

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

EXAMINATION REPORT  
OF  
CLEVELAND TOWNSHIP  
ELKHART COUNTY, INDIANA  
January 1, 2006 to December 31, 2007



**FILED**

11/14/2008



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OFFICIALS

| <u>Office</u>                     | <u>Official</u>       | <u>Term</u>          |
|-----------------------------------|-----------------------|----------------------|
| Trustee                           | Kathy J. Gordon       | 01-01-03 to 12-31-10 |
| Chairman of the<br>Township Board | Walter H. Luebke, Jr. | 01-01-06 to 12-31-08 |



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
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INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the financial information presented herein of Cleveland Township (Township), for the period of January 1, 2006 to December 31, 2007. The Township's management is responsible for the financial information presented herein. 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 information presented herein and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the financial information referred to above presents fairly, in all material respects, the financial information of the Township for the years ended December 31, 2006 and 2007, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The Schedule of Capital Assets, as listed in the Table of Contents, is presented for additional analysis and is not a required part of the basic financial information. It has not been subjected to the examination procedures applied to the basic financial information and, accordingly, we express no opinion on it.

STATE BOARD OF ACCOUNTS

September 15, 2008

CLEVELAND TOWNSHIP, ELKHART COUNTY  
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES  
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES  
As Of And For The Years Ended December 31, 2006 And 2007

|                            | Cash and<br>Investments<br>01-01-06 | Receipts          | Disbursements     | Cash and<br>Investments<br>12-31-06 |
|----------------------------|-------------------------------------|-------------------|-------------------|-------------------------------------|
| Governmental Funds:        |                                     |                   |                   |                                     |
| Township                   | \$ 66,738                           | \$ 103,611        | \$ 65,891         | \$ 104,458                          |
| Dog                        | 1,200                               | 1,571             | 888               | 1,883                               |
| Township Assistance        | 45,430                              | 44,009            | 54,713            | 34,726                              |
| Firefighting               | -                                   | 262,506           | 248,902           | 13,604                              |
| Park and Recreation        | 290                                 | 7,355             | 7,528             | 117                                 |
| Emergency Medical Services | 12,928                              | 226,964           | 227,658           | 12,234                              |
| Levy Excess                | -                                   | 6,263             | -                 | 6,263                               |
| Cumulative Fire            | 92,359                              | 95,031            | 73,025            | 114,365                             |
| Fiduciary Fund:            |                                     |                   |                   |                                     |
| Payroll Withholdings       | 624                                 | 7,751             | 7,707             | 668                                 |
| Totals                     | <u>\$ 219,569</u>                   | <u>\$ 755,061</u> | <u>\$ 686,312</u> | <u>\$ 288,318</u>                   |

|                            | Cash and<br>Investments<br>01-01-07 | Receipts          | Disbursements     | Cash and<br>Investments<br>12-31-07 |
|----------------------------|-------------------------------------|-------------------|-------------------|-------------------------------------|
| Governmental Funds:        |                                     |                   |                   |                                     |
| Township                   | \$ 104,458                          | \$ 241,423        | \$ 98,191         | \$ 247,690                          |
| Dog                        | 1,883                               | -                 | 1,883             | -                                   |
| Township Assistance        | 34,726                              | 68,919            | 59,828            | 43,817                              |
| Firefighting               | 13,604                              | 275,950           | 289,455           | 99                                  |
| Park and Recreation        | 117                                 | 12,007            | 7,516             | 4,608                               |
| Emergency Medical Services | 12,234                              | 118               | 12,293            | 59                                  |
| Levy Excess                | 6,263                               | 4,311             | 6,263             | 4,311                               |
| Cumulative Fire            | 114,365                             | 78,059            | 70,859            | 121,565                             |
| Fire Debt                  | -                                   | 159,899           | 157,866           | 2,033                               |
| Rainy Day                  | -                                   | 1,516             | -                 | 1,516                               |
| Fiduciary Fund:            |                                     |                   |                   |                                     |
| Payroll Withholdings       | 668                                 | 8,149             | 8,115             | 702                                 |
| Totals                     | <u>\$ 288,318</u>                   | <u>\$ 850,351</u> | <u>\$ 712,269</u> | <u>\$ 426,400</u>                   |

The accompanying notes are an integral part of the financial information.

