

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

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



**FILED**  
01/27/2009



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OFFICIALS

Office

Official

Term

Trustee

Nancy Turner

01-01-03 to 12-31-10

Chairman of the  
Township Board

Richard Probst  
Doris Schipper

01-01-06 to 12-31-06  
01-01-07 to 12-31-08



**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](http://www.in.gov/sboa)

INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF CENTER TOWNSHIP, DEARBORN 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 10, 2008

CENTER TOWNSHIP, DEARBORN 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	\$ 52,924	\$ 17,199	\$ 17,541	\$ 52,582
Dog	468	276	-	744
Township Assistance	19,867	17,006	15,301	21,572
Firefighting	7,890	17,093	13,056	11,927
Rainy Day	2,527	-	-	2,527
Fiduciary Fund:				
Payroll Withholdings	(71)	2,682	2,241	370
Totals	<u>\$ 83,605</u>	<u>\$ 54,256</u>	<u>\$ 48,139</u>	<u>\$ 89,722</u>

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Governmental Funds:				
Township	\$ 52,582	\$ 15,800	\$ 18,494	\$ 49,888
Dog	744	-	-	744
Township Assistance	21,572	5,555	20,904	6,223
Firefighting	11,927	5,008	1,875	15,060
Rainy Day	2,527	-	-	2,527
Fiduciary Fund:				
Payroll Withholdings	370	2,757	2,610	517
Totals	<u>\$ 89,722</u>	<u>\$ 29,120</u>	<u>\$ 43,883</u>	<u>\$ 74,959</u>

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

CENTER TOWNSHIP, DEARBORN 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.

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, DEARBORN COUNTY  
EXAMINATION RESULTS AND COMMENTS

TELEPHONE AND TRAVEL REIMBURSEMENTS

Nancy Turner, Trustee, received \$69.73 per month for reimbursement of telephone and travel expenses incurred. The telephone and travel reimbursement payments to Mrs. Turner for the period January 1, 2006 through September 1, 2008, totaled \$2,161.63. Supporting documentation for the payments to Mrs. Turner including mileage logs and telephone bills totaled \$1,876.35. As a result, the reimbursements paid without supporting documentation was \$287.28.

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for audit to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

Upon our request, Mrs. Turner reimbursed the Township \$287.28 on December 9, 2008. (See Summary, page 10)

COMPENSATION PAID IN ADVANCE

A review of salary payments to Benjamin Turner, Clerk, and Nancy Turner, Trustee, showed salary payments for 2007 and part of 2008 were paid in advance throughout both years. The following is a schedule of payments made in advance as of December 31, 2007, resulting in overpayments based on salaries approved for the year 2007:

<u>Date Paid</u>	<u>Date Earned</u>	<u>Clerk</u>	<u>Trustee</u>	<u>Totals</u>
11-28-07	01-31-08	\$ 137.50	\$ -	\$ 137.50
12-13-07	01-31-08	-	625.00	625.00
12-21-07	02-28-08	137.50	-	137.50
12-21-07	03-31-08	<u>137.50</u>	<u>-</u>	<u>137.50</u>
Totals		<u>\$ 412.50</u>	<u>\$ 625.00</u>	<u>\$ 1,037.50</u>

The above advance payments were corrected by not paying compensation to the Clerk for the first three months of the year 2008 and to the Trustee for the first month of the year 2008.

Compensation and any other payments for goods and services should not be paid in advance of receipt of the goods or services unless specifically authorized by statute. Payments made for goods or services which are not received may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

FEDERAL AND STATE AGENCIES - COMPLIANCE REQUIREMENTS

The following deficiencies were noted in a review of payroll processing:

- (1) Compensation paid to the Trustee, Clerk, and Township Board Members were not reported on Internal Revenue Form W-2.

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

- (2) Compensation paid to the Township Board members had no payroll withholdings deducted.
- (3) State and county payroll taxes withheld from the Trustee and Clerk's compensation were not remitted to the Indiana Department of Revenue. On April 1, 2007, and January 25, 2008, Nancy Turner, Trustee, refunded herself and the Clerk the state and county payroll taxes withheld during the years 2006 and 2007, respectively.
- (4) Amounts paid to the Trustees as rent were not reported by the Trustee on Internal Revenue Service Form 1099-MISC.
- (5) Internal Revenue Form 941 was not filed with the Internal Revenue Service for the years 2006 or 2007.

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)

Any penalties, interest or other charges paid by the governmental unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

DEPOSIT OF PUBLIC FUNDS

We identified five instances of funds being held in excess of a month before being deposited.

Indiana Code 5-13-6-1(c) states in part: ". . . The public funds collected by township trustees shall be deposited in the designated depository on or before the first and fifteenth day of each month . . ."

CONFLICT OF INTEREST DISCLOSURE

Benjamin Turner, Clerk, is the spouse of Nancy Turner, Trustee. Benjamin Turner is an appointee of Nancy Turner and was compensated as Clerk in the amounts of \$1,650 and \$2,062 during the years 2006 and 2007, respectively. A Uniform Conflict of Interest Disclosure Statement was not presented for examination for the years 2006 or 2007.

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). . . ."

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

"(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."

PRESCRIBED FORMS

The following prescribed forms were not in use during the examination period:

- (1) Township Form 17, Resolution Establishing Salaries of Township Officers and Employees; and
- (2) General Form 101, Mileage Claim.

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 BONDS

Nancy Turner, Trustee, purchased bond coverage for the examination period; however, the official bonds for Nancy Turner were not on file in the office of the Dearborn 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, DEARBORN COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on December 10, 2008, with Nancy Turner, Trustee. The official concurred with our findings.

CENTER TOWNSHIP, DEARBORN COUNTY  
SUMMARY

	<u>Charges</u>	<u>Credits</u>	<u>Balance Due</u>
Nancy Turner, Trustee:			
Telephone and Travel Reimbursements, page 6	\$ 287.28	\$	\$
Refunded by Nancy Turner, Trustee,			
Deposited December 9, 2008		<u>287.28</u>	<u>-</u>
Totals	<u>\$ 287.28</u>	<u>\$ 287.28</u>	<u>\$ -</u>