

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

FINANCIAL STATEMENT EXAMINATION REPORT

OF

WAYNE TOWNSHIP

HENRY COUNTY, INDIANA

January 1, 2011 to December 31, 2012



**FILED**  
10/16/2013



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Randall Overman	01-01-11 to 12-31-14
Chairman of the Township Board	Ronald Trimnell	01-01-11 to 12-31-13



**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 WAYNE TOWNSHIP, HENRY COUNTY, INDIANA

We have examined the accompanying financial statement of Wayne 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 and Schedule of Leases 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 16, 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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WAYNE 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	\$ 31,139	\$ 24,785	\$ 29,889	\$ 26,035	\$ 26,655	\$ 30,492	\$ 22,198
Park And Recreation	49,647	5,297	3,201	51,743	-	9,400	42,343
Township Assistance	73,680	13,137	27,140	59,677	19,518	28,347	50,848
Fire Fighting	89,934	113,945	140,000	63,879	95,324	100,000	59,203
Levy Excess	174	-	-	174	1,788	-	1,962
Payroll Withholdings	(798)	7,612	5,974	840	7,119	7,530	429
Totals	<u>\$ 243,776</u>	<u>\$ 164,776</u>	<u>\$ 206,204</u>	<u>\$ 202,348</u>	<u>\$ 150,404</u>	<u>\$ 175,769</u>	<u>\$ 176,983</u>

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

WAYNE 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.

Charges for services which can include, but are not limited to the following: planning commission charges, building department charges, copies of public records, copy machine charges, accident report copies, gun permit applications, 911 telephone services, recycling

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

fees, dog pound fees, emergency medical service fees, park rental fees, swimming pool receipts, cable tv receipts, ordinance violations, fines and fees, bond forfeitures, court costs, and court receipts.

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.

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, HENRY COUNTY  
NOTES TO FINANCIAL STATEMENT  
(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 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.

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

	Township	Park And Recreation	Township Assistance	Fire Fighting	Levy Excess	Payroll Withholdings	Totals
Cash and investments - beginning	\$ 31,139	\$ 49,647	\$ 73,680	\$ 89,934	\$ 174	\$ (798)	\$ 243,776
Receipts:							
Taxes	19,925	4,703	11,509	61,506	-	-	97,643
Intergovernmental	2,515	594	1,453	36,531	-	-	41,093
Charges for services	-	-	-	500	-	-	500
Other receipts	2,345	-	175	15,408	-	7,612	25,540
Total receipts	<u>24,785</u>	<u>5,297</u>	<u>13,137</u>	<u>113,945</u>	<u>-</u>	<u>7,612</u>	<u>164,776</u>
Disbursements:							
Personal services	17,783	-	9,273	-	-	-	27,056
Supplies	1,372	3,201	-	-	-	-	4,573
Other services and charges	10,034	-	17,867	140,000	-	-	167,901
Capital outlay	700	-	-	-	-	-	700
Other disbursements	-	-	-	-	-	5,974	5,974
Total disbursements	<u>29,889</u>	<u>3,201</u>	<u>27,140</u>	<u>140,000</u>	<u>-</u>	<u>5,974</u>	<u>206,204</u>
Excess (deficiency) of receipts over disbursements	<u>(5,104)</u>	<u>2,096</u>	<u>(14,003)</u>	<u>(26,055)</u>	<u>-</u>	<u>1,638</u>	<u>(41,428)</u>
Cash and investments - ending	<u>\$ 26,035</u>	<u>\$ 51,743</u>	<u>\$ 59,677</u>	<u>\$ 63,879</u>	<u>\$ 174</u>	<u>\$ 840</u>	<u>\$ 202,348</u>

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

	Township	Park And Recreation	Township Assistance	Fire Fighting	Levy Excess	Payroll Withholdings	Totals
Cash and investments - beginning	\$ 26,035	\$ 51,743	\$ 59,677	\$ 63,879	\$ 174	\$ 840	\$ 202,348
Receipts:							
Taxes	20,157	-	17,429	65,308	-	-	102,894
Intergovernmental	6,351	-	2,003	30,016	1,788	-	40,158
Other receipts	147	-	86	-	-	7,119	7,352
Total receipts	<u>26,655</u>	<u>-</u>	<u>19,518</u>	<u>95,324</u>	<u>1,788</u>	<u>7,119</u>	<u>150,404</u>
Disbursements:							
Personal services	18,100	-	9,482	-	-	-	27,582
Supplies	538	-	-	-	-	-	538
Other services and charges	11,854	9,000	18,865	100,000	-	-	139,719
Capital outlay	-	400	-	-	-	-	400
Other disbursements	-	-	-	-	-	7,530	7,530
Total disbursements	<u>30,492</u>	<u>9,400</u>	<u>28,347</u>	<u>100,000</u>	<u>-</u>	<u>7,530</u>	<u>175,769</u>
Excess (deficiency) of receipts over disbursements	<u>(3,837)</u>	<u>(9,400)</u>	<u>(8,829)</u>	<u>(4,676)</u>	<u>1,788</u>	<u>(411)</u>	<u>(25,365)</u>
Cash and investments - ending	<u>\$ 22,198</u>	<u>\$ 42,343</u>	<u>\$ 50,848</u>	<u>\$ 59,203</u>	<u>\$ 1,962</u>	<u>\$ 429</u>	<u>\$ 176,983</u>

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WAYNE TOWNSHIP, HENRY COUNTY  
SCHEDULE OF LEASES  
December 31, 2012

<u>Lessor</u>	<u>Purpose</u>	<u>Annual Lease Payment</u>	<u>Lease Beginning Date</u>	<u>Lease Ending Date</u>
Governmental activities: Community First National Bank	Ferrara HME Intruder Rescue	\$ 23,395	06-17-11	07-15-26
Total of annual lease payments		<u>\$ 23,395</u>		

WAYNE TOWNSHIP, HENRY COUNTY  
EXAMINATION RESULTS AND COMMENTS

***BANK ACCOUNT RECONCILIATIONS***

Depository reconciliations of the fund balances to the bank account balances were conducted; however, the reconciliations did not balance. The bank balance is \$1,382.56 short of the book 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."

***PENALTIES, INTEREST, AND OTHER CHARGES***

The Township paid penalties and interest to the Internal Revenue Service and the Indiana Department of Revenue in the amount of \$271.25 and \$38.94, respectively, because the Township did not remit payments on a timely basis.

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Failure to pay claims or remit taxes in a timely manner could be an indicator of serious financial problems which should be investigated by the governmental unit.

Additionally, officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the governmental unit.

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)

***CONTRACTS***

Payments totaling \$240,000 were made to Knightstown/Wayne Township Fire District for Fire Protection in 2011 and 2012. A contract specifying the financial obligation of the Township was not written for these services.

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)

WAYNE TOWNSHIP, HENRY COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on September 16, 2013, with Randall Overman, Trustee.