CLEVELAND TOWNSHIP, ELKHART COUNTY  
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

The Township was established under the laws of the State of Indiana. The Township provides the following services: public safety, health and social services, culture and recreation, and general administrative services.

Note 2. Fund Accounting

The Township uses funds to report on its cash and investments and the results of its operations on a cash basis. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities.

Note 3. Budgets

The operating budget is initially prepared and approved at the local level. In addition, funds for which property taxes are levied are subject to final approval by the Indiana Department of Local Government Finance.

Note 4. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the Township in June and December. 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% 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 become delinquent if not paid by May 10 and November 10, respectively. All property taxes collected by the County Treasurer and available for distribution were distributed to the Township on or prior to December 31 of the year collected.

CLEVELAND TOWNSHIP, ELKHART COUNTY  
NOTES TO FINANCIAL INFORMATION  
(Continued)

Note 5. Deposits and Investments

Deposits, made in accordance with Indiana Code 5-13, with financial institutions in the State of Indiana at year end were 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 statute (IC 5-13-9) authorizes 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 6. Subsequent Events

Cleveland Township accepted a bid of \$240,499 for a pumper fire truck on August 8, 2007. The Township took possession of the fire truck in May 2008 and placed a \$100,000 down payment less a credit of \$1,508 at that time. The remaining \$140,499 was borrowed from Republic First National, with payments to begin in December 2008.

The Township was granted an emergency fire loan in the amount of \$185,319 by the Department of Local Government Finance on February 7, 2008. The Township received the proceeds from the loan on April 1, 2008.

CLEVELAND TOWNSHIP, ELKHART COUNTY  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF CAPITAL ASSETS

For The Year Ended December 31, 2007

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.

| <u>Primary Government</u>  | <u>Ending<br/>Balance</u> |
|--|---------------------------|
| Governmental activities:   |                           |
| Capital assets, not being depreciated:                                 |                           |
| Land   | \$ 141,962                |
| Machinery and equipment  | <u>969,002</u>            |
| Total governmental activities, capital<br>assets not being depreciated | <u>\$ 1,110,964</u>       |

CLEVELAND TOWNSHIP, ELKHART COUNTY  
EXAMINATION RESULTS AND COMMENTS

APPROPRIATIONS

The records presented for examination indicated the following expenditures in excess of budgeted appropriations:

| <u>Fund</u>                | <u>Year</u> | <u>Excess<br/>Amount<br/>Expended</u> |
|----------------------------|-------------|---------------------------------------|
| Emergency Medical Services | 2007        | \$ 10,999                             |
| Fire                       | 2007        | 9,930                                 |

Indiana Code 6-1.1-18-4 states in part: ". . . the proper officers of a political subdivision shall appropriate funds in such a manner that the expenditures for a year do not exceed its budget for that year as finally determined under this article."

ISSUANCE OF FEDERAL FORM 1099

The Township Board members received compensation of \$675 each in 2006 and \$1,000 each in 2007. Federal Form 1099 was not issued.

Political subdivisions are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings and filing requirements concerning reports and other procedural matters of federal and state agencies, including opinions of the Attorney General of the State of Indiana, and court decisions. Governmental units should file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

Each governmental unit is responsible for compliance with all rules, regulations, guidelines, and directives of the Internal Revenue Service and the Indiana Department of Revenue. All questions concerning taxes should be directed to these agencies. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

CLEVELAND TOWNSHIP, ELKHART COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on September 15, 2008, with Kathy J. Gordon, Trustee. The official response has been made a part of this report and may be found on page 10.

Office of the  
Cleveland Township Trustee

NEW Area Code: 574

Kathy J. Gordon, Trustee  
52019 C.R. 5  
Elkhart, IN 46514

Office: (219) 264-2453  
Fax: (219) 262-9011  
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September 22, 2008

OFFICIAL RESPONSE

To State Board of Accounts:

On September 15, 2008, I had an exit conference with Kim Burtsfield with the State Board of Accounts regarding spending \$10,999 in the dormant EMS fund to pay Fire expenses in 2007, a year with a drastically reduced budget, and an oversight of 9,930 disbursed to the Fire department.

It was further noted that 1099's were not issued to the Township board for pay they received in 2006, and 2007. Those 1099's will be included in the 2008 salary's of board members.

Sincerely,

  
Kathy J. Gordon