

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

FINANCIAL STATEMENT EXAMINATION REPORT

OF

PLAIN TOWNSHIP

KOSCIUSKO COUNTY, INDIANA

January 1, 2010 to December 31, 2011



FILED

04/11/2012

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OFFICIALS

Office

Official

Term

Trustee

Jerry Kammerer

01-01-07 to 12-31-14

Chairman of the
Township Board

Craig Charlton

01-01-10 to 12-31-12



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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF PLAIN TOWNSHIP, KOSCIUSKO COUNTY, INDIANA

We have examined the financial statements of Plain Township (Township), for the period of January 1, 2010 to December 31, 2011. The Township's management is responsible for the financial statements. 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 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 year.

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.

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

February 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.

PLAIN TOWNSHIP, KOSCIUSKO COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For The Year Ended December 31, 2010

	Cash and Investments 01-01-10	Receipts	Disbursements	Cash and Investments 12-31-10
Township	\$ 103,345	\$ 74,852	\$ 57,369	\$ 120,828
Township Assistance	100,692	62,807	47,613	115,886
Fire Fighting	113,001	71,021	61,644	122,378
Cumulative Fire	163,297	78,123	7,350	234,070
Park And Recreation	5,097	4,228	2,500	6,825
Levy Excess	-	1,059	-	1,059
Rainy Day	12,718	43,825	-	56,543
EMS	147,950	134,776	155,745	126,981
Debt Service	12,225	68,846	69,350	11,721
Totals	<u>\$ 658,325</u>	<u>\$ 539,537</u>	<u>\$ 401,571</u>	<u>\$ 796,291</u>

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

PLAIN TOWNSHIP, KOSCIUSKO
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For The Year Ended December 31, 2011

	Cash and Investments 01-01-11	Receipts	Disbursements	Cash and Investments 12-31-11
Township	\$ 120,828	\$ 84,527	\$ 56,131	\$ 149,224
EMS	126,981	96,783	160,262	63,502
Park And Recreation	6,825	4,239	2,521	8,543
Township Assistance	115,886	63,851	47,018	132,719
Fire Fighting	122,378	73,414	54,296	141,496
Rainy Day	56,543	-	-	56,543
Levy Excess	1,059	363	1,059	363
Cumulative Fire	234,070	78,343	7,879	304,534
Debt Service	11,721	75,082	72,170	14,633
Totals	<u>\$ 796,291</u>	<u>\$ 476,602</u>	<u>\$ 401,336</u>	<u>\$ 871,557</u>

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

PLAIN TOWNSHIP, KOSCIUSKO 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 (primary government), and does not include financial information for any of the Township's legally separate component units, which accounting principles generally accepted in the United States of America require to be reported with the financial information of the Township (primary government).

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 may 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.

Licenses and permits which include amounts received from businesses, occupations, or nonbusinesses that must be licensed before doing business within the government's jurisdiction or permits levied according to the benefits presumably conferred by the permit. Examples of licenses and permits include: peddler licenses, dog tax licenses, auctioneer license, building and planning permits, demolition permits, electrical permits, sign permits, and gun permits.

PLAIN TOWNSHIP, KOSCIUSKO COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

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.

Fines and forfeits which include receipts derived from fines and penalties imposed for the commission of statutory offenses, violation of lawful administrative rules and regulations (fines), and for the neglect of official duty and monies derived from confiscating deposits held as performance guarantees (forfeitures).

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 may 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.

Debt service principal and interest which include fixed obligations resulting from financial transactions previously entered into by the Township. It includes all expenditures for the reduction of the principal and interest of the Township's general obligation indebtedness.

Capital outlay which include all outflows for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

PLAIN TOWNSHIP, KOSCIUSKO COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

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 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.

PLAIN TOWNSHIP, KOSCIUSKO COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

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 statements. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks. These risks may also be mitigated by the Township by recording as a disbursement any replacement items purchased.

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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/.

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.

