

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

FINANCIAL STATEMENTS EXAMINATION REPORT

OF

ELKHART TOWNSHIP

NOBLE COUNTY, INDIANA

January 1, 2010 to December 31, 2012



FILED
04/25/2014

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Sheila Jett	01-01-10 to 12-31-14
Chairman of the Township Board	Kenneth Stringfellow	01-01-10 to 12-31-10
	Nelson LeCount	01-01-11 to 12-31-11
	Kenneth Stringfellow	01-01-12 to 12-31-12
	Jerry Donley	01-01-13 to 12-31-14



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the accompanying financial statements of Elkhart Township (Township), for the period of January 1, 2010 to December 31, 2012. 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 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. 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 statements referred to above do 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 statements referred to above present 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 statements. 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.

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

January 22, 2014

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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.

ELKHART TOWNSHIP, NOBLE 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	\$ 49,303	\$ 45,525	\$ 45,242	\$ 49,586
Township Assistance	8,735	7,037	6,944	8,828
Firefighting	14,704	10,119	10,076	14,747
Park And Recreation	1,070	4,842	3,500	2,412
Horse Drawn Vehicle	-	15,875	15,875	-
Levy Excess	170	140	-	310
Rainy Day	488	1,726	-	2,214
Gift	1,500	-	-	1,500
Payroll	570	1,503	1,540	533
Totals	<u>\$ 76,540</u>	<u>\$ 86,767</u>	<u>\$ 83,177</u>	<u>\$ 80,130</u>

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

ELKHART TOWNSHIP, NOBLE 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	\$ 49,586	\$ 45,532	\$ 43,365	\$ 51,753
Park And Recreation	2,412	7,683	3,500	6,595
Township Assistance	8,828	4,668	4,875	8,621
Firefighting	14,747	11,210	10,076	15,881
Horse Drawn Vehicle	-	16,700	16,700	-
Rainy Day	2,214	-	-	2,214
Levy Excess	310	-	-	310
Gift	1,500	50	-	1,550
Payroll	533	1,926	1,988	471
Totals	<u>\$ 80,130</u>	<u>\$ 87,769</u>	<u>\$ 80,504</u>	<u>\$ 87,395</u>

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

ELKHART TOWNSHIP, NOBLE COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For The Year Ended December 31, 2012

Fund	Cash and Investments 01-01-12	Receipts	Disbursements	Cash and Investments 12-31-12
Township	\$ 51,753	\$ 53,944	\$ 45,402	\$ 60,295
Park And Recreation	6,595	2,123	3,500	5,218
Township Assistance	8,621	4,272	2,241	10,652
Firefighting	15,881	10,887	10,184	16,584
Horse Drawn Vehicle	-	17,135	17,135	-
Rainy Day	2,214	-	-	2,214
Levy Excess	310	-	-	310
Gift	1,550	75	-	1,625
Payroll	471	1,084	1,094	461
Totals	<u>\$ 87,395</u>	<u>\$ 89,520</u>	<u>\$ 79,556</u>	<u>\$ 97,359</u>

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

ELKHART TOWNSHIP, NOBLE 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 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 may 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.

Licenses and permits which include amounts received from businesses, occupations, or nonbusinesses that must be licensed before doing business within the government's jurisdiction or permits levied according to the benefits presumably conferred by the permit. Examples of licenses and permits include: peddler licenses, dog tax licenses, auctioneer license, building and planning permits, demolition permits, electrical permits, sign permits, and gun permits.

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

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: copies of public records, copy machine charges, park rental fees, ordinance violations.

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 may 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.

ELKHART TOWNSHIP, NOBLE 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.

ELKHART TOWNSHIP, NOBLE 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.

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 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.

