

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

FINANCIAL STATEMENT EXAMINATION REPORT

OF

DALLAS TOWNSHIP

HUNTINGTON COUNTY, INDIANA

January 1, 2010 to December 31, 2012



**FILED**  
09/26/2013



## TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials .....	2
Independent Accountant's Report.....	3
Financial Statement:	
Statement of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis .....	6
Notes to Financial Statement.....	7-9
Supplementary Information - Unaudited:	
Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis.....	12-14
Schedule of Payables and Receivables .....	15
Schedule of Capital Assets.....	16
Examination Results and Comments:	
Annual Report.....	17
Compensation and Benefits .....	17
Exit Conference.....	18

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Steve Juillerat Brenda Kitt	01-01-10 to 12-31-10 01-01-11 to 12-31-14
Chairman of the Township Board	Van K. Juillerat Jane Witt	01-01-10 to 12-31-10 01-01-11 to 12-31-13



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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](http://www.in.gov/sboa)

INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF DALLAS TOWNSHIP, HUNTINGTON COUNTY, INDIANA

We have examined the accompanying financial statement of Dallas Township (Township), for the period of January 1, 2010 to December 31, 2012. The financial statement is the responsibility of the Township's management. Our responsibility is to express an opinion on the financial statement 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 statement 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 statement 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 effects on the financial statement of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material. The basis noted above is a different basis than that used in the prior period.

In our opinion, because of the matter discussed in the preceding paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position and results of operations of the Township for the period of January 1, 2010 to December 31, 2012.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the Township for the period of January 1, 2010 to December 31, 2012, on the basis of accounting described in Note 1.

Our examination was conducted for the purpose of forming an opinion on the Township's financial statement. The Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, Schedule of Payables and Receivables, and Schedule of Capital Assets, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statement. They have not been subjected to the examination procedures applied to the financial statement and, accordingly, we express no opinion on them.

Bruce Hartman  
State Examiner

August 20, 2013

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## FINANCIAL STATEMENT

The financial statement and accompanying notes were approved by management of the Township.  
The financial statement and notes are presented as intended by the Township.

DALLAS TOWNSHIP, HUNTINGTON COUNTY  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For The Years Ended December 31, 2010, 2011 and 2012

Fund	Cash and Investments 01-01-10	Receipts	Disbursements	Cash and Investments 12-31-10
Township	\$ 29,286	\$ 17,518	\$ 17,057	\$ 29,747
Township Assistance	10,299	5,388	8,324	7,363
Fire Fighting	17,209	39,197	36,745	19,661
Levy Excess	-	174	-	174
Cumulative Fire	<u>63,052</u>	<u>6,947</u>	<u>43,085</u>	<u>26,914</u>
Totals	<u>\$ 119,846</u>	<u>\$ 69,224</u>	<u>\$ 105,211</u>	<u>\$ 83,859</u>

Fund	Cash and Investments 01-01-11	Receipts	Disbursements	Cash and Investments 12-31-11
Township	\$ 29,747	\$ 15,870	\$ 15,363	\$ 30,254
Township Assistance	7,363	5,436	4,876	7,923
Fire Fighting	19,661	36,702	37,289	19,074
Levy Excess	174	-	174	-
Cumulative Fire	26,914	6,906	24	33,796
Payroll	<u>-</u>	<u>906</u>	<u>484</u>	<u>422</u>
Totals	<u>\$ 83,859</u>	<u>\$ 65,820</u>	<u>\$ 58,210</u>	<u>\$ 91,469</u>

Fund	Cash and Investments 01-01-12	Receipts	Disbursements	Cash and Investments 12-31-12
Township	\$ 30,254	\$ 14,960	\$ 16,981	\$ 28,233
Township Assistance	7,923	5,943	4,934	8,932
Fire Fighting	19,074	34,736	35,770	18,040
Levy Excess	-	578	-	578
Cumulative Fire	33,796	6,464	-	40,260
Payroll	422	1,054	1,476	-
Grant	<u>-</u>	<u>500</u>	<u>490</u>	<u>10</u>
Totals	<u>\$ 91,469</u>	<u>\$ 64,235</u>	<u>\$ 59,651</u>	<u>\$ 96,053</u>

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

DALLAS TOWNSHIP, HUNTINGTON COUNTY  
NOTES TO FINANCIAL STATEMENT

**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 statement presents the financial information for the Township.

*B. Basis of Accounting*

The financial statement is 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 statement. 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.

