

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

FINANCIAL STATEMENT REVIEW REPORT

OF

COLUMBIA TOWNSHIP

GIBSON COUNTY, INDIANA

January 1, 2017 to December 31, 2018



FILED
03/30/2020

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Independent Accountant's Review Report.....	3-4
Financial Statement and Accompanying Notes:	
Statement of Receipts, Disbursements, and Cash and Investment	
Balances - Regulatory Basis.....	7
Notes to Financial Statement	8-11
Review Results and Comments:	
Annual Financial Report	12
Condition of Records	12
Penalties and Interest.....	13
Adoption and Training of Internal Control Standards	13
Certification of Internal Control Standards	14
Exit Conference.....	15

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Karen Rowe Shannon Green	01-01-15 to 12-31-18 01-01-19 to 12-31-22
Chairman of the Township Board	Timothy Powers	01-01-17 to 12-31-20



INDEPENDENT ACCOUNTANT'S REVIEW REPORT

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

We have reviewed the accompanying financial statement of Columbia Township (Township), for the period of January 1, 2017 to December 31, 2018. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the Township's management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statement as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with a regulatory basis of accounting that demonstrates compliance with the reporting requirements established by the Indiana 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. This includes determining that the basis of accounting the Township uses is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statement that is free from material misstatements whether due to fraud or error.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with *Statements on Standards for Accounting and Review Services* promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statement for it to be in accordance with the prescribed basis of accounting described in Note 1. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statement in order for it to be in accordance with the prescribed basis of accounting described in Note 1.

INDEPENDENT ACCOUNTANT'S REVIEW REPORT
(Continued)

Basis of Accounting

We draw attention to Note 1 of the financial statement, which describes the basis of accounting. The financial statement is prepared in accordance with the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the Indiana 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. Our conclusion is not modified with respect to this matter.

Paul D. Joyce
Paul D. Joyce, CPA
State Examiner

February 27, 2020

FINANCIAL STATEMENT AND ACCOMPANYING NOTES

The financial statement and accompanying notes were approved by management of the Township. The financial statement and notes are presented as intended by the Township.

(This page intentionally left blank.)

COLUMBIA TOWNSHIP, GIBSON COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH
AND INVESTMENT BALANCES - REGULATORY BASIS
For the Years Ended December 31, 2017 and 2018

Fund	Cash and Investments 01-01-17	Receipts	Disbursements	Cash and Investments 12-31-17	Receipts	Disbursements	Cash and Investments 12-31-18
Township	\$ 82,157	\$ 53,208	\$ 34,603	\$ 100,762	\$ 55,599	\$ 36,054	\$ 120,307
Park & Receptions	12,191	2,020	2,580	11,631	2,045	2,000	11,676
Township Assistance	83,033	21,036	17,228	86,841	21,416	28,274	79,983
Park & Receptions	77,793	61,472	51,424	87,841	63,884	69,207	82,518
Donations	17,289	3,127	167	20,249	5,927	609	25,567
Totals	<u>\$ 272,463</u>	<u>\$ 140,863</u>	<u>\$ 106,002</u>	<u>\$ 307,324</u>	<u>\$ 148,871</u>	<u>\$ 136,144</u>	<u>\$ 320,051</u>

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

COLUMBIA TOWNSHIP, GIBSON COUNTY
NOTES TO FINANCIAL 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 statement presents the financial information for the Township.

B. Basis of Accounting

The financial statement is reported on a regulatory basis of accounting prescribed by the Indiana 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. The basis of accounting involves the reporting of only cash and investments and the changes therein resulting from cash inflows (receipts) and cash outflows (disbursements) reported in the period in which they occurred.

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 statement. The aggregate receipts include the following sources:

Taxes. Amounts received from one or more of the following: property tax, certified shares (local option tax), property tax replacement credit (local option tax), county option income tax, wheel tax, innkeeper's 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. Amounts received from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of intergovernmental receipts include, but are not limited to, the following: federal grants, state grants, cigarette tax distributions received from the state, motor vehicle highway distributions received from the state, local road and street distributions 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, GIBSON COUNTY
NOTES TO FINANCIAL STATEMENT
(Continued)

Other receipts. Amounts received from various sources, including, but 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 statement. The aggregate disbursements include the following uses:

Personal services. Amounts disbursed 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. Amounts disbursed for 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, but are not limited to, the following: office supplies, operating supplies, and repair and maintenance supplies.

Other services and charges. Amounts disbursed for services including, but not limited to, the following: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

Capital outlay. Amounts disbursed for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

Other disbursements. Amounts disbursed for various other purposes including, but 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, make transfers 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 amounts 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 amounts 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.

COLUMBIA TOWNSHIP, GIBSON COUNTY
NOTES TO FINANCIAL STATEMENT
(Continued)

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 December 31 of the year preceding the budget year or January 15 of the budget year if the Township is issuing debt after December 1 or intends on filing a shortfall appeal. These rates were based upon the assessed valuations adjusted for various tax credits from the preceding year's lien date of January 1. 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, the following: 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 statement. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks.

