

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

FINANCIAL STATEMENTS EXAMINATION REPORT

OF

WAYNE TOWNSHIP

ALLEN COUNTY, INDIANA

January 1, 2010 to December 31, 2011



FILED
12/04/2012

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Independent Accountant's Report.....	3
Financial Statements:	
Statements of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis	6-7
Notes to Financial Statements	8-11
Supplementary Information:	
Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis	14-15
Schedule of Payables and Receivables	16
Schedule of Capital Assets.....	17
Examination Result and Comment:	
All Payroll Compensation to be Board Approved	18
Exit Conference.....	19

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Richard A. Stevenson, Sr.	01-01-07 to 12-31-14
Chairman of the Township Board	Patricia M. Turner Bruce N. Stier Anthony M. Henry	01-01-10 to 12-31-10 01-01-11 to 12-31-11 01-01-12 to 12-31-12



STATE OF INDIANA
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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF WAYNE TOWNSHIP, ALLEN COUNTY, INDIANA

We have examined the accompanying financial statements of Wayne Township (Township), for the years ended December 31, 2010 and 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 basis noted above is a different basis than that used in the prior year.

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 years ended December 31, 2010 and 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, 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.

This report is intended solely for the information and use of the Township's management, Township Board, and others within the entity and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

November 1, 2012

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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.

WAYNE TOWNSHIP, ALLEN 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	\$ 105,786	\$ 617,781	\$ 561,124	\$ 162,443
Township Assistance	148,235	5,290,284	4,545,961	892,558
Township Debt Service	207,183	809,407	907,306	109,284
Rainy Day	435,339	416,317	754,558	97,098
Excess Levy	-	8,376	-	8,376
Emergency Shelter Grant	-	11,162	10,446	716
Payroll Deductions	7,883	814,720	811,586	11,017
Representative Payee Program	113,160	890,691	905,068	98,783
Totals	<u>\$ 1,017,586</u>	<u>\$ 8,858,738</u>	<u>\$ 8,496,049</u>	<u>\$ 1,380,275</u>

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

WAYNE TOWNSHIP, ALLEN 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	\$ 162,443	\$ 378,167	\$ 337,523	\$ 203,087
Township Assistance	892,558	3,744,121	4,356,988	279,691
Rainy Day	97,098	502,913	-	600,011
Excess Levy	8,376	1	8,377	-
Outreach	-	700	-	700
Emergency Shelter Grant	716	9,063	4,927	4,852
Payroll Deductions	11,017	822,193	827,413	5,797
Representative Payee Program	98,783	863,104	863,386	98,501
Township Debt Service	109,284	302,026	-	411,310
Totals	<u>\$ 1,380,275</u>	<u>\$ 6,622,288</u>	<u>\$ 6,398,614</u>	<u>\$ 1,603,949</u>

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

WAYNE TOWNSHIP, ALLEN COUNTY
NOTES TO FINANCIAL STATEMENTS

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), and 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, and commercial vehicle excise tax received from the state., major moves distributions received from the state, and riverboat receipts received from the county.

WAYNE TOWNSHIP, ALLEN COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

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 and Social Security reimbursements from the Indiana Township Association for interim assistance to clients.

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.

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.

WAYNE TOWNSHIP, ALLEN COUNTY
NOTES TO FINANCIAL STATEMENTS
(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 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. These risks may also be mitigated by the Township by recording as a disbursement any replacement items purchased.

WAYNE TOWNSHIP, ALLEN COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

Note 6. Pension Plan

Public Employees' Retirement Fund

Plan Description

The Indiana Public Employees' Retirement Fund (PERF) is a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the Indiana Public Retirement System (INPRS) Board, most requirements of the system, and give the Township authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3 percent of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

INPRS administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

Indiana Public Retirement System
1 North Capital Street, Suite 001
Indianapolis, IN 46204
Ph. (888) 526-1687

Funding Policy and Annual Pension Cost

The contribution requirements of the plan members for PERF are established by the Board of Trustees of INPRS.

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SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the Township's 2010 Annual Report can be found on the Indiana Transparency Portal website: www.in.gov/itp/annual_reports/.

For additional financial information, the Township's 2011 Annual Report information 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.

WAYNE TOWNSHIP, ALLEN COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010

	Township	Township Assistance	Township Debt Service	Rainy Day	Excess Levy	Emergency Shelter Grant	Payroll Deductions	Representative Payee Program	Totals
Cash and investments - beginning	\$ 105,786	\$ 148,235	\$ 207,183	\$ 435,339	\$ -	\$ -	\$ 7,883	\$ 113,160	\$ 1,017,586
Receipts:									
Taxes	419,431	2,781,324	-	-	-	-	-	-	3,200,755
Other receipts	198,350	2,508,960	809,407	416,317	8,376	11,162	814,720	890,691	5,657,983
Total receipts	617,781	5,290,284	809,407	416,317	8,376	11,162	814,720	890,691	8,858,738
Disbursements:									
Personal services	167,787	1,377,455	-	-	-	-	-	-	1,545,242
Supplies	956	34,195	-	-	-	-	-	-	35,151
Other services and charges	132,776	1,232,039	11	-	-	10,446	-	-	1,375,272
Capital outlay	-	820	-	-	-	-	-	-	820
Other disbursements	259,605	1,901,452	907,295	754,558	-	-	811,586	905,068	5,539,564
Total disbursements	561,124	4,545,961	907,306	754,558	-	10,446	811,586	905,068	8,496,049
Excess (deficiency) of receipts over disbursements	56,657	744,323	(97,899)	(338,241)	8,376	716	3,134	(14,377)	362,689
Cash and investments - ending	\$ 162,443	\$ 892,558	\$ 109,284	\$ 97,098	\$ 8,376	\$ 716	\$ 11,017	\$ 98,783	\$ 1,380,275

