

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

EXAMINATION REPORT
OF
COLFAX TOWNSHIP
NEWTON COUNTY, INDIANA
January 1, 2008 to December 31, 2009



FILED
04/14/2010

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Officials	2
Independent Accountant's Report.....	3
Financial Information:	
Schedules of Receipts, Disbursements, and Cash and Investment Balances	4
Notes to Financial Information	5
Examination Results and Comments:	
Board Minutes.....	6
Official Bond	6
Prescribed Forms	6
Bank Account Reconciliations	6-7
Condition of Records	7
Annual Report.....	7-8
Deposit of Public Funds.....	8
Disbursement Documentation	8
Donations.....	8
Exit Conference.....	9

OFFICIALS

Office

Official

Term

Trustee

George Sam Hillis

01-01-07 to 12-31-10

Chairman of the
Township Board

Darlene Wilson

01-01-08 to 12-31-10



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF COLFAX TOWNSHIP, NEWTON COUNTY, INDIANA

We have examined the financial information presented herein of Colfax Township (Township), for the period of January 1, 2008 to December 31, 2009. 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.

The records presented for examination were incomplete. No accounting ledgers were maintained and a material portion of the supporting documentation was not presented for examination. Due to the inaccurate and incomplete accounting records, we were unable to obtain sufficient, competent evidential matter to support the receipts, disbursements or cash and investment balances as of and for the years ended December 31, 2008 and 2009.

Since the Township did not maintain accurate and complete records and we were not able to apply other examination procedures to satisfy ourselves as to the accuracy of the financial statements, the scope of our work was not sufficient to enable us to express, and we do not express an opinion on this financial statement.

STATE BOARD OF ACCOUNTS

March 9, 2010

COLFAX TOWNSHIP, NEWTON COUNTY
 SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCE
 As Of And For The Years Ended December 31, 2008 And 2009

	<u>Cash and Investments 01-01-08</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Cash and Investments 12-31-08</u>
Governmental Fund: All Funds	\$ 284,027	\$ 143,004	\$ 55,550	\$ 371,481
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Totals	<u>\$ 284,027</u>	<u>\$ 143,004</u>	<u>\$ 55,550</u>	<u>\$ 371,481</u>
	<u>Cash and Investments 01-01-09</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Cash and Investments 12-31-09</u>
Governmental Fund: All Funds	\$ 371,481	\$ 113,856	\$ 128,689	\$ 356,648
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Totals	<u>\$ 371,481</u>	<u>\$ 113,856</u>	<u>\$ 128,689</u>	<u>\$ 356,648</u>

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

COLFAX TOWNSHIP, NEWTON 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.

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.

COLFAX TOWNSHIP, NEWTON COUNTY
EXAMINATION RESULTS AND COMMENTS

BOARD MINUTES

No minutes of meetings of the governing body were available for examination.

IC 5-14-1.5-4(b) states:

"As the meeting progresses, the following memoranda shall be kept:

- (1) The date, time, and place of the meeting.
- (2) The members of the governing body recorded as either present or absent.
- (3) The general substance of all matters proposed, discussed, or decided.
- (4) A record of all votes taken, by individual members if there is a roll call.
- (5) Any additional information required under IC 5-1.5-2-2.5 or IC 20-12-63-7."

OFFICIAL BOND

The following official bonds were not filed in the Office of the County Recorder:

Sam Hillis 01-01-08 to 01-01-09
Sam Hillis 01-01-09 to 01-01-10

IC 5-4-1-5.1(b) states in part: "Every elected or appointed officer, official, deputy, or employee of a political subdivision . . . shall file the bond in the office of the county recorder . . ."

PRESCRIBED FORMS

The following prescribed forms were not in use:

Township Form 15 - Township Trustees Annual Report (2008 and 2009)
Township Form 17 - Resolutions Recommending Salaries (2008 and 2009)
Township Form 1C - Financial and Appropriation Records (2008 and 2009)
Poor Relief Form No.
General Form 350 - Register of Investments

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

BANK ACCOUNT RECONCILIATIONS

Depository reconciliations of the fund balances to the bank account balances were not presented for examination after September 30, 2008, or were incorrect. A similar comment was in the prior Report B31890.

COLFAX TOWNSHIP, NEWTON COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

IC 5-13-6-1(e) states: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

CONDITION OF RECORDS

Financial records presented for examination were incomplete and not reflective of the activity of any fund. The records presented did not provide sufficient information to examine or establish beginning balances, receipts, disbursements, ending balances, or the accuracy or correctness of the transactions.

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

ANNUAL REPORT

The annual report for 2008 and 2009 was not prepared for examination or filed. The annual report was not published in a local newspaper. A similar comment was in prior Report B31890.

Until July 1, 2009 ,IC 5-4-1-18 stated in part:

"(c) The fiscal bodies of the respective units shall fix the amount of the bond . . . township trustees . . . as follows:

- (1) The amount must equal fifteen thousand dollars (\$15,000) for each one million dollars (\$1,000,000) of receipts of the officer's office during the last complete fiscal year before the purchase of the bond, subject to subdivision (2).
- (2) The amount may not be less than fifteen thousand dollars (\$15,000) nor more than three hundred thousand dollars (\$300,000) . . ."

Effective July 1, 2009 ,IC 5-4-1-18 states in part:

"(c) Except as provided in subsections (h) and (i), the fiscal bodies of the respective units shall fix the amount of the bond . . . township trustees . . . as follows:

COLFAX TOWNSHIP, NEWTON COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

- (1) The amount of annual coverage must equal thirty thousand dollars (\$30,000) for each one million dollars (\$1,000,000) of receipts of the officer's office during the last complete fiscal year before the purchase of the bond, subject to subdivision (2).
- (2) The amount of annual coverage may not be less than thirty thousand dollars (\$30,000) nor more than three hundred thousand dollars (\$300,000) unless the fiscal body approves a greater amount of annual coverage for the officer or employee . . ."

DEPOSIT OF PUBLIC FUNDS

We noted instances where the Trustee failed to make timely deposits of Township funds. Local tax distributions totaling \$1,264 were deposited as much as 85 days after the original date of the check. Host fees paid to the Township totaling \$22,459.13 were deposited as much as 20 days after the original date of the check.

IC 36-6-4-13 states in part: "(b) Within four (4) weeks after the third Tuesday following the first Monday in January, the executive shall publish the abstract prescribed by subsection (a) in accordance with IC 5-3-1."

IC 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."

DISBURSEMENT DOCUMENTATION

Payments were observed which did not contain adequate supporting documentation such as receipts, and invoices.

Due to the lack of supporting information, the validity and accountability for some monies disbursed could not be established.

A similar comment was in the prior Report B31890.

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for audit 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 13)

DONATIONS

The Donation Fund, which is funded primarily by landfill hosts fees, donated monies to several community service organizations. A similar comment was in prior Report B31890.

Governmental funds should not be donated or given to other organizations, individuals, or governmental units unless specifically authorized by statute. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

COLFAX TOWNSHIP, NEWTON COUNTY
EXIT CONFERENCE

The contents of this report were discussed on March 9, 2010, with George Sam Hillis, Trustee.