

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

FINANCIAL STATEMENTS REVIEW REPORT

OF

CONCORD TOWNSHIP

ELKHART COUNTY, INDIANA

January 1, 2016 to December 31, 2018



FILED
05/01/2020

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Mark Grabill	01-01-16 to 12-31-18
	Jim Weeber	01-01-19 to 12-31-20
Chairman of the Township Board	Kim Mansell	01-01-16 to 12-31-16
	John Perry	01-01-17 to 12-31-17
	Paul Maurer	01-01-18 to 12-31-18
	Kim Mansell	01-01-19 to 12-31-20



INDEPENDENT ACCOUNTANT'S REVIEW REPORT

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

We have reviewed the accompanying financial statements of Concord Township (Township), for the period of January 1, 2016 to December 31, 2018. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the Township's management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with a regulatory 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. This includes determining that the basis of accounting the Township uses is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatements whether due to fraud or error.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with *Statements on Standards for Accounting and Review Services* promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with the prescribed basis of accounting described in Note 1. We believe that the results of our procedures provide a reasonable basis for our conclusion.

INDEPENDENT ACCOUNTANT'S REVIEW REPORT
(Continued)

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with the prescribed basis of accounting described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with 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. Our conclusion is not modified with respect to this matter.


Paul D. Joyce, CPA
State Examiner

April 20, 2020

FINANCIAL STATEMENTS AND ACCOMPANYING NOTES

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.

CONCORD TOWNSHIP, ELKHART COUNTY
 STATEMENT OF RECEIPTS, DISBURSEMENTS,
 AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Years Ended December 31, 2016 and 2017

Fund	Cash and Investments 01-01-16	Receipts	Disbursements	Cash and Investments 12-31-16	Receipts	Disbursements	Cash and Investments 12-31-17
Township Fund	\$ 191,249	\$ 154,640	\$ 221,097	\$ 124,792	\$ 261,481	\$ 244,073	\$ 142,200
Ambulance Fund	375,892	1,183,398	1,086,419	472,871	1,182,201	1,110,205	544,867
Township Assistance	146,198	209,340	217,666	137,872	158,310	153,610	142,572
Fire Fighting Fund	222,767	639,496	437,418	424,845	683,564	493,109	615,300
Rainy Day Fund	77,201	258,501	8,000	327,702	-	5,467	322,235
Levy Excess Fund	318	-	-	318	-	-	318
Cum Fire Fund	294,550	92,595	11,789	375,356	92,032	70,891	396,497
Payroll Deduction Fund	51	278,723	278,559	215	1,083,784	1,080,053	3,946
FEMA Grant	1	39,130	31,573	7,558	-	-	7,558
Totals	\$ 1,308,227	\$ 2,855,823	\$ 2,292,521	\$ 1,871,529	\$ 3,461,372	\$ 3,157,408	\$ 2,175,493

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

CONCORD TOWNSHIP, ELKHART COUNTY
 STATEMENT OF RECEIPTS, DISBURSEMENTS,
 AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended December 31, 2018

Fund	Cash and Investments 01-01-18	Receipts	Disbursements	Cash and Investments 12-31-18
Township Fund	\$ 142,200	\$ 260,966	\$ 265,781	\$ 137,385
Ambulance Fund	544,867	793,728	1,283,482	55,113
Township Assistance	142,572	102,853	146,610	98,815
Fire Fighting Fund	615,300	671,775	900,442	386,633
Rainy Day Fund	322,235	-	187,090	135,145
Levy Excess Fund	318	-	-	318
Cum Fire Fund	396,497	104,093	450,863	49,727
FEMA Grant	7,558	-	-	7,558
Payroll Deduction Fund	3,946	1,304,207	1,304,562	3,591
Totals	<u>\$ 2,175,493</u>	<u>\$ 3,237,622</u>	<u>\$ 4,538,830</u>	<u>\$ 874,285</u>

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

CONCORD 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 (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 include the following sources:

Taxes. Amounts received from one or more of the following: property tax, certified shares (local option tax), property tax replacement credit (local option tax), county option income tax, wheel tax, innkeeper's 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. Amounts received from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of intergovernmental receipts include, but are not limited to, the following: federal grants, state grants, cigarette tax distributions received from the state, motor vehicle highway distributions received from the state, local road and street distributions 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.