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

	Township	Township Assistance	Rainy Day	Excess Levy	Outreach	Emergency Shelter Grant	Payroll Deductions	Representative Payee Program	Township Debt Service	Totals
Cash and investments - beginning	\$ 162,443	\$ 892,558	\$ 97,098	\$ 8,376	\$ -	\$ 716	\$ 11,017	\$ 98,783	\$ 109,284	\$ 1,380,275
Receipts:										
Taxes	326,879	2,196,156	-	-	-	-	-	-	-	2,523,035
Intergovernmental	37,744	529,239	-	-	-	-	-	-	-	566,983
Other receipts	13,544	1,018,726	502,913	1	700	9,063	822,193	863,104	302,026	3,532,270
Total receipts	378,167	3,744,121	502,913	1	700	9,063	822,193	863,104	302,026	6,622,288
Disbursements:										
Personal services	189,508	1,384,054	-	-	-	-	-	-	-	1,573,562
Supplies	399	38,245	-	-	-	4,702	-	-	-	43,346
Other services and charges	118,231	1,154,540	-	-	-	-	-	-	-	1,272,771
Capital outlay	29,385	15,572	-	-	-	-	-	-	-	44,957
Other disbursements	-	1,764,577	-	8,377	-	225	827,413	863,386	-	3,463,978
Total disbursements	337,523	4,356,988	-	8,377	-	4,927	827,413	863,386	-	6,398,614
Excess (deficiency) of receipts over disbursements	40,644	(612,867)	502,913	(8,376)	700	4,136	(5,220)	(282)	302,026	223,674
Cash and investments - ending	\$ 203,087	\$ 279,691	\$ 600,011	\$ -	\$ 700	\$ 4,852	\$ 5,797	\$ 98,501	\$ 411,310	\$ 1,603,949

WAYNE TOWNSHIP, ALLEN COUNTY
SCHEDULE OF PAYABLES AND RECEIVABLES
December 31, 2011

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	<u>\$ 5,133</u>	<u>\$ -</u>

WAYNE TOWNSHIP, ALLEN 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.

	<u>Ending Balance</u>
Governmental activities:	
Buildings	\$ 1,417,484
Machinery, equipment and vehicles	<u>317,933</u>
Total governmental activities	<u>1,735,417</u>
Total capital assets	<u>\$ 1,735,417</u>

WAYNE TOWNSHIP, ALLEN COUNTY
EXAMINATION RESULT AND COMMENT

ALL PAYROLL COMPENSATION TO BE BOARD APPROVED

We found that during our examination of payroll that the following list of changes were made to various employees' wages without Township Board approval. Only the Trustee's approval was obtained, as these were all handled through payroll authorization forms.

1. Some employees were given raises or position changes that exceeded the amount of the budgeted salary per the Township Form 17.
2. New positions were created with budgeted salary amounts that were not listed on the Township Form 17.
3. A 1 percent lump sum pay bonus was given to all employees (except Township Trustee) in 2011 that was not listed on the Township Form 17.

The proper procedures for salary approvals would have the Trustee presenting the positions needing to be filled and the proposed compensation to the Township Board when he presents the budget under IC 36-6-4-11. The Township Board would then fix the compensation of the township assistance employees as required by IC 36-6-6-10(b) when they approve the budget under IC 36-6-6-11. If there is a dispute between the Trustee and the Township Board on the township assistance employee compensation, the Board would make the final determination based on the language of IC 36-6-6-10 (fixing the compensation of all officers and employees).

Sufficient detail for the wages of each township employee should be included with the Township Form No. 17 that the Board is approving and made a part of the budgetary packet. This should be what is actually paid to the township employees for that budget year.

IC 36-6-6-10 requires the Township Board to set the salaries; wages; rates of hourly pay; and remuneration other than statutory allowances of all township officials and employees, except assessing officials and employees, for the year 1985 and each year thereafter. However, please remember the township board should RECORD THE SALARIES SO FIXED IN THE TOWNSHIP BOARD MINUTES. A type of format for recording these salaries should be the existing format of Township Form No. 17. We recommend the board set the salaries of township officials and employees, in conjunction with the preparation and completion of the township budget. Salaries established for any one position should not have multiple classifications i.e., a clerk position should not be annual and hourly and weekly, etc.

IC 36-6-6-10 (c) provides subject to subsection (d) the township legislative body may reduce the salary of an elected or appointed official. However, the official is entitled to salary not less than the salary fixed for the first year of the term of office that immediately preceded the current term of office. Township Form No. 17 (Revised 2008) has been prescribed to fulfill the requirements of the statute. (Township Bulletin and Uniform Compliance Guidelines, August 2011)

WAYNE TOWNSHIP, ALLEN COUNTY
EXIT CONFERENCE

The contents of this report were discussed on November 1, 2012, with Anthony M. Henry, Chairman of the Township Board; Richard A. Stevenson, Sr., Trustee; Callie Jones, Assistant Clerk; and Shirley Stevenson, Human Resources Director. The officials concurred with our finding.