

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

EXAMINATION REPORT  
OF  
CENTER TOWNSHIP  
RIPLEY COUNTY, INDIANA  
January 1, 2003 to December 31, 2005



**FILED**  
01/16/2007



TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Officials .....	2
Independent Accountant's Report .....	3
Schedules of Receipts, Disbursements, and Cash and Investment Balances.....	4
Notes to Schedules .....	5
Examination Results and Comments:	
Condition of Records .....	6
Prescribed Forms .....	6
Official Bond .....	6
Conflict of Interest Disclosure .....	7
Dog Tax Administrative Fee .....	7
Optical Images of Checks.....	8
Repayments and Transfers.....	8
Township Standards .....	9
Donations to Free Food Store .....	9
Donations to Construct Food Pantry.....	10
Exit Conference.....	11

OFFICIALS

Office

Official

Term

Trustee

William Warren

01-01-03 to 12-31-06

Chairman of the  
Township Board

Phillip E. French  
Michael Hilton

01-01-03 to 07-10-04  
07-11-04 to 12-31-06



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF CENTER TOWNSHIP, RIPLEY COUNTY, INDIANA

We have examined the schedules of receipts, disbursements, and cash and investment balances of Center Township (Township), for the period of January 1, 2003 to December 31, 2005. The Township's management is responsible for the schedules. 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 schedule of receipts, disbursements, and cash and investment balances and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the schedules referred to above present fairly, in all material respects, the cash transactions of the Township for the years ended December 31, 2003, 2004, and 2005, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

December 5, 2006

CENTER TOWNSHIP, RIPLEY COUNTY  
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES  
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES  
As Of And For The Years Ended December 31, 2003, 2004, And 2005

	Cash and Investments 01-01-03	Receipts	Disbursements	Cash and Investments 12-31-03
Governmental Funds:				
Township	\$ 43,260	\$ 40,229	\$ 45,026	\$ 38,463
Dog	300	275	275	300
Township Assistance	6,200	16,893	22,885	208
Jac Cen Del Fire Territory	17,351	25,897	27,514	15,734
Fiduciary Fund:				
Payroll Withholdings	-	5,172	2,434	2,738
Totals	<u>\$ 67,111</u>	<u>\$ 88,466</u>	<u>\$ 98,134</u>	<u>\$ 57,443</u>

	Cash and Investments 01-01-04	Receipts	Disbursements	Cash and Investments 12-31-04
Governmental Funds:				
Township	\$ 38,463	\$ 40,366	\$ 48,872	\$ 29,957
Dog	300	178	178	300
Township Assistance	208	31,235	23,923	7,520
Jac Cen Del Fire Territory	15,734	51,569	64,043	3,260
Ripley County Trustee's Free Food Store	-	9,649	7,708	1,941
Fiduciary Fund:				
Payroll Withholdings	2,738	4,847	5,065	2,520
Totals	<u>\$ 57,443</u>	<u>\$ 137,844</u>	<u>\$ 149,789</u>	<u>\$ 45,498</u>

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds:				
Township	\$ 29,957	\$ 34,965	\$ 57,224	\$ 7,698
Dog	300	150	-	450
Township Assistance	7,520	36,921	36,152	8,289
Jac Cen Del Fire Territory	3,260	83,455	76,030	10,685
Ripley County Trustee's Free Food Store	1,941	8,125	10,003	63
Fiduciary Fund:				
Payroll Withholdings	2,520	3,583	3,600	2,503
Totals	<u>\$ 45,498</u>	<u>\$ 167,199</u>	<u>\$ 183,009</u>	<u>\$ 29,688</u>

The accompanying notes are an integral part of the schedules.

CENTER TOWNSHIP, RIPLEY COUNTY  
NOTES TO SCHEDULES

Note 1. Introduction

The Township was established under the laws of the State of Indiana. The Township provides the following services: public safety, health and social services, and general administrative services.

Note 2. Fund Accounting

The Township uses funds to report on its cash and investments and the results of its operations on a cash basis. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities.

Note 3. Budgets

The operating budget is initially prepared and approved at the local level. In addition, funds for which property taxes are levied are subject to final approval by the Indiana Department of Local Government Finance.

