B42524

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

FINANCIAL STATEMENTS EXAMINATION REPORT

OF

OHIO TOWNSHIP

BARTHOLOMEW COUNTY, INDIANA

January 1, 2010 to December 31, 2011

FILED
08/28/2013

TABLE OF CONTENTS

SCHEDULE OF OFFICIALS

Office	Official	Term
Trustee	Wayne Freeman	01-01-07 to 01-17-12
	JoAnne Flohr	01-18-12 to 12-31-14
Chairman of the Township Board	Fred Baldwin	01-01-07 to 12-31-10
	Jay Frederick	01-01-10 to 12-31-13

STATE OF INDIANA

AN EQUAL OPPORTUNITY EMPLOYER

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

INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the accompanying financial statements of Ohio 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.

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, Schedule of Payables and Receivables, 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.

Bruce Hartman
State Examiner

August 7, 2013

(This page intentionally left blank.)

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, BARTHOLOMEW 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	$ 48,383	$ 13,954	$ 12,564	$ 49,773
Township Assistance	16,899	5,263	1,131	21,031
Fire Fighting	7,044	30,149	13,000	24,193
Cumulative Fire	16,004	20,217	749	35,472
Fire Debt	22,580	41,415	31,157	32,838
Levy Excess	2,107	-	-	2,107
Totals	$ 113,017	$ 110,998	$ 58,601	$ 165,414

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

OHIO TOWNSHIP, BARTHOLOMEW 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	$ 49,773	$ 14,365	$ 13,197	$ 50,941
Township Assistance	21,031	3,269	1,697	22,603
Fire Fighting	24,193	15,076	13,000	26,269
Levy Excess	2,107	-	-	2,107
Cumulative Fire	35,472	11,529	644	46,357
Fire Debt	32,838	31,579	135,210	(70,793)
Totals	$ 165,414	$ 75,818	$ 163,748	$ 77,484

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

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.

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. *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.

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.

Note 6. Cash Balance Deficits

The financial statements contain one fund with a deficit in cash. This is a result of a 6-year $104,000.00 balloon payment of principal on the Township debt from the Fire Debt Fund, resulting in a $70,793 deficit in cash for the fund.

Note 7. Restatements

For the year ended December 31, 2010, certain changes have been made to some of the fund names of the financial statements to more appropriately reflect financial activity of the Township. The Township had the following two funds reported on the two-year examination period ending December 31, 2009: Township Funds and Construction. However, starting in 2010 the Township reported its financial figures in six individual funds. The following schedule presents a summary of restated fund names and beginning balances.

Fund	Balance as Reported December 31, 2009	Restatement	Balance as Restated January 1, 2010
Township Funds	$ 112,203	$ (112,203)	$ -
Construction Fund	114	(114)	-
Township	-	48,383	48,383
Township Assistance	-	16,899	16,899
Fire Fighting	-	7,044	7,044
Cumulative Fire	-	16,004	16,004
Fire Debt	-	22,580	22,580
Levy Excess	-	2,107	2,107
Totals	$ 112,317	$ 700	$ 113,017

(This page intentionally left blank.)

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.

OHIO TOWNSHIP, BARTHOLOMEW 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	Fire Debt	Levy Excess	Totals
Cash and investments - beginning	$ 48,383	$ 16,899	$ 7,044	$ 16,004	$ 22,580	$ 2,107	$ 113,017
Receipts:							
Taxes	13,257	5,263	30,149	20,217	41,415	-	110,301
Other receipts	697	-	-	-	-	-	697
Total receipts	13,954	5,263	30,149	20,217	41,415	-	110,998
Disbursements:							
Personal services	7,546	-	-	-	-	-	7,546
Supplies	250	-	-	-	-	-	250
Other services and charges	4,768	1,131	13,000	-	-	-	18,899
Capital outlay	-	-	-	749	31,157	-	31,906
Other disbursements	-	-	-	-	-	-	-
Total disbursements	12,564	1,131	13,000	749	31,157	-	58,601
Excess (deficiency) of receipts over disbursements	1,390	4,132	17,149	19,468	10,258	-	52,397
Cash and investments - ending	$ 49,773	$ 21,031	$ 24,193	$ 35,472	$ 32,838	$ 2,107	$ 165,414