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.

DALLAS TOWNSHIP, HUNTINGTON COUNTY  
NOTES TO FINANCIAL STATEMENT  
(Continued)

*E. Disbursements*

Disbursements are presented in the aggregate on the face of the financial statement. 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 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

DALLAS TOWNSHIP, HUNTINGTON COUNTY  
NOTES TO FINANCIAL STATEMENT  
(Continued)

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.

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 statement. 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 Annual Reports for years prior to 2011 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 Annual Report information for years 2011 and later can be found on the Gateway website: <https://gateway.ifionline.org/>.

Differences may be noted between the financial information presented in the financial statement 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.

DALLAS TOWNSHIP, HUNTINGTON COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2010

	<u>Township</u>	<u>Township Assistance</u>	<u>Fire Fighting</u>	<u>Levy Excess</u>	<u>Cumulative Fire</u>	<u>Totals</u>
Cash and investments - beginning	\$ 29,286	\$ 10,299	\$ 17,209	\$ -	\$ 63,052	\$ 119,846
Receipts:						
Taxes	17,374	5,387	39,197	-	6,947	68,905
Other receipts	144	1	-	174	-	319
Total receipts	<u>17,518</u>	<u>5,388</u>	<u>39,197</u>	<u>174</u>	<u>6,947</u>	<u>69,224</u>
Disbursements:						
Personal services	10,486	-	7,230	-	-	17,716
Supplies	762	-	-	-	-	762
Other services and charges	4,945	-	29,515	-	-	34,460
Capital outlay	864	-	-	-	43,085	43,949
Other disbursements	-	8,324	-	-	-	8,324
Total disbursements	<u>17,057</u>	<u>8,324</u>	<u>36,745</u>	<u>-</u>	<u>43,085</u>	<u>105,211</u>
Excess (deficiency) of receipts over disbursements	<u>461</u>	<u>(2,936)</u>	<u>2,452</u>	<u>174</u>	<u>(36,138)</u>	<u>(35,987)</u>
Cash and investments - ending	<u>\$ 29,747</u>	<u>\$ 7,363</u>	<u>\$ 19,661</u>	<u>\$ 174</u>	<u>\$ 26,914</u>	<u>\$ 83,859</u>

DALLAS TOWNSHIP, HUNTINGTON COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2011

	<u>Township</u>	<u>Township Assistance</u>	<u>Fire Fighting</u>	<u>Levy Excess</u>	<u>Cumulative Fire</u>	<u>Payroll</u>	<u>Totals</u>
Cash and investments - beginning	\$ 29,747	\$ 7,363	\$ 19,661	\$ 174	\$ 26,914	\$ -	\$ 83,859
Receipts:							
Taxes	6,349	4,706	28,114	-	6,082	-	45,251
Intergovernmental	7,976	730	8,587	-	824	-	18,117
Other receipts	1,545	-	1	-	-	906	2,452
Total receipts	<u>15,870</u>	<u>5,436</u>	<u>36,702</u>	<u>-</u>	<u>6,906</u>	<u>906</u>	<u>65,820</u>
Disbursements:							
Personal services	8,889	-	-	-	-	-	8,889
Supplies	545	-	-	-	-	-	545
Other services and charges	5,929	4,800	12,289	-	-	-	23,018
Other disbursements	-	76	25,000	174	24	484	25,758
Total disbursements	<u>15,363</u>	<u>4,876</u>	<u>37,289</u>	<u>174</u>	<u>24</u>	<u>484</u>	<u>58,210</u>
Excess (deficiency) of receipts over disbursements	<u>507</u>	<u>560</u>	<u>(587)</u>	<u>(174)</u>	<u>6,882</u>	<u>422</u>	<u>7,610</u>
Cash and investments - ending	<u>\$ 30,254</u>	<u>\$ 7,923</u>	<u>\$ 19,074</u>	<u>\$ -</u>	<u>\$ 33,796</u>	<u>\$ 422</u>	<u>\$ 91,469</u>

