

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

FINANCIAL STATEMENT EXAMINATION REPORT

OF

OHIO TOWNSHIP

SPENCER COUNTY, INDIANA

January 1, 2010 to December 31, 2011



FILED
08/20/2012

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OFFICIALS

Office

Official

Term

Trustee

Brian Burns

01-01-07 to 12-31-14

Chairman of the
Township Board

Lee Frobeter

01-01-10 to 12-31-12



STATE OF INDIANA

AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF OHIO TOWNSHIP, SPENCER COUNTY, INDIANA

We have examined the financial statements of Ohio 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, Schedule of Leases and Debt 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 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 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

June 19, 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.

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

Fund	Cash and Investments 01-01-10	Receipts	Disbursements	Cash and Investments 12-31-10
Township	\$ 139,883	\$ 74,625	\$ 54,913	\$ 159,595
Township Assistance	43,394	64,035	51,358	56,071
Fire Fighting	344,405	181,339	183,067	342,677
Park And Recreation	33,086	-	9,945	23,141
Federal Grant	791	-	55	736
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Totals	<u>\$ 561,559</u>	<u>\$ 319,999</u>	<u>\$ 299,338</u>	<u>\$ 582,220</u>

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

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

Fund	Cash and Investments 01-01-11	Receipts	Disbursements	Cash and Investments 12-31-11
Township	\$ 159,595	\$ 74,363	\$ 56,498	\$ 177,460
Park And Recreation	23,141	-	14,564	8,577
Township Assistance	56,071	61,757	59,263	58,565
Fire Fighting	342,677	631,652	679,766	294,563
Fire Equipment Debt Fund	-	119,754	39,746	80,008
Federal Grant	736	7,850	7,850	736
	<u>736</u>	<u>7,850</u>	<u>7,850</u>	<u>736</u>
Totals	<u>\$ 582,220</u>	<u>\$ 895,376</u>	<u>\$ 857,687</u>	<u>\$ 619,909</u>

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

OHIO TOWNSHIP, SPENCER 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 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 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.

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.

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.

OHIO TOWNSHIP, SPENCER COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

E. Disbursements

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

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.

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. 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.

OHIO TOWNSHIP, SPENCER COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

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 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.

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.

OHIO TOWNSHIP, SPENCER 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	Park And Recreation	Federal Grant	Totals
Cash and investments - beginning	\$ 139,883	\$ 43,394	\$ 344,405	\$ 33,086	\$ 791	\$ 561,559
Receipts:						
Taxes	74,532	63,486	148,066	-	-	286,084
Charges for services	-	-	28,227	-	-	28,227
Other receipts	93	549	5,046	-	-	5,688
Total receipts	74,625	64,035	181,339	-	-	319,999
Disbursements:						
Personal services	27,893	11,088	-	-	-	38,981
Supplies	3,712	339	39,919	5,000	-	48,970
Other services and charges	23,308	5,612	63,148	4,945	-	97,013
Capital outlay	-	-	80,000	-	-	80,000
Other disbursements	-	34,319	-	-	55	34,374
Total disbursements	54,913	51,358	183,067	9,945	55	299,338
Excess (deficiency) of receipts over disbursements	19,712	12,677	(1,728)	(9,945)	(55)	20,661
Cash and investments - ending	\$ 159,595	\$ 56,071	\$ 342,677	\$ 23,141	\$ 736	\$ 582,220

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

	Township	Park And Recreation	Township Assistance	Fire Fighting	Fire Equipment Debt Fund	Federal Grant	Totals
Cash and investments - beginning	\$ 159,595	\$ 23,141	\$ 56,071	\$ 342,677	\$ -	\$ 736	\$ 582,220
Receipts:							
Taxes	52,032	-	59,048	145,973	115,471	-	372,524
Intergovernmental	22,044	-	2,709	5,413	4,283	7,850	42,299
Charges for services	-	-	-	28,070	-	-	28,070
Other receipts	287	-	-	452,196	-	-	452,483
Total receipts	74,363	-	61,757	631,652	119,754	7,850	895,376
Disbursements:							
Personal services	27,571	-	11,037	-	-	-	38,608
Supplies	3,246	7,527	622	42,679	-	-	54,074
Other services and charges	25,681	7,037	46,781	77,697	-	7,850	165,046
Debt service - principal and interest	-	-	-	-	39,746	-	39,746
Capital outlay	-	-	823	530,000	-	-	530,823
Other disbursements	-	-	-	29,390	-	-	29,390
Total disbursements	56,498	14,564	59,263	679,766	39,746	7,850	857,687
Excess (deficiency) of receipts over disbursements	17,865	(14,564)	2,494	(48,114)	80,008	-	37,689
Cash and investments - ending	\$ 177,460	\$ 8,577	\$ 58,565	\$ 294,563	\$ 80,008	\$ 736	\$ 619,909

OHIO TOWNSHIP, SPENCER COUNTY
SCHEDULE OF LEASES AND DEBT
December 31, 2011

Description of Debt		Ending	Principal and
Type	Purpose	Principal	Interest Due
		Balance	Within One
			Year
Governmental activities:			
General obligation bonds	Building loan	\$ 410,254	\$ 60,171
Totals		<u>\$ 410,254</u>	<u>\$ 60,171</u>

OHIO TOWNSHIP, SPENCER COUNTY
SCHEDULE OF CAPITAL ASSETS
December 31, 2011

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	\$ 60,000
Buildings	630,000
Machinery, equipment and vehicles	275,000
Books and other	<u>29,500</u>
Total capital assets	<u>\$ 994,500</u>

OHIO TOWNSHIP, SPENCER COUNTY
EXIT CONFERENCE

The contents of this report were discussed on June 19, 2012, with Brian Burns, Trustee. Our examination disclosed no material items that warrant comment at this time.