

STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2765

EXAMINATION REPORT
OF
COLUMBIA TOWNSHIP
FAYETTE COUNTY, INDIANA
January 1, 2003 to December 31, 2005



FILED
08/30/2006

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OFFICIALS

Office

Official

Term

Trustee

Bonnie Steele

01-01-03 to 12-31-06

Chairman of the
Township Board

William Bunyard
Rosalyn York

01-01-03 to 12-31-03
01-01-04 to 12-31-06



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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF COLUMBIA TOWNSHIP, FAYETTE COUNTY, INDIANA

We have examined the schedules of receipts, disbursements, and cash and investment balances of Columbia Township (Township), for the period of January 1, 2003 to December 31, 2005. The Township's management is responsible for the schedules. 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 schedule of receipts, disbursements, and cash and investment balances 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 schedules referred to above present fairly, in all material respects, the cash transactions of the Township for the years ended December 31, 2003, 2004, and 2005, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

August 7, 2006

COLUMBIA TOWNSHIP, FAYETTE COUNTY
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL FUND TYPES
As Of And For The Years Ended December 31, 2003, 2004, And 2005

	Cash and Investments 01-01-03	Receipts	Disbursements	Cash and Investments 12-31-03
Governmental Funds:				
General	\$ 8,611	\$ 3,580	\$ 8,045	\$ 4,146
Dog	474	70	292	252
Township Assistance	6,388	117	1,366	5,139
Firefighting	5,097	30	2,710	2,417
Totals	<u>\$ 20,570</u>	<u>\$ 3,797</u>	<u>\$ 12,413</u>	<u>\$ 11,954</u>

	Cash and Investments 01-01-04	Receipts	Disbursements	Cash and Investments 12-31-04
Governmental Funds:				
General	\$ 4,146	\$ 10,724	\$ 7,241	\$ 7,629
Dog	252	138	-	390
Township Assistance	5,139	2,961	2,206	5,894
Firefighting	2,417	4,027	2,800	3,644
Totals	<u>\$ 11,954</u>	<u>\$ 17,850</u>	<u>\$ 12,247</u>	<u>\$ 17,557</u>

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds:				
General	\$ 7,629	\$ 8,314	\$ 7,785	\$ 8,158
Dog	390	236	88	538
Township Assistance	5,894	643	1,138	5,399
Firefighting	3,644	3,624	2,900	4,368
Totals	<u>\$ 17,557</u>	<u>\$ 12,817</u>	<u>\$ 11,911</u>	<u>\$ 18,463</u>

The accompanying notes are an integral part of the schedules.

COLUMBIA TOWNSHIP, FAYETTE COUNTY
NOTES TO SCHEDULES

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, 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.

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.

COLUMBIA TOWNSHIP, FAYETTE COUNTY
EXAMINATION RESULTS AND COMMENTS

ADVANCE PAYMENTS

The Trustee issued payroll checks as much as five months prior to the salary being earned.

Compensation and any other payments for goods and services should not be paid in advance of receipt of the goods or services unless specifically authorized by statute. Payments made for goods or services which are not received may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

PAYROLL DEDUCTIONS

Payments to employees were made without payroll deductions for taxes, social security, or medicare. Additionally, federal W-2 forms were not issued to employees and federal 941 forms were not filed. The Township also did not pay matching social security or medicare payments.

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)

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Failure to pay claims or remit taxes in a timely manner could be an indicator of serious financial problems which should be investigated by the governmental unit.

Additionally, officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the governmental unit.

Any penalties, interest or other charges paid by the governmental unit may be the personal obligation of the responsible official or employee. (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 performed.

Indiana Code 5-13-6-1(e) states in part: "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)

COLUMBIA TOWNSHIP, FAYETTE COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

CONDITION OF RECORDS

The following deficiencies relating to the recordkeeping were noted. A similar comment was in the prior Examination Report:

- (1) The Financial and Appropriation Record (Form 1C) was not posted after 2004. There were a considerable number of posting errors for the years 2003 and 2004. The errors included deposits recorded twice, receipts not recorded in the proper amounts, interest not posted, checks and bank charges not recorded, and numerous mathematical errors.

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

- (2) The Township Trustees Annual Reports (Form 15) for 2003 and 2004 were inaccurate. The report for 2005 was not completed and filed.

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)

BOARD MINUTES

No minutes of meetings of the governing body were recorded beyond August 16, 2005.

Indiana Code 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."

COLUMBIA TOWNSHIP, FAYETTE COUNTY
EXIT CONFERENCE

The contents of this report were discussed on August 7, 2006, with Bonnie Steele, Trustee. The official concurred with our findings.