Note 4. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the Township in June and December. 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% 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 become delinquent if not paid by May 10 and November 10, respectively. All property taxes collected by the County Treasurer and available for distribution were distributed to the Township on or prior to December 31 of the year collected.

Note 5. Deposits and Investments

Deposits, made in accordance with Indiana Code 5-13, with financial institutions in the State of Indiana at year end were 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 statute (IC 5-13-9) authorizes 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.

CENTER TOWNSHIP, RIPLEY COUNTY  
EXAMINATION RESULTS AND COMMENTS

CONDITION OF RECORDS

The following is a summary of the condition of records:

1. Depository reconciliations of the various fund balances to the various bank account balances were not presented for examination.

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)

2. The Financial and Appropriation Record was not prepared properly for 2003, 2004, and 2005. Receipts and disbursements were not properly posted or totaled for the month for reconciliation with the bank. The Financial and Appropriation Record had also not been totaled for the year for verification to the 2003, 2004, and 2005 Annual Reports.

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

PRESCRIBED FORMS

The following prescribed forms were not in use:

Township Form 16 Township Trustee's Receipts  
Township Form 17 Resolution Recommending Salaries  
of Township Officers and Employees  
General Form 99A Employee's Service Record  
General Form 99B Employee's Earnings Record  
General Form 100R Certified Report of Names, Addresses,  
Duties and Compensation of Public Employees

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

OFFICIAL BOND

The Trustee's bond for his current term was not filed in the Office of the Ripley County Recorder.

Indiana Code 5-4-1-5.1(b) states in part: "Every elected or appointed officer, official, deputy, or employee of a political subdivision . . . shall file the bond in the office of the county recorder . . ."

CENTER TOWNSHIP, RIPLEY COUNTY  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

CONFLICT OF INTEREST DISCLOSURE

Brenda J. Warren, Township Clerk, is the spouse of William Warren, Township Trustee. A Uniform Conflict of Interest Disclosure Statement was presented but had not been properly processed. The statement was not documented in the Township Board Minutes, not on file with the Clerk of the Circuit Court, and not filed with the State Board of Accounts.

Indiana Code 35-44-1-3 states in part:

"(a) A public servant who knowingly or intentionally: (1) has a pecuniary interest in; or (2) derives a profit from; a contract or purchase connected with an action by the governmental entity served by the public servant commits conflict of interest, a Class D felony . . .

(c) This section does not prohibit a public servant from having a pecuniary interest in or deriving a profit from a contract or purchase connected with the governmental entity served . . . (3) if the public servant; (A) is an elected public servant . . . and (B) makes a disclosure under subsection (d)(1) through (d)(6).

(d) A disclosure required by this section must: (1) be in writing; (2) describe the contract or purchase to be made by the governmental entity; (3) describe the pecuniary interest that the public servant has in the contract or purchase; (4) be affirmed under penalty of perjury; (5) be submitted to the governmental entity and be accepted by the governmental entity in a public meeting of the governmental entity prior to final action on the contract or purchase; (6) be filed within fifteen (15) days after final action on the contract or purchase with: (A) the state board of accounts; and (B) . . . the clerk of the circuit court in the county where the governmental entity takes final action on the contract or purchase . . .

(g) A public servant has a pecuniary interest in a contract or purchase if the contract or purchase will result or is intended to result in an ascertainable increase in the income or net worth of: (1) the public servant; or (2) a dependent of the public servant who: (A) is under the direct or indirect administrative control of the public servant; or (B) receives a contract or purchase order that is reviewed, approved, or directly or indirectly administered by the public servant . . .

(k) As used in this section, 'dependent' means any of the following: (1) The spouse of a public servant. (2) A child, stepchild, or adoptee (as defined in IC 31-3-4-1) of a public servant who is: (A) unemancipated; and (B) less than eighteen (18) years of age. (3) Any individual more than one-half (1/2) of whose support is provided during a year by the public servant."

DOG TAX ADMINISTRATIVE FEE

Administrative fees for dog tax were not receipted to the Township Fund during 2003, 2004, and 2005.

Indiana Code 15-5-9-1 states in part: "For each individual dog tag or kennel license issued under this chapter, the township assessor (or trustee who collects the fee) shall retain from the fee described in this section, an administrative fee of fifty cents (\$0.50). Administrative fees collected by the assessor shall be deposited in the county general fund, and administrative fees collected by the trustee shall be deposited in the township general fund."

