

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

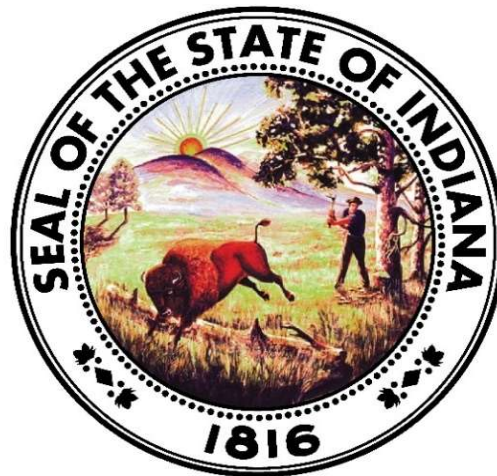
COMPLIANCE ENGAGEMENT REPORT

OF

CENTRE TOWNSHIP

ST. JOSEPH COUNTY, INDIANA

January 1, 2019 to December 31, 2022



FILED
08/15/2024

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Judith Galloway	01-01-19 to 12-31-24
Chair of the Township Board	Thomas Lindenman	01-01-19 to 12-31-24



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

TO: THE OFFICIALS OF CENTRE TOWNSHIP, ST. JOSEPH COUNTY, INDIANA

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of Centre Township (Township), for the period of January 1, 2019 to December 31, 2022. The objective of this engagement was to determine compliance with applicable Indiana laws, regulations, and uniform compliance guidelines (Guidelines) established by the Indiana State Board of Accounts pursuant to Indiana Code 5-11-1-24. The objective of this engagement is not to opine on compliance or financial activity of the Township as this engagement was not conducted in accordance with any standards established by an authoritative standard setting body, and, as such, we do not provide any opinions on compliance or financial activity.

Management is responsible for preparing and maintaining its accounting records and related documents in accordance with applicable Indiana laws, regulations, and Guidelines. Management's responsibility also includes, but is not limited to, complying with other applicable Indiana laws, regulations, and Guidelines concerning how it operates: authorized sources and uses of funds; what reports are required to be prepared and filed; and what depositories and investment types are allowable.

We fulfilled our responsibility as detailed in the first paragraph, using procedures that verified the appropriate accounting for and reporting of cash, receipts, and disbursements; and the appropriate sources and uses of funds in accordance with applicable Indiana laws, regulations, and Guidelines. Expanding the scope and nature of these procedures can and does occur in specific circumstances.

The Comments contained herein describe the identified reportable instances of noncompliance found during our engagement. Our procedures were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified. Any Official Response to the Comments incorporated within this report was not verified for accuracy.

The Schedule of Officials and Statements of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis (Statements) are informational only. The Statements have not been subjected to any procedures designed to express an opinion or provide any assurance on them, and, accordingly, we do not express an opinion or provide any assurance on them.

This report is intended solely for the information and use of management, governance, and others within the organization. This restriction is not intended to limit the distribution of this report, which is a matter of public record. Reports can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>, and the Township's Annual Financial Reports filed by management can be found on the Indiana Gateway for Government Units financial reporting system website: <http://www.gateway.ifionline.org>.

The contents of this report were communicated to Judith Galloway, Trustee, and Thomas Lindenman, Chair of the Township Board, on July 29, 2024.

A handwritten signature in blue ink that reads "Beth Kelley".

Beth Kelley, CPA, CFE
Deputy State Examiner

July 17, 2024

CENTRE TOWNSHIP, ST. JOSEPH COUNTY
COMMENTS

CAPITAL ASSETS

Condition and Context

Internal controls were not in place to ensure the Township had a written capital asset policy and that a physical inventory was performed at least every two years. Additionally, the Township did not have a complete detailed listing of all capital assets owned by the Township during the engagement period. The Township reported \$6,938,860 in capital assets as of December 31, 2022. Without a capital asset listing, the amounts reported could not be verified.

Criteria

Every unit must have a capital assets policy that details the threshold at which an item is considered a capital asset. Every unit must have a complete detail listing of all capital assets owned which reflects their acquisition value. Capital Asset Ledger (Form 369) has been prescribed for this purpose. A complete physical inventory must be taken at least every two years, unless more stringent requirements exist, to verify account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate control activities. According to this manual:

"Control activities are the actions and tools established through policies and procedures that help to detect, prevent, or reduce the identified risks that interfere with the achievement of objectives. Detection activities are designed to identify unfavorable events in a timely manner whereas prevention activities are designed to deter the occurrence of an unfavorable event. Examples of these activities include reconciliations, authorizations, approval processes, performance reviews, and verification processes.