PLAIN TOWNSHIP, KOSCIUSKO 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	Park And Recreation	Levy Excess	Rainy Day	EMS	Debt Service	Totals
Cash and investments - beginning	\$ 103,345	\$ 100,692	\$ 113,001	\$ 163,297	\$ 5,097	\$ -	\$ 12,718	\$ 147,950	\$ 12,225	\$ 658,325
Receipts:										
Taxes	70,054	62,807	71,021	78,123	4,228	-	43,825	134,483	68,846	533,387
Other receipts	4,798	-	-	-	-	1,059	-	293	-	6,150
Total receipts	74,852	62,807	71,021	78,123	4,228	1,059	43,825	134,776	68,846	539,537
Disbursements:										
Personal services	25,068	-	-	-	-	-	-	-	-	25,068
Supplies	1,236	-	8,401	-	-	-	-	405	-	10,042
Other services and charges	31,065	3,157	38,620	-	2,500	-	-	155,340	69,350	300,032
Capital outlay	-	-	14,623	7,350	-	-	-	-	-	21,973
Other disbursements	-	44,456	-	-	-	-	-	-	-	44,456
Total disbursements	57,369	47,613	61,644	7,350	2,500	-	-	155,745	69,350	401,571
Excess (deficiency) of receipts over disbursements	17,483	15,194	9,377	70,773	1,728	1,059	43,825	(20,969)	(504)	137,966
Cash and investments - ending	\$ 120,828	\$ 115,886	\$ 122,378	\$ 234,070	\$ 6,825	\$ 1,059	\$ 56,543	\$ 126,981	\$ 11,721	\$ 796,291

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

	Township	EMS	Park And Recreation	Township Assistance	Fire Fighting	Rainy Day	Levy Excess	Cumulative Fire	Debt Service	Totals
Cash and investments - beginning	\$ 120,828	\$ 126,981	\$ 6,825	\$ 115,886	\$ 122,378	\$ 56,543	\$ 1,059	\$ 234,070	\$ 11,721	\$ 796,291
Receipts:										
Taxes	66,231	8,210	3,832	56,926	67,086	-	-	71,592	67,873	341,750
Intergovernmental	7,036	88,573	407	6,046	6,326	-	-	6,751	7,209	122,348
Other receipts	11,260	-	-	879	2	-	363	-	-	12,504
Total receipts	84,527	96,783	4,239	63,851	73,414	-	363	78,343	75,082	476,602
Disbursements:										
Personal services	25,068	-	-	-	-	-	-	-	-	25,068
Supplies	3,215	400	14	-	7,752	-	-	-	-	11,381
Other services and charges	27,729	159,847	2,500	46,912	37,616	-	-	-	-	274,604
Capital outlay	-	-	-	-	8,928	-	-	7,879	72,054	88,861
Other disbursements	119	15	7	106	-	-	1,059	-	116	1,422
Total disbursements	56,131	160,262	2,521	47,018	54,296	-	1,059	7,879	72,170	401,336
Excess (deficiency) of receipts over disbursements	28,396	(63,479)	1,718	16,833	19,118	-	(696)	70,464	2,912	75,266
Cash and investments - ending	\$ 149,224	\$ 63,502	\$ 8,543	\$ 132,719	\$ 141,496	\$ 56,543	\$ 363	\$ 304,534	\$ 14,633	\$ 871,557

PLAIN TOWNSHIP, KOSCIUSKO COUNTY
EXAMINATION RESULT AND COMMENT

BANK ACCOUNT RECONCILIATIONS

Depository reconciliations of the fund balances to the bank account balances were incorrect for the two years examined. The Township reconcilements showed cash long of \$123 and \$860 as of December 31 2010 and 2011, respectively. A similar comment was in the prior report.

Indiana Code 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)

PLAIN TOWNSHIP, KOSCIUSKO COUNTY
EXIT CONFERENCE

The contents of this report were discussed on February 22, 2012, with Jerry Kammerer, Trustee. The official concurred with our finding.