CENTER TOWNSHIP, RIPLEY COUNTY  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

OPTICAL IMAGES OF CHECKS

Starting in November 2004, The Napoleon State Bank stopped returning the actual cancelled checks with the monthly bank statements, but instead began returning an optical image of only the front side of the checks.

Indiana Code 5-15-6-3(a) concerning optical imaging of checks states in part: ". . . 'original records' includes the optical image of a check or deposit document when: (1) the check or deposit document is recorded, copied, or reproduced by an optical imaging process . . . and (2) the drawer of the check receives an optical image of the check after the check is processed for payment . . ."

Furthermore, Indiana Code 26-2-8-111 states in part:

"(a) If a law requires that certain records be retained, that requirement is met by retaining an electronic record of the information in the record that: (1) accurately reflects the information set forth in the record after it was first generated in its final form as an electronic record or otherwise; and (2) remains accessible for later reference."

"(e) If a law requires retention of a check, that requirement is satisfied by retention of an electronic record of the information on the front and back of the check in accordance with subsection (a)."

REPAYMENTS AND TRANSFERS

The following transfers were made from Township funds without the provision for repayment.

1. Transfers totaling \$39,500 were made from the Township Fund to the Township Assistance Fund during the audit period. Only a small portion was repaid leaving an unpaid balance of \$34,500 as of December 31, 2005. Transfers and repayments are as follows:

<u>Year of Transfer</u>	<u>Amount of Transfer</u>	<u>Amount of Repayment</u>	<u>Amount Due Township Fund</u>
2003	\$ 10,000	\$ -	\$ 10,000
2004	18,500	5,000	13,500
2005	<u>11,000</u>	<u>-</u>	<u>11,000</u>
Totals	<u>\$ 39,500</u>	<u>\$ 5,000</u>	<u>\$ 34,500</u>

2. Transfers totaling \$3,500 were made during 2004, from the Township Fund to the Jac Cen Del Fire Territory Fund which has not been repaid as of December 31, 2005.

Payments or transfers which are not authorized by statute, ordinance, resolution, or court order must be reimbursed or transferred to the appropriate fund. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

CENTER TOWNSHIP, RIPLEY COUNTY  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

TOWNSHIP STANDARDS

Center Township has not adopted the required Township Standards.

Indiana Code 12-20-5.5-1(b) states in part: "The township's standards for the issuance of township assistance and the processing of applications must be: . . . (2) proposed by the township trustee, adopted by the township board, and filed with the board of county commissioners. . . (5) posted in a place prominently visible to the public in all offices of the township trustee where township assistance applications are taken or processed."

DONATIONS TO FREE FOOD STORE

The following is a schedule of payments made from the Township Assistance Fund to the Ripley County Trustee's Free Food Store Fund (Free Food Store) which operates a food pantry:

Year	Amount
2004	\$ 1,475
2005	<u>1300</u>
Total	<u>\$ 2775</u>

The following is additional information regarding payments made to the Free Food Store:

1. The above payments were made as part of a Memorandum of Understanding between the Southeastern Indiana Equal Opportunity Corporation (SIECO) and various townships in Ripley County for the purpose of distributing federal surplus food commodities and to provide additional food assistance.
2. Center Township is responsible for administering the Free Food Store.
3. The Memorandum of Understanding requires the Free Food Store to provide a 50% matching funds through donations. To assist, in meeting the 50% matching requirement, the Free Food Store requires the participating townships to pay dues.

Center Township and other participating townships pay dues (donations) from their respective Township Assistance Funds to meet the 50% requirement.

Governmental funds should not be donated or given to other organizations, individuals, or governmental units unless specifically authorized by statute. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

CENTER TOWNSHIP, RIPLEY COUNTY  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

DONATIONS TO CONSTRUCT FOOD PANTRY

The Township made a \$5,000 donation in 2004, from the Township Fund to Ripley County for the construction of a building used for the Ripley County Trustee's Free Food Store which operates a food pantry.

Governmental funds should not be donated or given to other organizations, individuals, or governmental units unless specifically authorized by statute. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

CENTER TOWNSHIP, RIPLEY COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on December 5, 2006, with William Warren, Trustee. The official concurred with our findings.