

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

FINANCIAL STATEMENTS EXAMINATION REPORT

OF

NEVINS TOWNSHIP

VIGO COUNTY, INDIANA

January 1, 2010 to December 31, 2011



**FILED**  
01/30/2013



## TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials .....	2
Independent Accountant's Report.....	3
Financial Statements:	
Statements of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis .....	6-7
Notes to Financial Statements .....	8-11
Supplementary Information:	
Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis .....	14-15
Schedule of Payables and Receivables .....	16
Examination Results and Comments:	
Resolution Establishing Salaries .....	17
Deposit of Public Funds.....	17
Appropriations.....	17-18
Contracts .....	18
Annual Report.....	18
Proving Financial and Appropriation Record.....	18
Exit Conference.....	19

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Carl H. Gregory Mark Newport	01-01-07 to 12-31-10 01-01-11 to 12-31-14
Chairman of the Township Board	Marietta Cooper Cory Roberts	01-01-10 to 12-31-10 01-01-11 to 12-31-12



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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF NEVINS TOWNSHIP, VIGO COUNTY, INDIANA

We have examined the accompanying financial statements of Nevins 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 period.

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 Townships financial statements. The Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, and the Schedule of Payables and Receivables, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statements. The schedules 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

October 22, 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.

NEVINS TOWNSHIP, VIGO 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	\$ 10,846	\$ 53,465	\$ 47,575	\$ 16,736
Township Assistance	10,059	1,543	1,988	9,614
Fire Fighting	3,008	31,196	22,905	11,299
Cumulative Fire	39,420	14,268	49,101	4,587
Rainy Day	7,812	786	8,424	174
Nevins Township Water Project	11,453	296,875	298,052	10,276
Totals	<u>\$ 82,598</u>	<u>\$ 398,133</u>	<u>\$ 428,045</u>	<u>\$ 52,686</u>

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

NEVINS TOWNSHIP, VIGO 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	\$ 16,736	\$ 42,221	\$ 38,639	\$ 20,318
Township Assistance	9,614	2,581	4,483	7,712
Fire Fighting	11,299	25,609	22,989	13,919
Rainy Day	174	-	-	174
Cumulative Fire	4,587	19,102	-	23,689
Nevins Township Water Project	10,276	-	-	10,276
Totals	<u>\$ 52,686</u>	<u>\$ 89,513</u>	<u>\$ 66,111</u>	<u>\$ 76,088</u>

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

NEVINS TOWNSHIP, VIGO 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.

NEVINS TOWNSHIP, VIGO 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.

*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

NEVINS TOWNSHIP, VIGO COUNTY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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.

**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.

NEVINS TOWNSHIP, VIGO COUNTY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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.

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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.

NEVINS TOWNSHIP, VIGO 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	Rainy Day	Nevins Township Water Project	Totals
Cash and investments - beginning	\$ 10,846	\$ 10,059	\$ 3,008	\$ 39,420	\$ 7,812	\$ 11,453	\$ 82,598
Receipts:							
Taxes	53,465	1,543	31,196	14,268	-	-	100,472
Other receipts	-	-	-	-	786	296,875	297,661
Total receipts	<u>53,465</u>	<u>1,543</u>	<u>31,196</u>	<u>14,268</u>	<u>786</u>	<u>296,875</u>	<u>398,133</u>
Disbursements:							
Personal services	17,224	1,000	-	-	-	-	18,224
Supplies	4,282	-	-	-	-	910	5,192
Other services and charges	26,069	625	22,905	-	8,424	297,142	355,165
Capital outlay	-	-	-	49,101	-	-	49,101
Other disbursements	-	363	-	-	-	-	363
Total disbursements	<u>47,575</u>	<u>1,988</u>	<u>22,905</u>	<u>49,101</u>	<u>8,424</u>	<u>298,052</u>	<u>428,045</u>
Excess (deficiency) of receipts over disbursements	<u>5,890</u>	<u>(445)</u>	<u>8,291</u>	<u>(34,833)</u>	<u>(7,638)</u>	<u>(1,177)</u>	<u>(29,912)</u>
Cash and investments - ending	<u>\$ 16,736</u>	<u>\$ 9,614</u>	<u>\$ 11,299</u>	<u>\$ 4,587</u>	<u>\$ 174</u>	<u>\$ 10,276</u>	<u>\$ 52,686</u>

NEVINS TOWNSHIP, VIGO 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	Rainy Day	Cumulative Fire	Nevins Township Water Project	Totals
Cash and investments - beginning	\$ 16,736	\$ 9,614	\$ 11,299	\$ 174	\$ 4,587	\$ 10,276	\$ 52,686
Receipts:							
Taxes	31,242	2,281	23,483	-	10,191	-	67,197
Intergovernmental	6,200	-	-	-	40	-	6,240
Charges for services	300	-	125	-	75	-	500
Other receipts	4,479	300	2,001	-	8,796	-	15,576
Total receipts	<u>42,221</u>	<u>2,581</u>	<u>25,609</u>	<u>-</u>	<u>19,102</u>	<u>-</u>	<u>89,513</u>
Disbursements:							
Personal services	22,183	1,000	1,016	-	-	-	24,199
Supplies	266	-	6,034	-	-	-	6,300
Other services and charges	15,405	3,483	15,939	-	-	-	34,827
Other disbursements	785	-	-	-	-	-	785
Total disbursements	<u>38,639</u>	<u>4,483</u>	<u>22,989</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>66,111</u>
Excess (deficiency) of receipts over disbursements	<u>3,582</u>	<u>(1,902)</u>	<u>2,620</u>	<u>-</u>	<u>19,102</u>	<u>-</u>	<u>23,402</u>
Cash and investments - ending	<u>\$ 20,318</u>	<u>\$ 7,712</u>	<u>\$ 13,919</u>	<u>\$ 174</u>	<u>\$ 23,689</u>	<u>\$ 10,276</u>	<u>\$ 76,088</u>