COLUMBIA TOWNSHIP, GIBSON COUNTY
 NOTES TO FINANCIAL STATEMENT
 (Continued)

Note 6. Restatements

For the year ended December 31, 2017, certain changes have been made to some of the beginning balances of the financial statement to more appropriately reflect financial activity of the Township. The following schedule presents a summary of restated beginning balances:

Fund	Balance as of December 31, 2016	Prior Period Adjustment	Balance as of January 1, 2017
Township	\$ 83,056	\$ (899)	\$ 82,157

COLUMBIA TOWNSHIP, GIBSON COUNTY
REVIEW RESULTS AND COMMENTS

ANNUAL FINANCIAL REPORT

Condition and Context

The 2017 and 2018 Annual Financial Reports (AFR) filed on the Indiana Gateway for Government Units financial reporting system did not agree with the Township's financial records as follows:

Years	Fund	Report Classification	Amount per AFR	Amount per Township Ledger	Difference
2017	Township	Cash and Investments 01-01-17	\$ 83,056	\$ 82,157	\$ 899
2017	Township	Receipts	45,239	53,208	(7,969)
2017	Township	Disbursements	40,497	34,603	5,894
2017	Fire Fighting	Disbursements	51,442	51,424	18
2017	Township	Cash and Investments 12-31-17	87,798	100,762	(12,964)
2017	Fire Fighting	Cash and Investments 12-31-17	87,824	87,841	(17)
2018	Township	Receipts	28,144	55,599	(27,455)
2018	Park & Recreations	Receipts	-	2,045	(2,045)
2018	Township Assistance	Receipts	12,266	21,416	(9,150)
2018	Fire Fighting	Receipts	36,836	63,884	(27,048)
2018	Township	Disbursements	31,751	36,054	(4,303)
2018	Township Assistance	Disbursements	26,152	28,273	(2,121)
2018	Fire Fighting	Disbursements	51,650	69,207	(17,557)
2018	Donations	Disbursements	484	609	(125)
2018	Township	Cash and Investments 12-31-18	84,191	120,307	(36,116)
2018	Park & Recreations	Cash and Investments 12-31-18	9,631	11,676	(2,045)
2018	Township Assistance	Cash and Investments 12-31-18	71,741	79,983	(8,242)
2018	Fire Fighting	Cash and Investments 12-31-18	73,010	82,518	(9,508)
2018	Donations	Cash and Investments 12-31-18	25,593	25,567	26

Criteria

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every municipality and every state or local governmental unit, entity, or instrumentality financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each fiscal year. The reports must be in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under [IC 5-14-3.8-7](#)."

CONDITION OF RECORDS

Condition and Context

The Township's manual ledger contained multiple errors, including incorrect fund balances. The Trustee calculated multiple fund balances in the manual ledger that were incorrect and illegible.

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance must agree. If the reconciled bank balance is less than the subsidiary or control ledgers, the amount needed to balance may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

COLUMBIA TOWNSHIP, GIBSON COUNTY
 REVIEW RESULTS AND COMMENTS
 (Continued)

PENALTIES AND INTEREST

Condition and Context

The Township paid penalties and interest totaling \$602 to the U.S. Department of the Treasury, Walmart Community Card, and Universal Premium Fleet Card as a result of not submitting payments in a timely manner as follows:

<u>Payee</u>	<u>2018</u>	<u>2019</u>	<u>Total</u>
Walmart Community Card	\$ 1	\$ -	\$ 1
U.S. Department of the Treasury	-	76	76
Universal Premium Fleet Card	<u>525</u>	<u>-</u>	<u>525</u>
 Total Penalties and Interest	 <u>\$ 526</u>	 <u>\$ 76</u>	 <u>\$ 602</u>

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 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 unit. Any penalties, interest, or other charges paid by the unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

ADOPTION AND TRAINING OF INTERNAL CONTROL STANDARDS

Condition and Context

The Township Board (Board) did not adopt the minimum level of internal controls as required by statute. Additionally, the Board did not provide training to personnel concerning internal control standards and procedures.

Criteria

Indiana Code 5-11-1-27(g) states:

"After June 30, 2016, the legislative body of a political subdivision shall ensure that:

- (1) the internal control standards and procedures developed under subsection (e) are adopted by the political subdivision; and
- (2) personnel receive training concerning the internal control standards and procedures adopted by the political subdivision."

COLUMBIA TOWNSHIP, GIBSON COUNTY
REVIEW RESULTS AND COMMENTS
(Continued)

CERTIFICATION ON INTERNAL CONTROL STANDARDS

Condition and Context

The Trustee incorrectly certified in the 2017 and 2018 AFRs that the required internal control standards had been adopted and training had been provided to personnel; however, the Board had not adopted the internal control standards as required by Indiana Code 5-11-1-27(g), nor had personnel been trained.

Criteria

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every municipality and every state or local governmental unit, entity, or instrumentality financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each fiscal year. The reports must be in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under [IC 5-14-3.8-7](#)."

COLUMBIA TOWNSHIP, GIBSON COUNTY
EXIT CONFERENCE

The contents of this report were discussed on February 27, 2020, with Shannon Green, Trustee, and Timothy Powers, Chairman of the Township Board