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

Charges for services. Amounts received for services including, but not limited to, the following: planning commission charges, building department charges, copies of public records, copy machines 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. Amounts received from various sources, including, but 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. Amounts disbursed 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. Amounts disbursed for 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, but are not limited to, the following: office supplies, operating supplies, and repair and maintenance supplies.

Other services and charges. Amounts disbursed for services including, but not limited to, the following: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

Capital outlay. Amounts disbursed for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

Other disbursements. Amounts disbursed for various other purposes including, but 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, make transfers 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.

CONCORD TOWNSHIP, ELKHART 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 amounts 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 amounts 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 December 31 of the year preceding the budget year or January 15 of the budget year if the Township is issuing debt after December 1 or intends on filing a shortfall appeal. These rates were based upon the assessed valuations adjusted for various tax credits from the preceding year's lien date of January 1. 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, the following: federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

CONCORD TOWNSHIP, ELKHART 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.

Note 6. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

The Indiana Public Employees' Retirement Fund Defined Benefit Plan (PERF DB) is a cost-sharing multiple-employer defined benefit plan and provides retirement, disability, and survivor benefits to plan members. PERF DB is administered through the Indiana Public Retirement System (INPRS) Board in accordance with state statutes (IC 5-10.2 and IC 5-10.3) and administrative code (35 IAC 1.2), which govern most requirements of the system and give the Township authority to contribute to the plan.

The Public Employees' Hybrid Plan (PERF Hybrid) consists of two components: PERF DB, the employer-funded monthly defined benefit component, and the Public Employees' Hybrid Members Defined Contribution Account, the defined contribution component.

The Retirement Savings Plan for Public Employees (My Choice) is a multiple-employer defined contribution plan. It is administered through the INPRS Board in accordance with state statutes (IC 5-10.2 and IC 5-10.3) and administrative code (35 IAC 1.2), which govern most requirements of the system and give the Township authority to contribute to the plan.

New employees hired have a one-time election to join either the PERF Hybrid or the My Choice.

Financial Report

INPRS 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
One North Capitol, Suite 001
Indianapolis, IN 46204
Ph. (844) 464-6777

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

Contributions

Members' contributions are set by state statute at 3 percent of compensation for both the defined contribution component of PERF Hybrid and My Choice. The employer may elect to make the contribution on behalf of the member of the defined contribution component of PERF Hybrid and My Choice members may receive additional employer contribution in lieu of the PERF DB. Contributions to the PERF DB are determined by INPRS Board based on actuarial valuation.

B. 1977 Police Officers' and Firefighters' Pension and Disability Fund

Plan Description

The 1977 Police Officers' and Firefighters' Pension and Disability Fund is a cost-sharing multiple-employer defined benefit pension plan administered by the Indiana Public Retirement System (INPRS) for all police officers and firefighters hired after April 30, 1977, providing retirement, disability, and survivor benefits.

State statute (IC 36-8-8) regulates the operations of the system, including benefits, vesting, and requirements for contributions by employers and by employees. Covered employees may retire at age 52 with 20 years of service. An employee with 20 years of service may leave service, but will not receive benefits until reaching age 52.

Financial Report

INPRS 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
One North Capitol, Suite 001
Indianapolis, IN 46204
Ph. (844) 464-6777

Contributions

The contribution requirements of plan members and the Township are established by the Board of Trustees of INPRS based on actuarial valuation. Employers may pay all or part of the member contribution for the member.

Note 7. Subsequent Events

In 2019 and 2020, circuit breaker credits (tax caps) will affect tax revenue. Tax caps serve as a reduction in revenues relative to a taxing unit's levy. To react to the effect of the tax caps in the future, the Township will continue to reduce disbursements by approximately \$194,144 in 2019 and \$164,284 in 2020, which is the expected effect of the tax caps.