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

	Township	Township Assistance	Firefighting	Park And Recreation	Horse Drawn Vehicle
Cash and investments - beginning	\$ 49,303	\$ 8,735	\$ 14,704	\$ 1,070	\$ -
Receipts:					
Taxes	42,659	7,037	10,119	4,842	-
Other receipts	2,866	-	-	-	15,875
Total receipts	<u>45,525</u>	<u>7,037</u>	<u>10,119</u>	<u>4,842</u>	<u>15,875</u>
Disbursements:					
Personal services	26,766	-	-	-	-
Supplies	4,287	-	-	-	-
Other services and charges	13,529	215	10,076	3,500	-
Capital outlay	660	-	-	-	-
Other disbursements	-	6,729	-	-	15,875
Total disbursements	<u>45,242</u>	<u>6,944</u>	<u>10,076</u>	<u>3,500</u>	<u>15,875</u>
Excess (deficiency) of receipts over disbursements	<u>283</u>	<u>93</u>	<u>43</u>	<u>1,342</u>	<u>-</u>
Cash and investments - ending	<u>\$ 49,586</u>	<u>\$ 8,828</u>	<u>\$ 14,747</u>	<u>\$ 2,412</u>	<u>\$ -</u>

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

	Levy Excess	Rainy Day	Gift	Payroll	Totals
Cash and investments - beginning	\$ 170	\$ 488	\$ 1,500	\$ 570	\$ 76,540
Receipts:					
Taxes	140	1,726	-	-	66,523
Other receipts	-	-	-	1,503	20,244
Total receipts	<u>140</u>	<u>1,726</u>	<u>-</u>	<u>1,503</u>	<u>86,767</u>
Disbursements:					
Personal services	-	-	-	-	26,766
Supplies	-	-	-	-	4,287
Other services and charges	-	-	-	-	27,320
Capital outlay	-	-	-	-	660
Other disbursements	-	-	-	1,540	24,144
Total disbursements	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,540</u>	<u>83,177</u>
Excess (deficiency) of receipts over disbursements	<u>140</u>	<u>1,726</u>	<u>-</u>	<u>(37)</u>	<u>3,590</u>
Cash and investments - ending	<u>\$ 310</u>	<u>\$ 2,214</u>	<u>\$ 1,500</u>	<u>\$ 533</u>	<u>\$ 80,130</u>

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

	Township	Park And Recreation	Township Assistance	Firefighting	Horse Drawn Vehicle
Cash and investments - beginning	\$ 49,586	\$ 2,412	\$ 8,828	\$ 14,747	\$ -
Receipts:					
Taxes	31,461	5,377	4,275	10,652	-
Intergovernmental	12,667	2,306	393	558	-
Charges for services	1,320	-	-	-	-
Other receipts	84	-	-	-	16,700
Total receipts	<u>45,532</u>	<u>7,683</u>	<u>4,668</u>	<u>11,210</u>	<u>16,700</u>
Disbursements:					
Personal services	29,091	-	-	-	-
Supplies	5,156	-	-	-	-
Other services and charges	9,118	3,500	4,875	10,076	-
Other disbursements	-	-	-	-	16,700
Total disbursements	<u>43,365</u>	<u>3,500</u>	<u>4,875</u>	<u>10,076</u>	<u>16,700</u>
Excess (deficiency) of receipts over disbursements	<u>2,167</u>	<u>4,183</u>	<u>(207)</u>	<u>1,134</u>	<u>-</u>
Cash and investments - ending	<u>\$ 51,753</u>	<u>\$ 6,595</u>	<u>\$ 8,621</u>	<u>\$ 15,881</u>	<u>\$ -</u>

ELKHART TOWNSHIP, NOBLE 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	Gift	Payroll	Totals
Cash and investments - beginning	\$ 2,214	\$ 310	\$ 1,500	\$ 533	\$ 80,130
Receipts:					
Taxes	-	-	-	-	51,765
Intergovernmental	-	-	-	-	15,924
Charges for services	-	-	-	-	1,320
Other receipts	-	-	50	1,926	18,760
Total receipts	-	-	50	1,926	87,769
Disbursements:					
Personal services	-	-	-	-	29,091
Supplies	-	-	-	-	5,156
Other services and charges	-	-	-	-	27,569
Other disbursements	-	-	-	1,988	18,688
Total disbursements	-	-	-	1,988	80,504
Excess (deficiency) of receipts over disbursements	-	-	50	(62)	7,265
Cash and investments - ending	\$ 2,214	\$ 310	\$ 1,550	\$ 471	\$ 87,395