DALLAS TOWNSHIP, HUNTINGTON COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2012

	<u>Township</u>	<u>Township Assistance</u>	<u>Fire Fighting</u>	<u>Levy Excess</u>	<u>Cumulative Fire</u>	<u>Payroll</u>	<u>Grant</u>	<u>Totals</u>
Cash and investments - beginning	\$ 30,254	\$ 7,923	\$ 19,074	\$ -	\$ 33,796	\$ 422	\$ -	\$ 91,469
Receipts:								
Taxes	5,517	4,960	25,647	-	4,983	-	-	41,107
Intergovernmental	9,290	983	9,089	578	889	-	-	20,829
Other receipts	153	-	-	-	592	1,054	500	2,299
Total receipts	<u>14,960</u>	<u>5,943</u>	<u>34,736</u>	<u>578</u>	<u>6,464</u>	<u>1,054</u>	<u>500</u>	<u>64,235</u>
Disbursements:								
Personal services	9,150	-	-	-	-	-	-	9,150
Supplies	1,304	-	-	-	-	-	490	1,794
Other services and charges	6,436	4,934	35,770	-	-	-	-	47,140
Other disbursements	91	-	-	-	-	1,476	-	1,567
Total disbursements	<u>16,981</u>	<u>4,934</u>	<u>35,770</u>	<u>-</u>	<u>-</u>	<u>1,476</u>	<u>490</u>	<u>59,651</u>
Excess (deficiency) of receipts over disbursements	<u>(2,021)</u>	<u>1,009</u>	<u>(1,034)</u>	<u>578</u>	<u>6,464</u>	<u>(422)</u>	<u>10</u>	<u>4,584</u>
Cash and investments - ending	<u>\$ 28,233</u>	<u>\$ 8,932</u>	<u>\$ 18,040</u>	<u>\$ 578</u>	<u>\$ 40,260</u>	<u>\$ -</u>	<u>\$ 10</u>	<u>\$ 96,053</u>

DALLAS TOWNSHIP, HUNTINGTON COUNTY  
SCHEDULE OF PAYABLES AND RECEIVABLES  
December 31, 2012

	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	<u>\$ 553</u>	<u>\$ -</u>

DALLAS TOWNSHIP, HUNTINGTON COUNTY  
SCHEDULE OF CAPITAL ASSETS  
December 31, 2012

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>Ending Balance</u>
Governmental activities:	
Land	\$ 41,400
Buildings	263,700
Machinery, equipment, and vehicles	<u>500</u>
Total capital assets	<u>\$ 305,600</u>

DALLAS TOWNSHIP, HUNTINGTON COUNTY  
EXAMINATION RESULTS AND COMMENTS

***ANNUAL REPORT***

The Annual Report for 2010 did not contain the Worksheet for Local Governmental Funds Disbursed to Non-Governmental Entities and did not properly reflect the financial activity of the Township. The January 1, 2010 balance in the Cumulative Fire Fund did not include the investment balance in the amount of \$11,970.

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

"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 in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under IC 5-14-3.8-7."

***COMPENSATION AND BENEFITS***

Compensation and benefits were paid to five Township officials and employees in each of the years 2010 and 2012. The compensation and benefits paid to these officials and employees was \$9,150 for each of those years and was not approved by the Township Board using Township Form 17, Resolution Establishing Salaries of Township Officers and Employees.

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 statute. Compensation should be made in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

Indiana Code 36-6-10 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. . . . A type of format for recording these salaries should be the existing format of Township Form No. 17.

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)

DALLAS TOWNSHIP, HUNTINGTON COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on August 20, 2013, with Brenda Kitt, Trustee. The official concurred with our findings.