CONCORD TOWNSHIP, ELKHART COUNTY
REVIEW RESULT AND COMMENT

RECEIPTS

Condition and Context

The 2017 General Property Taxes and 2018 Commercial Vehicle Excise Taxes for the Township Assistance fund were erroneously receipted to the Township Fund for three receipts totaling \$162,670.

The December 2018 local distributions from the County Auditor for General Property Taxes and License Excise Taxes were not posted to the records until January 28, 2019, for the following funds:

Fund	General Property Tax	License Excise Tax	Totals
Township Fund	\$ 101,010	\$ 8,079	\$ 109,089
Ambulance Fund	333,857	40,350	374,207
Township Assistance	78,929	6,301	85,230
Fire Fighting Fund	118,901	14,370	133,271
Cum Fire Fund	<u>77,636</u>	<u>9,383</u>	<u>87,019</u>
Totals	<u>\$ 710,333</u>	<u>\$ 78,483</u>	<u>\$ 788,816</u>

Criteria

When it is determined that an error has been posted in the financial records, the error must be corrected in a timely manner. The correction of the error should be dated as of the date that the correction occurred and should not be back dated to the date the error occurred. The adjustment should be labeled as a correcting entry. All documentation of the error and the adjustments must be maintained to support the correction. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

All documents and entries to records must be made in a timely manner to ensure that accurate financial information is available to allow the unit to make informed management decisions and to help ensure compliance with IC 5-15-1-1. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

All financial transactions pertaining to the unit must be recorded in the records of the unit at the time of the transaction. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

Concord Township Trustee
2804 Toledo Road
Elkhart, Indiana 46516
April 27, 2020

State Board of Accounts, " OFFICIAL RESPONSE"
302 West Washington Street
Room E 418
Indianapolis, Indiana 46204-2765

Dear Sirs:

Following is the Concord Township response to the current Indiana State Board of Accounts audit.

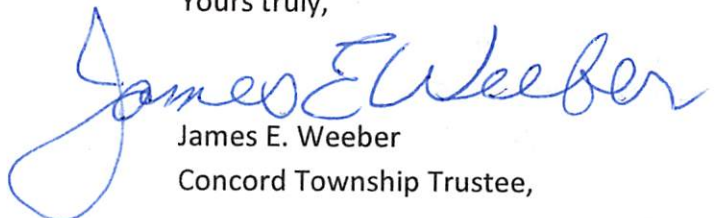
Placement of distributed funds for years 2017 and 2018. These errors may have been exacerbated by the installation of new software managing township funds in 2016. Adjustments to the accounting system were made during calendar year 2019. This should help assure this type of error does not repeat in the future.

Concord Township has made a correcting entry to show money receipted into the Concord Township Fund, \$160,410.81 on 6/27/2017, \$1129.00 on 12/31/2018 and \$1130.00 on 5/25/2018 was in error. A correcting entry was made on 4/23/2020 to show money entered Concord Township Assistance Fund appropriately.

Posting of 2019 property tax and license excise taxes. Some type of problem was incurred at the Automated Clearinghouse system in December 2018. Funds were then sent through the US Postal service by the county auditor. A tour of the postal system for the funds ensued, complicated by an incorrect township office address. The funds arrived Thursday January 10, 2019. On that day post haste, I personally deposited \$788,816.01 to the township bank account at Old National Bank in downtown Elkhart, IN. The bank statement arrived January 31, 2019 including the deposit date. We proceeded with township business taking into consideration those funds were not available to us before December 31, 2018.

Thank you for your competent skill and professionalism during this process.

Yours truly,



James E. Weeber
Concord Township Trustee,

CONCORD TOWNSHIP, ELKHART COUNTY
EXIT CONFERENCE

The contents of this report were discussed on April 20, 2020, with Jim Weeber, Trustee; Kim Mansell, Chairman of the Township Board; Jim Beck, Township Board member; and Jerry Adkins, Township Board member.