

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

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

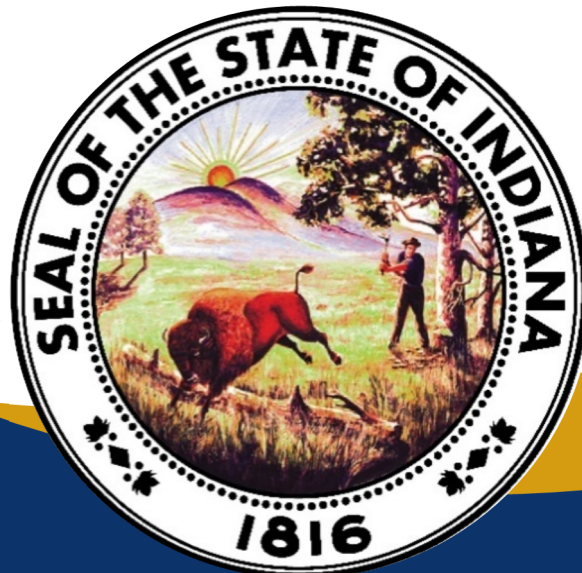
COMPLIANCE ENGAGEMENT REPORT

OF

ELKHART TOWNSHIP

NOBLE COUNTY, INDIANA

January 1, 2020 to December 31, 2023



FILED

05/09/2025

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Donna Schwartz	01-01-20 to 12-31-25
Chair of the Township Board	Nelson LeCount	01-01-20 to 12-31-20
	Kenneth Stringfellow	01-01-21 to 12-31-21
	Jerry Donley	01-01-22 to 12-31-22
	Nelson LeCount	01-01-23 to 12-31-23
	Kenneth Stringfellow	01-01-24 to 12-31-24
	Jerry Donley	01-01-25 to 12-31-25



Paul D. Joyce, CPA
State Examiner

INDIANA STATE BOARD OF ACCOUNTS

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

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of Elkhart Township (Township), for the period of January 1, 2020 to December 31, 2023. The objective of this engagement was to determine compliance with applicable Indiana laws, regulations, and uniform compliance guidelines (Guidelines) established by the Indiana State Board of Accounts pursuant to Indiana Code 5-11-1-24. The objective of this engagement is not to opine on compliance or financial activity of the Township as this engagement was not conducted in accordance with any standards established by an authoritative standard-setting body, and, as such, we do not provide any opinions on compliance or financial activity.

Management is responsible for preparing and maintaining its accounting records and related documents in accordance with applicable Indiana laws, regulations, and Guidelines. Management's responsibility also includes, but is not limited to, complying with other applicable Indiana laws, regulations, and Guidelines concerning how it operates: authorized sources and uses of funds; what reports are required to be prepared and filed; and what depositories and investment types are allowable.

We fulfilled our responsibility as detailed in the first paragraph, using procedures that verified the appropriate accounting for and reporting of cash, receipts, and disbursements; and the appropriate sources and uses of funds in accordance with applicable Indiana laws, regulations, and Guidelines. Expanding the scope and nature of these procedures can and does occur in specific circumstances.

The comments contained herein, if any, describe the identified reportable instances of noncompliance found during our engagement. Our procedures were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified. Any Official Response to the comments incorporated within this report was not verified for accuracy.

The Schedule of Officials and Statements of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis (Statements) are informational only. The Statements have not been subjected to any procedures designed to express an opinion or provide any assurance on them, and, accordingly, we do not express an opinion or provide any assurance on them.

This report is intended solely for the information and use of management, governance, and others within the organization. This restriction is not intended to limit the distribution of this report, which is a matter of public record. Reports can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>, and the Township's Annual Financial Reports filed by management can be found on the Indiana Gateway for Government Units financial reporting system website: <http://www.gateway.ifionline.org>.

The contents of this report were communicated to Donna Schwartz, Trustee; Jerry Donley, Chair of the Township Board; Kenneth Stringfellow, Township Board member; and Joy LeCount, Township Board member, on April 30, 2025.



Beth Kelley, CPA, CFE
Deputy State Examiner

April 2, 2025

ELKHART TOWNSHIP, NOBLE COUNTY
COMMENTS

INTERNAL CONTROLS

Condition and Context

Internal control deficiencies resulted in the noncompliance with laws and regulations over:

- Compensation and Benefits
- Personal Expenses
- Sales Tax Paid on Purchases
- Supporting Documentation
- Fund Sources and Uses

The noncompliance resulting from the internal control deficiencies are further detailed in the comments below.

Criteria

The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate control activities. According to this manual:

"Control activities are the actions and tools established through policies and procedures that help to detect, prevent, or reduce the identified risks that interfere with the achievement of objectives. Detection activities are designed to identify unfavorable events in a timely manner whereas prevention activities are designed to deter the occurrence of an unfavorable event. Examples of these activities include reconciliations, authorizations, approval processes, performance reviews, and verification processes.

