

STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2765

EXAMINATION REPORT
OF
CENTER TOWNSHIP
MARSHALL COUNTY, INDIANA
January 1, 2004 to December 31, 2005



FILED
11/20/2006

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OFFICIALS

Office

Official

Term

Trustee

Doug Kucera

12-01-03 to 12-31-06

Chairman of the
Township Board

James Baldwin

01-01-04 to 12-31-06



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF CENTER TOWNSHIP, MARSHALL COUNTY, INDIANA

We have examined the schedules of receipts, disbursements, and cash and investment balances of Center Township (Township), for the period of January 1, 2004 to December 31, 2005. The Township's management is responsible for the schedules.

Financial records presented for examination were incomplete and not reflective of the activity of the Township's funds. The records presented did not provide sufficient information to examine receipts, disbursements, and ending balances, or the accuracy or correctness of the transactions.

Because of the restrictions on our examination as discussed in the preceding paragraph, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on whether the schedules referred to above present fairly, in all material respects, the cash transactions of the Township for the years ended December 31, 2004 and 2005, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

October 2, 2006

CENTER TOWNSHIP, MARSHALL 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, 2004 And 2005

	Cash and Investments 01-01-04	Receipts	Disbursements	Cash and Investments 12-31-04
Governmental Funds:				
Township	\$ 136,166	\$ 36,632	\$ 54,422	\$ 118,376
Township Assistance	163,700	43,793	88,422	119,071
Fire Fighting	12,872	94,990	132,532	(24,670)
Cumulative Fire	328,250	42,215	-	370,465
Dog	529	230	230	529
Levy Excess	848	-	-	848
Federal Revenue Sharing	12,472	-	-	12,472
Emergency Medical Services	167,358	-	-	167,358
Fiduciary Fund:				
Jacoby Trust	1,031	-	-	1,031
Totals	<u>\$ 823,226</u>	<u>\$ 217,860</u>	<u>\$ 275,606</u>	<u>\$ 765,480</u>

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds:				
Township	\$ 118,376	\$ 60,171	\$ 62,715	\$ 115,832
Township Assistance	119,071	24,262	83,230	60,103
Fire Fighting	(24,670)	208,895	123,546	60,679
Cumulative Fire	370,465	32,406	15,650	387,221
Dog	529	-	-	529
Levy Excess	848	-	-	848
Federal Revenue Sharing	12,472	28,275	-	40,747
Emergency Medical Services	167,358	153,036	128,621	191,773
Fiduciary Fund:				
Jacoby Trust	1,031	-	-	1,031
Totals	<u>\$ 765,480</u>	<u>\$ 507,045</u>	<u>\$ 413,762</u>	<u>\$ 858,763</u>

The accompanying notes are an integral part of the schedules.

CENTER TOWNSHIP, MARSHALL COUNTY
NOTES TO SCHEDULES

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, culture and recreation, 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. Final settlement of taxes paid in 2003 and 2004 did not occur until February 2004 and February 2005, respectively. All property taxes collected by the County Treasurer and available for distribution during 2005 were distributed to the Township prior to December 31, 2005.

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, MARSHALL COUNTY
NOTES TO SCHEDULES
(Continued)

Note 6. Pension Plan

Public Employees' Retirement Fund

Plan Description

The Township contributes to the Indiana Public Employees' Retirement Fund (PERF), 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 PERF 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% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

PERF 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:

Public Employees' Retirement Fund
Harrison Building, Room 800
143 West Market Street
Indianapolis, IN 46204
Ph. (317) 233-4162

Funding Policy and Annual Pension Cost

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

CENTER TOWNSHIP, MARSHALL COUNTY
EXAMINATION RESULT AND COMMENT

CONDITION OF RECORDS

Financial records presented for audit were incomplete and not reflective of the activities of all Township Funds. The records presented did not provide sufficient information to audit or establish beginning balances, receipts, disbursements, ending balances, or the accuracy or correctness of the transactions. For example, in 2004, Property Taxes that should have been recorded as a receipt into the Township Assistance fund of \$58,902.11 were actually recorded as a disbursement. These types of errors have a cumulative effect on the cash balance on any or all funds.

Also in 2004, the Annual Report did not reflect any activity within the EMS Fund. The Township's ledger, however, reflects material receipts and disbursements in the EMS Fund. Also, the all funds total at December 31, 2005, within the Township's ledger was \$7,940,768.38. The erroneous balance has been carried on the Township's ledger since July 2005.

During the audit, we also noted that the Township did not complete a monthly reconciliation for any of the months during the audit period.

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

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)

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."

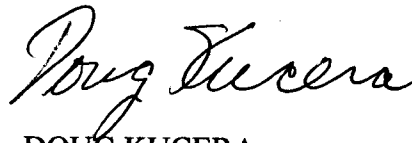
CENTER TOWNSHIP, MARSHALL COUNTY
EXIT CONFERENCE

The contents of this report were discussed on October 16, 2006, with Doug Kucera, Trustee; and Amy Knapp, Deputy Trustee. The official response has been made apart of this report and may be found on page 9.

EXAMINATION

CENTER TOWNSHIP RESPONSE TO THE EXIT
BY STATE BOARD OF ACCOUNTS

CENTER TWP. UNDERSTANDS THE PROBLEMS THAT HAVE OCCURRED IN THE PRESENT AUDIT OF 2004, 2005. WE AGREE THAT THERE ARE ERRORS THAT WERE MADE IN THE WAY THE TOWNSHIP BOOKS WERE BEING KEPT. WE HAVE TAKEN STEPS TO CORRECT THAT FROM HAPPENING IN THE FUTURE. WE HAVE A NEW BOOKEEPER WHICH SHOULD HELP.



DOUG KUCERA
CENTER TWP. TRUSTEE