

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

EXAMINATION REPORT
OF
CENTER TOWNSHIP
RIPLEY COUNTY, INDIANA
January 1, 2006 to December 31, 2007



FILED

01/20/2009

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OFFICIALS

Office

Official

Term

Trustee

William Warren
Brenda Warren

01-01-03 to 02-11-08
02-12-08 to 12-31-10

Chairman of the
Township Board

Michael C. Hilton

01-01-06 to 12-31-08



STATE OF INDIANA
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INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the financial information presented herein of Center Township (Township), for the period of January 1, 2006 to December 31, 2007. The Township's management is responsible for the financial information presented herein. 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 information presented herein 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 financial information referred to above presents fairly, in all material respects, the financial information of the Township for the years ended December 31, 2006 and 2007, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

December 16, 2008

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, 2006 And 2007

	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
Governmental Funds:				
Township	\$ 7,698	\$ 29,834	\$ 31,378	\$ 6,154
Dog	450	-	450	-
Township Assistance	8,289	21,744	26,846	3,187
Jac Cen Del Fire Territory	10,685	66,883	63,281	14,287
Ripley County Trustee's Free Food Store	63	8,700	8,095	668
Fiduciary Fund: Payroll Withholdings	2,503	3,037	4,037	1,503
Totals	<u>\$ 29,688</u>	<u>\$ 130,198</u>	<u>\$ 134,087</u>	<u>\$ 25,799</u>

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Governmental Funds:				
Township	\$ 6,154	\$ 46,063	\$ 49,192	\$ 3,025
Township Assistance	3,187	15,185	17,468	904
Jac Cen Del Fire Territory	14,287	45,890	60,027	150
Ripley County Trustee's Free Food Store	668	9,300	9,896	72
Fiduciary Fund: Payroll Withholdings	1,503	3,037	3,037	1,503
Totals	<u>\$ 25,799</u>	<u>\$ 119,475</u>	<u>\$ 139,620</u>	<u>\$ 5,654</u>

The accompanying notes are an integral part of the financial information.

CENTER TOWNSHIP, RIPLEY COUNTY
NOTES TO FINANCIAL INFORMATION

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. 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 (Record) was not prepared properly for the years 2006 and 2007. Receipts and disbursements were not properly recorded or totaled for the month for reconciliation with the bank and not totaled by the year for verification to the 2006 and 2007 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)

A similar comment was reported in prior Report B29281.

PRESCRIBED FORMS

The following prescribed forms were not in use:

Township Trustee's Receipts (Township Form 16);

Employee's Earnings Record (General Form 99B); and

Certified Report of Names, Addresses, Duties and Compensation of Public Employees (General Form 100R).

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)

A similar comment was reported in prior Report B29281.

OPTICAL IMAGES OF DEPOSIT SLIPS AND CHECKS

The Napoleon State Bank did not return the actual cancelled checks and deposit slips with the monthly bank statements, but instead returned an optical image of only the front side of the checks and none for the deposit slips.

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

Indiana Code 5-15-6-3(a) concerning optical imaging of checks and deposits, 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 or the depositor receives an optical image of the deposit document after the document has been processed for deposit . . ."

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)."

A similar comment was reported in prior Report B29281.

REPAYMENTS AND TRANSFERS

Prior to the year 2006, the Township made transfers from the Township Fund to the Township Assistance Fund. The unpaid repayment balance on December 31, 2005, was \$34,500. During the current examination period additional transfers of \$7,000 were made. No additional repayments were made. 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	11,000	-	11,000
2006	3,000	-	3,000
2007	4,000	-	4,000
Totals	<u>\$ 46,500</u>	<u>\$ 5,000</u>	<u>\$ 41,500</u>

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

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)

A similar comment was reported in prior Report B29281.

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."

A similar comment was reported in prior Report B29281.

CENTER TOWNSHIP, RIPLEY COUNTY
EXIT CONFERENCE

The contents of this report were discussed on December 16, 2008, with William Warren, former Trustee; and Brenda Warren, Trustee. The officials concurred with our findings.