An integral part of the control activity component is segregation of duties. . . .

There is an expectation of segregation of duties. If compensating controls are necessary, documentation should exist to identify both the areas where segregation of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. . . ."

COMPENSATION AND BENEFITS

Condition and Context

Noble County, by ordinance, authorized the Trustee to retain an \$8 per nonmotorized vehicle plate/sticker (buggy plate) transaction processing fee. The Trustee and Clerk retained the fee as part of their personal compensation, which resulted in the Trustee being paid a total of \$15,084 and the Clerk being paid a total of \$5,692 during the four-year engagement period as shown in the schedule below. The retention of buggy plate fees as personal compensation was not included in the Township Salary Resolution. In addition, the compensation was not processed through the payroll system of the Township; therefore, it was not paid in a manner that would have facilitated compliance with state and federal reporting requirements.

ELKHART TOWNSHIP, NOBLE COUNTY
 COMMENTS
 (Continued)

Description	Date of Expenditure	Amount
Donna Schwartz - Buggy Plate Reimbursements	06-22-20	\$ 2,184
	12-07-20	2,408
	06-21-21	4,800
	06-08-22	2,768
	12-07-22	12
	07-19-23	<u>2,912</u>
Total		<u><u>15,084</u></u>
Julia Peterson - Buggy Plate Reimbursements	06-08-22	2,768
	12-07-22	12
	07-19-23	<u>2,912</u>
Total		<u><u>\$ 5,692</u></u>

Salaries were not paid according to the salary resolutions approved by the Township Board. The following schedule details the variances in the amounts paid compared to the approved salary resolutions. Any overpayment noted below was in addition to the overpayment for buggy plates noted above.

Township Officer	Years	Board Approved Salary	Salary Paid	Amount Overpaid (Underpaid)
Dorothy Bish, Clerk	2020	\$ 2,000	\$ 900	\$ (1,100)
Judy Bish, Clerk	2021	700	2,800	2,100
Nelson LeCount, Board	2022	550	600	50
Jerry Donley, Board	2022	550	600	50
Kenneth Stringfellow, Board	2022	550	600	50
Donna Schwartz, Trustee	2023	15,000	17,500	2,500

Criteria

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, resolution, or salary schedule adopted by the governing body unless otherwise authorized by law. Compensation must be paid in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

Each unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

ELKHART TOWNSHIP, NOBLE COUNTY
COMMENTS
(Continued)

PERSONAL EXPENSES

Condition and Context

The Township paid for Christmas dinners for the Trustee, Clerk, and Township Board members and their spouses in December 2022 and 2023. The receipt for the 2022 Christmas dinner included one alcoholic beverage. The following table provides a complete itemization of the 2022 Christmas dinner totaling \$345. The 2023 Christmas dinner totaling \$301 did not contain any supporting documentation for what was purchased. In total, the Township spent \$646 on personal items.

December 10, 2022 Christmas Dinner Itemization	Amount
Non-alcoholic Beverages (4)	\$ 11
Alcoholic Beverage (1)	10
Appetizer (1)	8
Chef Salads (2)	26
Dinners w/2 sides (7)	194
Entrees (2)	31
Sales Tax	19
Tip and Service Fee	46
	<hr/>
Total	<u>\$ 345</u>

Criteria

Public funds may not be used to pay for personal items or for expenses which do not relate to the functions and purposes of the unit. Any personal expenses paid by the unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

SALES TAX PAID ON PURCHASES

Condition and Context

A sample of six credit card payments were selected for testing. The six credit card payments were for a total of 43 individual transactions. Out of the 43 transactions, 15 included sales tax totaling \$162.

Criteria

Sales taxes that are paid on qualifying purchases by the unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

ELKHART TOWNSHIP, NOBLE COUNTY
COMMENTS
(Continued)

SUPPORTING DOCUMENTATION

Condition and Context

A sample of six credit card payments were selected for testing. The six credit card payments were for a total of 43 individual transactions. Out of the 43 transactions, supporting documentation was not provided for 4 transactions for allowable gas and supplies totaling \$251.

A sample of 14 check payments was selected for testing. Supporting documentation was not provided for 1 of these payments for an unallowable Christmas dinner totaling \$301.

A total of four contracts were selected for testing. For one contract, six contractor invoices were not properly itemized for the construction of the Community Center/Township Hall during 2023 totaling \$230,270.