ELKHART TOWNSHIP, NOBLE COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2012

	Township	Park And Recreation	Township Assistance	Firefighting	Horse Drawn Vehicle
Cash and investments - beginning	\$ 51,753	\$ 6,595	\$ 8,621	\$ 15,881	\$ -
Receipts:					
Taxes	33,830	2,001	4,001	10,542	-
Licenses and permits	1,766	104	209	271	-
Intergovernmental	16,975	18	37	74	-
Charges for services	1,210	-	-	-	-
Other receipts	163	-	25	-	17,135
Total receipts	<u>53,944</u>	<u>2,123</u>	<u>4,272</u>	<u>10,887</u>	<u>17,135</u>
Disbursements:					
Personal services	28,458	-	-	-	-
Supplies	3,587	-	-	-	-
Other services and charges	12,557	3,500	2,241	-	-
Capital outlay	800	-	-	-	-
Other disbursements	-	-	-	10,184	17,135
Total disbursements	<u>45,402</u>	<u>3,500</u>	<u>2,241</u>	<u>10,184</u>	<u>17,135</u>
Excess (deficiency) of receipts over disbursements	<u>8,542</u>	<u>(1,377)</u>	<u>2,031</u>	<u>703</u>	<u>-</u>
Cash and investments - ending	<u>\$ 60,295</u>	<u>\$ 5,218</u>	<u>\$ 10,652</u>	<u>\$ 16,584</u>	<u>\$ -</u>

ELKHART TOWNSHIP, NOBLE COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2012
 (Continued)

	<u>Rainy Day</u>	<u>Levy Excess</u>	<u>Gift</u>	<u>Payroll</u>	<u>Totals</u>
Cash and investments - beginning	\$ 2,214	\$ 310	\$ 1,550	\$ 471	\$ 87,395
Receipts:					
Taxes	-	-	-	-	50,374
Licenses and permits	-	-	-	-	2,350
Intergovernmental	-	-	-	-	17,104
Charges for services	-	-	-	-	1,210
Other receipts	-	-	75	1,084	18,482
Total receipts	-	-	75	1,084	89,520
Disbursements:					
Personal services	-	-	-	-	28,458
Supplies	-	-	-	-	3,587
Other services and charges	-	-	-	-	18,298
Capital outlay	-	-	-	-	800
Other disbursements	-	-	-	1,094	28,413
Total disbursements	-	-	-	1,094	79,556
Excess (deficiency) of receipts over disbursements	-	-	75	(10)	9,964
Cash and investments - ending	\$ 2,214	\$ 310	\$ 1,625	\$ 461	\$ 97,359

ELKHART TOWNSHIP, NOBLE COUNTY
EXAMINATION RESULT AND COMMENT

NEPOTISM

The elected official did not file an annual certification of compliance with the nepotism law with the unit executive.

Indiana Code 36-1-20.2-15 states in part:

"If the township trustee's office is located in the township trustee's personal residence, . . . the township trustee may hire only one (1) employee who is a relative. The employee:

- (1) may be hired to work only in the township trustee's office; . . .
- (3) may not receive total salary, benefits, and compensation that exceed five thousand dollars (\$5,000) per year."

Indiana Code 36-1-20.2-16 states: "Each elected officer of the unit shall annually certify in writing, subject to the penalties for perjury, that the officer has not violated this chapter. An officer shall submit the certification to the executive of the unit not later than December 31 of each year."

ELKHART TOWNSHIP, NOBLE COUNTY
EXIT CONFERENCE

The contents of this report were discussed on January 22, 2014, with Sheila Jett, Trustee.