

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

FINANCIAL STATEMENT EXAMINATION REPORT

OF

GREENSBORO TOWNSHIP

HENRY COUNTY, INDIANA

January 1, 2011 to December 31, 2012



FILED
10/16/2013

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Independent Accountant's Report.....	3
Financial Statement:	
Statement of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis	7
Notes to Financial Statement.....	8-10
Supplementary Information - Unaudited:	
Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis.....	12-13
Examination Results and Comments:	
Condition of Records	14
Bank Account Reconciliations	14
Annual Report.....	14
Supporting Documentation	14-15
Contracts	15
Exit Conference.....	16

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Max Riddle	01-01-11 to 12-31-14
Chairman of the Township Board	John Canary	01-01-11 to 12-31-13



STATE OF INDIANA
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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF GREENSBORO TOWNSHIP, HENRY COUNTY, INDIANA

We have examined the accompanying financial statement of Greensboro Township (Township), for the period of January 1, 2011 to December 31, 2012. The financial statement is the responsibility of the Township's management. Our responsibility is to express an opinion on the financial statement 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 statement 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 statement 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 effects on the financial statement of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material. The basis noted above is a different basis than that used in the prior period.

In our opinion, because of the matter discussed in the preceding paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position and results of operations of the Township for the period of January 1, 2011 to December 31, 2012.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the Township for the period of January 1, 2011 to December 31, 2012, 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 statement. The Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statement. They have not been subjected to the examination procedures applied to the financial statement and, accordingly, we express no opinion on them.

Bruce Hartman
State Examiner

September 3, 2013

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FINANCIAL STATEMENT

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.

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GREENSBORO TOWNSHIP, HENRY COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For The Years Ended December 31, 2011 And 2012

Fund	Cash and Investments 01-01-11	Receipts	Disbursements	Cash and Investments 12-31-11	Receipts	Disbursements	Cash and Investments 12-31-12
Township	\$ 5,268	\$ 14,159	\$ 15,038	\$ 4,389	\$ 11,561	\$ 16,617	\$ (667)
Township Assistance	2,948	1,988	1,821	3,115	5,075	2,631	5,559
Fire Fighting	(1,575)	13,091	9,699	1,817	13,733	9,908	5,642
Levy Excess	56	-	-	56	-	-	56
Totals	<u>\$ 6,697</u>	<u>\$ 29,238</u>	<u>\$ 26,558</u>	<u>\$ 9,377</u>	<u>\$ 30,369</u>	<u>\$ 29,156</u>	<u>\$ 10,590</u>

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

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

GREENSBORO TOWNSHIP, HENRY COUNTY
NOTES TO FINANCIAL STATEMENT
(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.

E. Disbursements

Disbursements are presented in the aggregate on the face of the financial statement. 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.

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.

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

GREENSBORO TOWNSHIP, HENRY COUNTY
NOTES TO FINANCIAL STATEMENT
(Continued)

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 statement. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks.

SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the Township's 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 statement contained in this report and the financial information presented in the Annual Reports of the Township which is 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.

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

	<u>Township</u>	<u>Township Assistance</u>	<u>Fire Fighting</u>	<u>Levy Excess</u>	<u>Totals</u>
Cash and investments - beginning	\$ 5,268	\$ 2,948	\$ (1,575)	\$ 56	\$ 6,697
Receipts:					
Taxes	13,964	1,978	6,375	-	22,317
Intergovernmental	56	10	6,716	-	6,782
Other receipts	<u>139</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>139</u>
Total receipts	<u>14,159</u>	<u>1,988</u>	<u>13,091</u>	<u>-</u>	<u>29,238</u>
Disbursements:					
Personal services	9,572	-	-	-	9,572
Supplies	100	-	-	-	100
Other services and charges	5,366	1,821	9,699	-	16,886
Other disbursements	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total disbursements	<u>15,038</u>	<u>1,821</u>	<u>9,699</u>	<u>-</u>	<u>26,558</u>
Excess (deficiency) of receipts over disbursements	<u>(879)</u>	<u>167</u>	<u>3,392</u>	<u>-</u>	<u>2,680</u>
Cash and investments - ending	<u>\$ 4,389</u>	<u>\$ 3,115</u>	<u>\$ 1,817</u>	<u>\$ 56</u>	<u>\$ 9,377</u>

GREENSBORO TOWNSHIP, HENRY COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2012