An integral part of the control activity component is segregation of duties. . . .

There is an expectation of segregation of duties. If compensating controls are necessary, documentation should exist to identify both the areas where segregation of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. . . ."

CENTRE TOWNSHIP, ST. JOSEPH COUNTY
COMMENTS
(Continued)

FUND SOURCES AND USES

Condition and Context

Internal controls were not in place to ensure receipts were recorded in the proper funds. In 2019, there was \$47,148 of Certified Shares distributions that belonged to the Township General Fund that was receipted into the Special Fire Protection Territory General fund in error. Additionally, in 2021, \$4,001 received for Local Income Tax (LIT) distribution that belonged to the Township General Fund, was receipted into the Special Fire Protection Territory General fund in error.

Criteria

Sources and uses of funds must be limited to those authorized by the enabling law, ordinance/resolution, or grant agreement. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate control activities. According to this manual:

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STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CASH
AND INVESTMENT BALANCES - REGULATORY BASIS

CENTRE TOWNSHIP, ST. JOSEPH COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended December 31, 2019 and 2020

Fund	Cash and Investments 01-01-19	Receipts	Disbursements	Cash and Investments 12-31-19	Receipts	Disbursements	Cash and Investments 12-31-20
Township General Fund	\$ 90,123	\$ 40,392	\$ 41,274	\$ 89,241	\$ 45,102	\$ 68,856	\$ 65,487
Emergency Medical Service	-	17,656	-	17,656	11,090	14,580	14,166
Township Assistance Fund	109,268	11,633	17,332	103,569	-	11,332	92,237
Rainy Day Fund	26,913	-	-	26,913	-	5,812	21,101
Spec Fire Protection Territory	-	3,325,192	2,498,657	826,535	1,870,718	1,680,488	1,016,765
Spec Fire Prot Equip Replacement	-	402,763	11,646	391,117	91,545	9,922	472,740
Donations Fund	-	-	-	-	1,400	380	1,020
Payroll Withholdings Fund	1,596	250,574	247,339	4,831	278,722	282,557	996
State Grant Fund	-	30,000	30,000	-	-	-	-
Totals	<u>\$ 227,900</u>	<u>\$ 4,078,210</u>	<u>\$ 2,846,248</u>	<u>\$ 1,459,862</u>	<u>\$ 2,298,577</u>	<u>\$ 2,073,927</u>	<u>\$ 1,684,512</u>

CENTRE TOWNSHIP, ST. JOSEPH COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended December 31, 2021 and 2022

Fund	Cash and Investments 01-01-21	Receipts	Disbursements	Cash and Investments 12-31-21	Receipts	Disbursements	Cash and Investments 12-31-22
Township General Fund	\$ 65,487	\$ 48,967	\$ 81,389	\$ 33,065	\$ 86,412	\$ 64,459	\$ 55,018
Emergency Medical Service	14,166	9,376	10,589	12,953	13,000	11,722	14,231
Township Assistance Fund	92,237	-	5,352	86,885	-	9,791	77,094
Rainy Day Fund	21,101	13,000	366	33,735	-	25,800	7,935
Spec Fire Protection Territory	1,016,765	2,246,126	1,979,892	1,282,999	2,395,231	1,997,506	1,680,724
Spec Fire Prot Equip Replacement	472,740	161,481	99,352	534,869	112,343	400,000	247,212
Donations Fund	1,020	1,600	1,782	838	20	468	390
Payroll Withholdings Fund	996	386,628	386,953	671	399,914	398,334	2,251
State Grant Fund	-	5,000	5,000	-	-	-	-
CARES ACT Fund	-	33,131	-	33,131	-	33,131	-
Totals	<u>\$ 1,684,512</u>	<u>\$ 2,905,309</u>	<u>\$ 2,570,675</u>	<u>\$ 2,019,146</u>	<u>\$ 3,006,920</u>	<u>\$ 2,941,211</u>	<u>\$ 2,084,855</u>