

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

FINANCIAL STATEMENTS EXAMINATION REPORT

OF

MIDDLEBURY TOWNSHIP

ELKHART COUNTY, INDIANA

January 1, 2010 to December 31, 2011



**FILED**  
10/01/2012



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Gordon K. Nusbaum	01-01-07 to 12-31-14
Chairman of the Township Board	Harold S. Bellamy Jerry Weaver	01-01-10 to 12-31-10 01-01-11 to 12-31-12



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF MIDDLEBURY TOWNSHIP, ELKHART COUNTY, INDIANA

We have examined the accompanying financial statements of Middlebury 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. 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.

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, Schedule of Payables and Receivables, Schedule of Leases and Debt, and 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 10, 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.

MIDDLEBURY TOWNSHIP, ELKHART 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	\$ 376,965	\$ 227,364	\$ 108,215	\$ 496,114
Township Assistance	51,547	63,952	30,560	84,939
Fire Fighting	584,471	544,059	374,634	753,896
Cumulative Fire	112,222	124,008	49,677	186,553
Park And Recreation	14,287	17,257	11,000	20,544
Fire Debt	72,721	163,140	161,000	74,861
Levy Excess	-	4,153	-	4,153
Rainy Day	37,770	19,975	-	57,745
Emergency Medical Services/Ambulance	2,041,803	1,225,872	764,028	2,503,647
Totals	<u>\$ 3,291,786</u>	<u>\$ 2,389,780</u>	<u>\$ 1,499,114</u>	<u>\$ 4,182,452</u>

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

MIDDLEBURY TOWNSHIP, ELKHART 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	\$ 496,114	\$ 226,348	\$ 130,281	\$ 592,181
Emergency Medical Services/Ambulance	2,503,647	1,208,478	807,522	2,904,603
Park And Recreation	20,544	16,896	16,000	21,440
Township Assistance	84,939	64,128	35,010	114,057
Fire Fighting	753,896	446,363	391,042	809,217
Rainy Day	57,745	-	-	57,745
Levy Excess	4,153	-	4,153	-
Cumulative Fire	186,553	114,466	9,620	291,399
Fire Debt	74,861	149,171	161,000	63,032
Totals	<u>\$ 4,182,452</u>	<u>\$ 2,225,850</u>	<u>\$ 1,554,628</u>	<u>\$ 4,853,674</u>

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

MIDDLEBURY TOWNSHIP, ELKHART 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.

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, 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: financial institution tax received from the state, auto excise surtax received from the state, commercial vehicle excise tax received from the state, and riverboat receipts received from the county.

Charges for services which can include, but are not limited to the following: emergency medical service fees, and park rental fees.

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.

MIDDLEBURY TOWNSHIP, ELKHART COUNTY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

*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.

*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

MIDDLEBURY TOWNSHIP, ELKHART COUNTY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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 statements. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks.

MIDDLEBURY TOWNSHIP, ELKHART COUNTY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

**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.

MIDDLEBURY TOWNSHIP, ELKHART 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
Cash and investments - beginning	\$ 376,965	\$ 51,547	\$ 584,471	\$ 112,222	\$ 14,287
Receipts:					
Taxes	206,661	61,752	488,962	122,307	17,257
Charges for services	-	-	55,000	-	-
Other receipts	20,703	2,200	97	1,701	-
Total receipts	<u>227,364</u>	<u>63,952</u>	<u>544,059</u>	<u>124,008</u>	<u>17,257</u>
Disbursements:					
Personal services	49,988	-	220,241	-	-
Supplies	2,030	99	57,569	-	-
Other services and charges	52,623	339	70,679	-	11,000
Capital outlay	3,574	-	26,145	49,677	-
Other disbursements	-	30,122	-	-	-
Total disbursements	<u>108,215</u>	<u>30,560</u>	<u>374,634</u>	<u>49,677</u>	<u>11,000</u>
Excess of receipts over disbursements	<u>119,149</u>	<u>33,392</u>	<u>169,425</u>	<u>74,331</u>	<u>6,257</u>
Cash and investments - ending	<u>\$ 496,114</u>	<u>\$ 84,939</u>	<u>\$ 753,896</u>	<u>\$ 186,553</u>	<u>\$ 20,544</u>