NEVINS TOWNSHIP, VIGO COUNTY  
 SCHEDULE OF PAYABLES AND RECEIVABLES  
 December 31, 2011

Government or Enterprise	Accounts Payable	Accounts Receivable
Governmental activities	\$ <u>          </u> -	\$ <u>      29,706</u>

NEVINS TOWNSHIP, VIGO COUNTY  
EXAMINATION RESULTS AND COMMENTS

**RESOLUTION ESTABLISHING SALARIES**

Township Form 17, Resolution Establishing Salaries of Township Officers and Employees, was not passed by the Township Board for 2010 or 2011.

Indiana Code 36-6-6-10(b) states:

"(b) The township legislative body shall fix the:

- (1) salaries;
- (2) wages;
- (3) rates of hourly pay; and
- (4) remuneration other than statutory allowances; of all officers and employees of the township."

Indiana Code 36-6-6-10 requires the township board to set the salaries: wages: rates of hourly pay; and remuneration other than statutory allowances of all township officials and employees, except assessing officials and employees, for the year 1985 and each year thereafter. However, please remember the township board should RECORD THE SALARIES SO FIXED IN THE TOWNSHIP BOARD MINUTES. A type of format for recording these salaries should be the existing format of Township Form No. 17. We recommend the board set the salaries of township officials and employees, in conjunction with the preparation and completion of the township budget.

Township Form No. 17 (Revised 2008) has been prescribed to fulfill the requirements of the statute. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 2)

**DEPOSIT OF PUBLIC FUNDS**

We noted 75 percent of monthly CAGIT checks in 2010 were deposited over a month late, in 2011 83 percent monthly CAGIT checks were deposited 2-6 months late. Funds from the county for the months of September, October, and November 2011 were determined to be outstanding with the County as of December 31, 2011.

Indiana Code 5-13-6-1(c) states in part: "The public funds collected by township trustees shall be deposited in the designated depository on or before the first and fifteenth day of each month."

**APPROPRIATIONS**

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

Funds	Year	Excess Amount Expended
Township	2010	\$ 1,342
Rainy Day	2010	612
Cumulative Fire	2010	1,912

NEVINS TOWNSHIP, VIGO COUNTY  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

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."

**CONTRACTS**

Records presented for examination indicated payments were made for mowing services in 2010 and 2011 without an approved contract.

Payments made or received for contractual services should be supported by a written contract. Each governmental unit is responsible for complying with the provisions of its contracts. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

**ANNUAL REPORT**

The Annual Reports presented for 2010 and 2011 were not reconciled with the Township ledger and bank balances. We determined that the ledger and bank were reconciled during the examination period; however, the Township did not include payroll withholdings on the Annual Reports. Differences of \$1,031 and \$939 for 2010 and 2011, respectively, were not included in the cash balance of each year on the Annual Report.

Indiana Code 5-11-1-4(a) states:

"(a) The state examiner shall require from every municipality and every state or local governmental unit, entity, or instrumentality financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each fiscal year. The reports must be filed electronically, in a manner prescribed by the state examiner that is compatible with the technology employed by the political subdivision."

**PROVING FINANCIAL AND APPROPRIATION RECORD**

We noted appropriation records for payroll withholdings not being reconciled to the total fund balances.

The record is to be proved at the close of each month and reconciled with the monthly bank statement or statements. As pages become fully posted, lines 3 to 34 inclusive, or for as many lines are used in a month, the items are to be totaled for all columns. After checking off the township checks returned paid by the bank or banks, list the checks, outstanding, immediately following the totals, on the first full page of the Financial and Appropriation Record. The total receipts of all separate funds must agree with the control Column A-1, and the total disbursements of all separate funds must agree with the control Column A-2, plus the balance carried in Column M-7. The total balances in all funds must agree with the control Column A-3, minus the balance in Column M-7.

After the funds have been proved to the control account, prove the various appropriation expenditures of each fund to total disbursements for each fund. As a check, the total of all appropriation (numbered) accounts must equal the total of Column A-2, plus the balance of Column M-7. The amount shown in Column A-3 (all funds) should be the same as the balance given by the bank or banks, less the checks outstanding. (Accounting and Uniform Compliance Guidelines for Townships Manual, Chapter 3)

NEVINS TOWNSHIP, VIGO COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on October 22, 2012, with Mark Newport, Trustee; Cory Roberts, Chairman of the Township Board; and Deborah Beard, Township Clerk. The officials concurred with our findings.