

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

FINANCIAL STATEMENTS EXAMINATION REPORT

OF

COLUMBIA TOWNSHIP

DUBOIS COUNTY, INDIANA

January 1, 2010 to December 31, 2011



FILED
04/10/2013

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Larry Gene Hall	01-01-07 to 12-31-14
Chairman of the Township Board	Melvin Leistner	01-01-10 to 12-31-13



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INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the accompanying financial statements of Columbia Township (Township), for the period of January 1, 2010 to December 31, 2011. The financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on the financial statements 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 effects on the financial statements 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 statements referred to above do 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, 2011.

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 period of January 1, 2010 to December 31, 2011, 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 statements. 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.

Bruce Hartman
State Examiner

February 28, 2013

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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.

COLUMBIA TOWNSHIP, DUBOIS 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	\$ 26,000	\$ 22,676	\$ 16,174	\$ 32,502
Township Assistance	21,666	2,850	1,400	23,116
Levy Excess	-	48	-	48
Rainy Day	1,047	-	-	1,047
Totals	<u>\$ 48,713</u>	<u>\$ 25,574</u>	<u>\$ 17,574</u>	<u>\$ 56,713</u>

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

COLUMBIA TOWNSHIP, DUBOIS 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	\$ 32,502	\$ 21,235	\$ 16,502	\$ 37,235
Township Assistance	23,116	2,665	3,624	22,157
Rainy Day	1,047	-	-	1,047
Levy Excess	<u>48</u>	<u>-</u>	<u>-</u>	<u>48</u>
Totals	<u>\$ 56,713</u>	<u>\$ 23,900</u>	<u>\$ 20,126</u>	<u>\$ 60,487</u>

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

COLUMBIA TOWNSHIP, DUBOIS 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.

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.

COLUMBIA TOWNSHIP, DUBOIS COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

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 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.

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

COLUMBIA TOWNSHIP, DUBOIS COUNTY
NOTES TO FINANCIAL STATEMENTS
(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 statements. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks.

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/.

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 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.

COLUMBIA TOWNSHIP, DUBOIS 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>Levy Excess</u>	<u>Rainy Day</u>	<u>Totals</u>
Cash and investments - beginning	\$ 26,000	\$ 21,666	\$ -	\$ 1,047	\$ 48,713
Receipts:					
Taxes	22,671	2,850	-	-	25,521
Other receipts	<u>5</u>	<u>-</u>	<u>48</u>	<u>-</u>	<u>53</u>
Total receipts	<u>22,676</u>	<u>2,850</u>	<u>48</u>	<u>-</u>	<u>25,574</u>
Disbursements:					
Personal services	10,028	-	-	-	10,028
Supplies	117	-	-	-	117
Other services and charges	6,029	-	-	-	6,029
Other disbursements	<u>-</u>	<u>1,400</u>	<u>-</u>	<u>-</u>	<u>1,400</u>
Total disbursements	<u>16,174</u>	<u>1,400</u>	<u>-</u>	<u>-</u>	<u>17,574</u>
Excess of receipts over disbursements	<u>6,502</u>	<u>1,450</u>	<u>48</u>	<u>-</u>	<u>8,000</u>
Cash and investments - ending	<u>\$ 32,502</u>	<u>\$ 23,116</u>	<u>\$ 48</u>	<u>\$ 1,047</u>	<u>\$ 56,713</u>

COLUMBIA TOWNSHIP, DUBOIS 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>Rainy Day</u>	<u>Levy Excess</u>	<u>Totals</u>
Cash and investments - beginning	\$ 32,502	\$ 23,116	\$ 1,047	\$ 48	\$ 56,713
Receipts:					
Taxes	16,537	2,644	-	-	19,181
Intergovernmental	4,692	21	-	-	4,713
Other receipts	<u>6</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6</u>
Total receipts	<u>21,235</u>	<u>2,665</u>	<u>-</u>	<u>-</u>	<u>23,900</u>
Disbursements:					
Personal services	9,324	-	-	-	9,324
Supplies	524	-	-	-	524
Other services and charges	6,654	3,624	-	-	10,278
Other disbursements	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total disbursements	<u>16,502</u>	<u>3,624</u>	<u>-</u>	<u>-</u>	<u>20,126</u>
Excess (deficiency) of receipts over disbursements	<u>4,733</u>	<u>(959)</u>	<u>-</u>	<u>-</u>	<u>3,774</u>
Cash and investments - ending	<u>\$ 37,235</u>	<u>\$ 22,157</u>	<u>\$ 1,047</u>	<u>\$ 48</u>	<u>\$ 60,487</u>

COLUMBIA TOWNSHIP, DUBOIS COUNTY
EXAMINATION RESULTS AND COMMENTS

CONDITION OF RECORDS

The following deficiencies relating to the recordkeeping were noted.

1. Record balances were not reconciled to depository balances.

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."

2. There were posting errors not corrected from the prior report, as well as, posting errors in the current examination period for tax distributions. In 2008, a supplemental COIT distribution in the amount of \$390.04 was posted to the Township Fund instead of the Rainy Day Fund. This was discussed but not corrected during the current examination period. In 2010, a supplemental COIT distribution in the amount of \$584.53 was also posted to the Township Fund instead of the Rainy Day.

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)

Supplemental distributions of COIT money should be deposited in accordance with Indiana Code 6-3.5-6-17.3 which states in part (b):

"A supplemental distribution described in subsection (a) must be:

- (1) made in January of the ensuing calendar year; and
- (2) allocated in the same manner as certified distributions for deposit in a civil unit's rainy day fund established under IC 36-1-8-5.1."

(Township Bulletin and Uniform Compliance Guidelines, Volume 278)

A similar comment appeared in prior Report B36535.

COMPENSATION AND BENEFITS

Payroll tax withholdings were not calculated correctly for payroll remittance to employees. The calculation resulted in employees being underpaid in 2011.

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 17)

Each governmental unit is responsible for compliance with all rules, regulations, guidelines, and directives of the Internal Revenue Service and the Indiana Department of Revenue. All questions concerning taxes should be directed to these agencies. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

A similar comment appeared in prior Report B36535.

COLUMBIA TOWNSHIP, DUBOIS COUNTY
EXIT CONFERENCE

The contents of this report were discussed on February 28, 2013, with Larry Gene Hall, Trustee. The official concurred with our findings.