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

	Fire Debt	Levy Excess	Rainy Day	Emergency Medical Services/Ambulance	Totals
Cash and investments - beginning	\$ 72,721	\$ -	\$ 37,770	\$ 2,041,803	\$ 3,291,786
Receipts:					
Taxes	163,140	-	19,975	1,005,536	2,085,590
Charges for services	-	-	-	216,074	271,074
Other receipts	-	4,153	-	4,262	33,116
Total receipts	<u>163,140</u>	<u>4,153</u>	<u>19,975</u>	<u>1,225,872</u>	<u>2,389,780</u>
Disbursements:					
Personal services	-	-	-	591,645	861,874
Supplies	-	-	-	70,730	130,428
Other services and charges	-	-	-	85,506	220,147
Capital outlay	161,000	-	-	16,147	256,543
Other disbursements	-	-	-	-	30,122
Total disbursements	<u>161,000</u>	<u>-</u>	<u>-</u>	<u>764,028</u>	<u>1,499,114</u>
Excess of receipts over disbursements	<u>2,140</u>	<u>4,153</u>	<u>19,975</u>	<u>461,844</u>	<u>890,666</u>
Cash and investments - ending	<u>\$ 74,861</u>	<u>\$ 4,153</u>	<u>\$ 57,745</u>	<u>\$ 2,503,647</u>	<u>\$ 4,182,452</u>

MIDDLEBURY TOWNSHIP, ELKHART COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2011

	Township	Emergency Medical Services/Ambulance	Park And Recreation	Township Assistance	Fire Fighting
Cash and investments - beginning	\$ 496,114	\$ 2,503,647	\$ 20,544	\$ 84,939	\$ 753,896
Receipts:					
Taxes	124,335	916,394	15,997	58,507	123,405
Intergovernmental	81,492	51,528	899	3,290	265,255
Charges for services	-	239,773	-	-	55,698
Other receipts	20,521	783	-	2,331	2,005
Total receipts	<u>226,348</u>	<u>1,208,478</u>	<u>16,896</u>	<u>64,128</u>	<u>446,363</u>
Disbursements:					
Personal services	51,212	618,186	-	-	219,316
Supplies	3,469	62,157	-	217	51,562
Other services and charges	73,392	107,024	16,000	34,793	88,549
Capital outlay	2,208	20,155	-	-	31,615
Other disbursements	-	-	-	-	-
Total disbursements	<u>130,281</u>	<u>807,522</u>	<u>16,000</u>	<u>35,010</u>	<u>391,042</u>
Excess (deficiency) of receipts over disbursements	<u>96,067</u>	<u>400,956</u>	<u>896</u>	<u>29,118</u>	<u>55,321</u>
Cash and investments - ending	<u>\$ 592,181</u>	<u>\$ 2,904,603</u>	<u>\$ 21,440</u>	<u>\$ 114,057</u>	<u>\$ 809,217</u>

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

	Rainy Day	Levy Excess	Cumulative Fire	Fire Debt	Totals
Cash and investments - beginning	\$ 57,745	\$ 4,153	\$ 186,553	\$ 74,861	\$ 4,182,452
Receipts:					
Taxes	-	-	106,951	141,230	1,486,819
Intergovernmental	-	-	6,015	7,941	416,420
Charges for services	-	-	-	-	295,471
Other receipts	-	-	1,500	-	27,140
Total receipts	-	-	114,466	149,171	2,225,850
Disbursements:					
Personal services	-	-	-	-	888,714
Supplies	-	-	-	-	117,405
Other services and charges	-	-	-	-	319,758
Capital outlay	-	-	9,620	161,000	224,598
Other disbursements	-	4,153	-	-	4,153
Total disbursements	-	4,153	9,620	161,000	1,554,628
Excess (deficiency) of receipts over disbursements	-	(4,153)	104,846	(11,829)	671,222
Cash and investments - ending	\$ 57,745	\$ -	\$ 291,399	\$ 63,032	\$ 4,853,674

MIDDLEBURY TOWNSHIP, ELKHART COUNTY  
SCHEDULE OF PAYABLES AND RECEIVABLES  
December 31, 2011

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	<u>\$ 4,750</u>	<u>\$ 274,461</u>

MIDDLEBURY TOWNSHIP, ELKHART COUNTY  
 SCHEDULE OF LEASES AND DEBT  
 December 31, 2011

Description of Debt		Ending Principal Balance	Principal and Interest Due Within One Year
Type	Purpose		
Governmental activities:			
General obligation bonds	BUILDING LOAN	<u>\$ 1,045,000</u>	<u>\$ 161,000</u>

MIDDLEBURY TOWNSHIP, ELKHART COUNTY  
 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.

	Ending Balance
Governmental activities:	
Land	\$ 150,000
Infrastructure	24,400
Buildings	2,882,800
Machinery, equipment and vehicles	3,149,389
Total capital assets	\$ 6,206,589

MIDDLEBURY TOWNSHIP, ELKHART COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on September 10, 2012, with Gordon K. Nusbaum, Trustee. Our examination disclosed no material items that warrant comment at this time.