy Excess	193	-	-	193
Cumulative Fire	21,108	10,693	7,947	23,854
Fire Debt	(110)	-	-	(110)
Payroll Withholdings	(1,303)	5,566	9,782	(5,519)
Totals	<u>\$ 81,456</u>	<u>\$ 125,497</u>	<u>\$ 125,449</u>	<u>\$ 81,504</u>

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

EEL RIVER TOWNSHIP, HENDRICKS 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.

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.

EEL RIVER TOWNSHIP, HENDRICKS COUNTY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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 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.

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.

EEL RIVER TOWNSHIP, HENDRICKS 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 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.

EEL RIVER TOWNSHIP, HENDRICKS 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. These risks may also be mitigated by the Township by recording as a disbursement any replacement items purchased.

**Note 6. Pension Plan**

*Public Employees' Retirement Fund*

*Plan Description*

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

INPRS 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:

Indiana Public Retirement System  
1 North Capital Street, Suite 001  
Indianapolis, IN 46204  
Ph. (888) 526-1687

*Funding Policy and Annual Pension Cost*

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

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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/](http://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.

EEL RIVER TOWNSHIP, HENDRICKS 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	Fire Debt	Levy Excess	Rainy Day	Payroll Withholdings	Totals
Cash and investments - beginning	\$ 38,729	\$ 9,253	\$ 44,782	\$ 15,038	\$ (110)	\$ 1,520	\$ 1,943	\$ (2,590)	\$ 108,565
Receipts:									
Taxes	32,115	33,754	50,265	12,087	-	193	-	9,773	138,187
Other receipts	6,521	200	20,222	-	-	-	-	-	26,943
Total receipts	<u>38,636</u>	<u>33,954</u>	<u>70,487</u>	<u>12,087</u>	<u>-</u>	<u>193</u>	<u>-</u>	<u>9,773</u>	<u>165,130</u>
Disbursements:									
Personal services	25,256	-	12,401	-	-	-	-	8,486	46,143
Supplies	1,218	-	40,776	-	-	-	-	-	41,994
Other services and charges	25,709	1,666	39,754	-	-	-	-	-	67,129
Capital outlay	904	-	922	6,017	-	-	-	-	7,843
Other disbursements	4,958	20,709	-	-	-	1,520	1,943	-	29,130
Total disbursements	<u>58,045</u>	<u>22,375</u>	<u>93,853</u>	<u>6,017</u>	<u>-</u>	<u>1,520</u>	<u>1,943</u>	<u>8,486</u>	<u>192,239</u>
Excess (deficiency) of receipts over disbursements	<u>(19,409)</u>	<u>11,579</u>	<u>(23,366)</u>	<u>6,070</u>	<u>-</u>	<u>(1,327)</u>	<u>(1,943)</u>	<u>1,287</u>	<u>(27,109)</u>
Cash and investments - ending	<u>\$ 19,320</u>	<u>\$ 20,832</u>	<u>\$ 21,416</u>	<u>\$ 21,108</u>	<u>\$ (110)</u>	<u>\$ 193</u>	<u>\$ -</u>	<u>\$ (1,303)</u>	<u>\$ 81,456</u>

EEL RIVER TOWNSHIP, HENDRICKS 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	Levy Excess	Cumulative Fire	Fire Debt	Payroll Withholdings	Totals
Cash and investments - beginning	\$ 19,320	\$ 20,832	\$ 21,416	\$ 193	\$ 21,108	\$ (110)	\$ (1,303)	\$ 81,456
Receipts:								
Taxes	13,276	3,621	20,884	-	5,793	-	-	43,574
Intergovernmental	33,967	4,528	30,237	-	4,900	-	-	73,632
Charges for services	2,312	-	-	-	-	-	-	2,312
Other receipts	363	50	-	-	-	-	5,566	5,979
Total receipts	49,918	8,199	51,121	-	10,693	-	5,566	125,497
Disbursements:								
Personal services	24,089	-	619	-	-	-	-	24,708
Supplies	753	-	26,773	-	-	-	-	27,526
Other services and charges	27,058	14,694	13,734	-	-	-	-	55,486
Capital outlay	-	-	-	-	7,947	-	-	7,947
Other disbursements	-	-	-	-	-	-	9,782	9,782
Total disbursements	51,900	14,694	41,126	-	7,947	-	9,782	125,449
Excess (deficiency) of receipts over disbursements	(1,982)	(6,495)	9,995	-	2,746	-	(4,216)	48
Cash and investments - ending	\$ 17,338	\$ 14,337	\$ 31,411	\$ 193	\$ 23,854	\$ (110)	\$ (5,519)	\$ 81,504

EEL RIVER TOWNSHIP, HENDRICKS COUNTY  
EXAMINATION RESULTS AND COMMENTS

**CASH NECESSARY TO BALANCE, BANK RECONCILIATIONS**

A comparison of the records to the bank account indicated a cash necessary to balance of \$360.06. There are four separate receipts that are listed as deposits in transit; however, the receipts are not actually deposits in transit. Some of the receipts date back as far as 2007. A similar comment was made in prior Report B36401.

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

**OVERDRAWN FUND BALANCES**

The Payroll Withholdings and Fire Debt funds were overdrawn at year-end 2010 and 2011 as identified below:

<u>Fund</u>	<u>2010</u>	<u>2011</u>
Payroll Withholdings	\$ 1,303	\$ 5,519
Fire Debt	110	110

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)

EEL RIVER TOWNSHIP, HENDRICKS COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on June 4, 2012, with Joyce Greene, Trustee. The official concurred with our findings.