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

	Township	Township Assistance	Fire Fighting	Levy Excess	Cumulative Fire	Fire Debt	Totals
Cash and investments - beginning	$ 49,773	$ 21,031	$ 24,193	$ 2,107	$ 35,472	$ 32,838	$ 165,414
Receipts:							
Taxes	5,895	3,267	15,071	-	11,521	31,561	67,315
Intergovernmental	7,967	2	5	-	8	18	8,000
Other receipts	503	-	-	-	-	-	503
Total receipts	14,365	3,269	15,076	-	11,529	31,579	75,818
Disbursements:							
Personal services	8,525	-	-	-	-	-	8,525
Supplies	42	-	-	-	-	-	42
Other services and charges	4,630	1,697	13,000	-	644	-	19,971
Debt service - principal and interest	-	-	-	-	-	135,210	135,210
Other disbursements	-	-	-	-	-	-	-
Total disbursements	13,197	1,697	13,000	-	644	135,210	163,748
Excess (deficiency) of receipts over disbursements	1,168	1,572	2,076	-	10,885	(103,631)	(87,930)
Cash and investments - ending	$ 50,941	$ 22,603	$ 26,269	$ 2,107	$ 46,357	$ (70,793)	$ 77,484

OHIO TOWNSHIP, BARTHOLOMEW COUNTY
SCHEDULE OF PAYABLES AND RECEIVABLES
December 31, 2011

Government or Enterprise	Accounts Payable	Accounts Receivable
Governmental activities	$ 6,500	$ 18

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

Description of Debt: Type	Description of Debt: Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
General obligation bonds	Building of new fire station	$ 494,000	$ 25,620
Totals		$ 494,000	$ 25,620

OHIO TOWNSHIP, BARTHOLOMEW 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.

		Ending Balance
Governmental activities:		
Land	$	75,000
Buildings		425,000
Improvements other than buildings		25,000
Machinery, equipment, and vehicles		480,000
Total governmental activities		1,005,000
Total capital assets	$	1,005,000

BOARD MINUTES MISSING

The minutes of the meetings of the Township Board were not presented for any of the meetings during the examination period.

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 take, by individual members if there is a roll call.

(5) Any additional information required under section 3.5 or3.6 of this chapter or any other statute that authorizes a governing body to conduct a meeting using an electronic means of communication."

BANK ACCOUNT RECONCILIATIONS

Depository reconciliations of the fund balances to the bank account balances were not presented for examination for any month during the examination period. Additionally there were a significant number of months in which bank statements were not presented.

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."

CONTRACTS

Payments totaling $13,000 each year of the examination period were made to Southwest Fire Department for township fire protection services. A contract was not written, or presented for examination, for these services.

Payments of $500 each year of the examination period were made to Judy Lewis for cemetery mowing services. A contract was not written, or presented for examination, for these services.

Payments made or received for contractual services should be supported by a written contract. Each governmental unit is responsible for complying with the provisions of its contracts. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

CONDITION OF RECORDS

Financial records presented for examination were incomplete and not reflective of the activity of all funds. The records presented did not provide sufficient information to establish individual fund beginning balances. The 2009 report combined all funds together, while the 2010 report had them broken out into different funds. We could not determine how the total was broken out between funds. However, the combined funds in aggregate as of December 31, 2009, agreed to total of all funds January 1, 2010, with an immaterial variance of $700. We recommend the Township Board approve the break out of funds as of January 1, 2010, in a public meeting.

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)

OVERDRAWN CASH BALANCE

The financial statements presented in this report included the following fund with overdrawn cash balance at December 31, 2011:

Fund	Amount Overdrawn
Fire Debt	$ 70,793

The balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

COMPENSATION AND BENEFITS

Compensation and benefits were paid to five employees. A salary resolution was not presented for examination. The total compensation and benefits paid to these employees was $7,625 in 2010 and $7,700 in 2011, respectively.

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)

OHIO TOWNSHIP, BARTHOLOMEW COUNTY
EXIT CONFERENCE

The contents of this report were discussed on August 7, 2013, with JoAnne Flohr, Trustee. The official concurred with our findings.