Criteria

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for examination to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

The SBOA will not take exception to the use of credit cards by a unit provided the following criteria are observed:

1. The governing body must authorize credit card use through an ordinance/resolution, which has been approved in a meeting and documented in the minutes.
2. Issuance and use should be handled by an official or employee designated by the governing body.
3. The purposes for which the credit card may be used must be specifically stated in the ordinance/resolution.
4. When the purpose for which the credit card has been issued has been accomplished, the card must be returned to the custody of the responsible person.
5. The designated responsible official or employee must maintain an accounting system or log which would include the names of individuals requesting usage of the cards, their position, estimated amounts to be charged, fund and account numbers to be charged, date the card is issued and returned.
6. Credit cards must not be used to bypass the accounting system. One reason that purchase orders are issued is to provide the fiscal officer with the means to encumber and track appropriations to provide the governing body and other officials with timely and accurate accounting information and monitoring of the accounting system.
7. Payment cannot be made on the basis of a statement or a credit card slip only. Procedures for payments must be no different than for any other claim. Supporting documents such as paid bills and receipts must be available. Additionally, any interest or penalty incurred due to late filing or furnishing of documentation by an officer or employee may be the personal obligation of the responsible officer or employee.

ELKHART TOWNSHIP, NOBLE COUNTY
 COMMENTS
 (Continued)

8. If authorized, an annual fee may be paid.

(Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

FUND SOURCES AND USES

Condition and Context

Local tax distributions totaling \$113, \$14,673, and \$1,028, as detailed below in the following schedule, were posted to incorrect funds during December 2020, December 2021, and June 2022, respectively.

Year	Tax Distribution Type	Correct Fund	Fund Posted in Error	Amount
2020	Commercial Vehicle Excise Tax	Park and Recreation	Township	\$ 68
	Commercial Vehicle Excise Tax	Township Assistance	Township	7
	Commercial Vehicle Excise Tax	Fire Fighting	Township	38
	Total for 2020			<u>113</u>
2021	Property	Township Assistance	Township	768
	License Excise	Township Assistance	Township	56
	Property	Park and Recreation	Township	7,421
	License Excise	Park and Recreation	Township	548
	Property	Fire Fighting	Township	5,476
	License Excise	Fire Fighting	Township	404
Total for 2021			<u>14,673</u>	
2022	License Excise	Township Assistance	Township	50
	Commercial Vehicle Excise	Township Assistance	Township	7
	License Excise	Township	Township Assistance	863
	Commercial Vehicle Excise	Park and Recreation	Township	69
	Commercial Vehicle Excise	Fire Fighting	Township	39
Total for 2022			<u>\$ 1,028</u>	

Criteria

Sources and uses of funds must be limited to those authorized by the enabling law, ordinance/ resolution, or grant agreement. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)



STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CASH
AND INVESTMENT BALANCES - REGULATORY BASIS

ELKHART TOWNSHIP, NOBLE COUNTY
 STATEMENT OF RECEIPTS, DISBURSEMENTS,
 AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Years Ended December 31, 2020 and 2021

Fund	Cash and Investments 01-01-20	Receipts	Disbursements	Cash and Investments 12-31-20	Receipts	Disbursements	Cash and Investments 12-31-21
Township	\$ 142,164	\$ 59,856	\$ 34,167	\$ 167,853	\$ 76,168	\$ 38,897	\$ 205,124
Park and Recreation	19,194	27,990	16,625	30,559	13,248	21,368	22,439
Township Assistance	25,393	2,073	3,392	24,074	1,238	3,463	21,849
Fire Fighting	25,512	13,974	11,451	28,035	8,806	11,629	25,212
Buggy Plates	-	25,750	25,750	-	27,875	27,600	275
Rainy Day	1,623	4,500	-	6,123	-	-	6,123
Community Donations	12,040	23,495	33,989	1,546	28,509	6,578	23,477
Payroll Deductions	315	1,905	2,024	196	2,164	2,066	294
Totals	<u>\$ 226,241</u>	<u>\$ 159,543</u>	<u>\$ 127,398</u>	<u>\$ 258,386</u>	<u>\$ 158,008</u>	<u>\$ 111,601</u>	<u>\$ 304,793</u>

ELKHART TOWNSHIP, NOBLE COUNTY
 STATEMENT OF RECEIPTS, DISBURSEMENTS,
 AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Years Ended December 31, 2022 and 2023

Fund	Cash and Investments 01-01-22	Receipts	Disbursements	Cash and Investments 12-31-22	Receipts	Disbursements	Cash and Investments 12-31-23
Township	\$ 205,124	\$ 62,560	\$ 52,943	\$ 214,741	\$ 71,655	\$ 218,016	\$ 68,380
Park and Recreation	22,439	21,117	16,374	27,182	22,358	21,402	28,138
Township Assistance	21,849	2,848	2,771	21,926	2,166	2,656	21,436
Fire Fighting	25,212	15,176	11,691	28,697	15,644	11,833	32,508
Buggy Plates	275	31,550	31,825	-	67,000	67,000	-
Rainy Day	6,123	14,000	-	20,123	-	6,386	13,737
Community Donations	23,477	49,181	7,467	65,191	250	59,575	5,866
Payroll Deductions	294	2,233	2,294	233	3,268	2,157	1,344
Totals	<u>\$ 304,793</u>	<u>\$ 198,665</u>	<u>\$ 125,365</u>	<u>\$ 378,093</u>	<u>\$ 182,341</u>	<u>\$ 389,025</u>	<u>\$ 171,409</u>