	<u>Township</u>	<u>Township Assistance</u>	<u>Fire Fighting</u>	<u>Levy Excess</u>	<u>Totals</u>
Cash and investments - beginning	\$ 4,389	\$ 3,115	\$ 1,817	\$ 56	\$ 9,377
Receipts:					
Taxes	11,026	5,044	6,455	-	22,525
Intergovernmental	70	31	7,278	-	7,379
Other receipts	<u>465</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>465</u>
Total receipts	<u>11,561</u>	<u>5,075</u>	<u>13,733</u>	<u>-</u>	<u>30,369</u>
Disbursements:					
Personal services	9,320	-	-	-	9,320
Supplies	367	-	-	-	367
Other services and charges	6,930	2,631	9,908	-	19,469
Other disbursements	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total disbursements	<u>16,617</u>	<u>2,631</u>	<u>9,908</u>	<u>-</u>	<u>29,156</u>
Excess (deficiency) of receipts over disbursements	<u>(5,056)</u>	<u>2,444</u>	<u>3,825</u>	<u>-</u>	<u>1,213</u>
Cash and investments - ending	<u>\$ (667)</u>	<u>\$ 5,559</u>	<u>\$ 5,642</u>	<u>\$ 56</u>	<u>\$ 10,590</u>

GREENSBORO TOWNSHIP, HENRY COUNTY
EXAMINATION RESULTS AND COMMENTS

CONDITION OF RECORDS

Financial records presented for examination were incorrect and not reflective of the activity of the Township Fund, Township Assistance Fund and the Fire Fighting Fund. The posting errors included checks and receipts not recorded in the proper amounts.

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

BANK ACCOUNT RECONCILIATIONS

Depository reconciliations of the fund balances to the bank account balances were conducted; however, the reconciliation contained errors and did not balance.

Indiana Code 5-13-6-1(e) states in part: "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."

ANNUAL REPORT

The Annual Report for 2012 contained a number of errors and did not properly reflect the financial activity of Greensboro Township. Township officials approved adjustments to the financial statement included in this report. The financial statements are materially correct as presented.

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."

SUPPORTING DOCUMENTATION

We noted that 25 of the 67 disbursements tested (31%) did not have any supporting documentation. Also, we were not able to exam the Applications for Township Assistance as none were provided.

The following disbursements did not include supporting documentation to support the purchase:

<u>Date</u>	<u>Amount</u>	<u>Payee</u>	<u>Description of Purchase (if any)</u>
01-14-11	\$ 157.61	Indiana Department of Revenue	None
05-03-11	275.00	Pat Sparks	None
05-03-11	900.00	Greensboro Volunteer Fire Department	None

GREENSBORO TOWNSHIP, HENRY COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

Date	Amount	Payee	Description of Purchase (if any)
05-03-11	900.00	Town of Kennard	None
05-06-11	200.00	Duke Energy	None
06-28-11	200.00	Melvin Hughes	None
07-05-11	200.00	REMC	None
10-20-11	2,333.00	Town of Kennard	None
10-20-11	2,333.00	Greensboro Volunteer Fire Department	None
01-18-12	300.00	Nancy Wadman	None
01-20-12	465.00	Internal Revenue Service	None
03-01-12	800.00	Town of Kennard	None
03-01-12	800.00	Greensboro Volunteer Fire Department	None
04-11-12	275.00	Pat Sparks	None
07-05-12	2,000.00	Greensboro Volunteer Fire Department	None
07-05-12	2,000.00	Town of Kennard	None
07-05-12	1,590.00	Town of Shirley	None
07-30-12	252.16	Boyce Forms	None
10-01-12	400.00	Shirley Holder	None
11-06-12	385.00	South Park Apartments	None
11-27-12	750.00	Town of Shirley	None
11-27-12	750.00	Town of Kennard	None
11-27-12	750.00	Greensboro Volunteer Fire Department	None
12-13-12	289.12	Duke Energy	None
12-30-12	<u>400.00</u>	Shirley Holder	None
Total	\$ <u>19,704.89</u>		

Due to the lack of supporting information, we could not verify the purpose of these disbursements.

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)

CONTRACTS

Payments totaling \$3,700 were made to the Town of Shirley for their fire protection contract for 2011. The contract presented for examination stated that \$4,200 was to be paid for these services. In addition, payments totaling \$2,340 were made to the Town of Shirley in 2012. No contract was presented for these payments. The Township also paid the Town of Kennard \$6,783 and the Greensboro Volunteer Fire Department \$6,783 spanning the two year examination period. No contracts were presented for these payments.

Payments made or received for contractual services should be supported by a written contract. Each governmental unit is responsible for complying with the provisions of its contracts. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

GREENSBORO TOWNSHIP, HENRY COUNTY
EXIT CONFERENCE

The contents of this report were discussed on September 3, 2013, with Max Riddle, Trustee.