

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

FINANCIAL STATEMENTS REVIEW REPORT

OF

CENTER TOWNSHIP

GREENE COUNTY, INDIANA

January 1, 2016 to December 31, 2019



**FILED**  
11/06/2020



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Stephen Durham	01-01-16 to 12-31-18
	Garry Jackson	01-01-19 to 12-31-20
Chair of the Township Board	Bernadine Holtsclaw	01-01-16 to 12-31-16
	Sharon McKinley	01-01-17 to 12-31-17
	Garry Jackson	01-01-18 to 12-31-18
	Dustin Payne	01-01-19 to 12-31-19
	Debbie Jackson	01-01-20 to 12-31-20



## INDEPENDENT ACCOUNTANT'S REVIEW REPORT

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

We have reviewed the accompanying financial statements of Center Township (Township), for the period of January 1, 2016 to December 31, 2019. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the Township's management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with a regulatory basis of accounting that demonstrates compliance with the reporting requirements established by the Indiana 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. This includes determining that the basis of accounting the Township uses is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatements whether due to fraud or error.

### ***Accountant's Responsibility***

Our responsibility is to conduct the review engagement in accordance with *Statements on Standards for Accounting and Review Services* promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with the prescribed basis of accounting described in Note 1. We believe that the results of our procedures provide a reasonable basis for our conclusion.

INDEPENDENT ACCOUNTANT'S REVIEW REPORT  
(Continued)

**Accountant's Conclusion**

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with the prescribed basis of accounting described in Note 1.

**Basis of Accounting**

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the Indiana 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. Our conclusion is not modified with respect to this matter.

  
Paul D. Joyce, CPA  
State Examiner

September 28, 2020

## FINANCIAL STATEMENTS AND ACCOMPANYING NOTES

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.

CENTER TOWNSHIP, GREENE COUNTY  
STATEMENT OF RECEIPTS, DISBURSEMENTS,  
AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For the Years Ended December 31, 2016 and 2017

Fund	Cash and Investments 01-01-16	Receipts	Disbursements	Cash and Investments 12-31-16	Receipts	Disbursements	Cash and Investments 12-31-17
Township	\$ 91,949	\$ 59,750	\$ 29,724	\$ 121,975	\$ 57,573	\$ 60,443	\$ 119,105
Township Assistance	44,969	7,352	3,800	48,521	7,710	2,649	53,582
Fire Fighting	40,616	102,743	108,336	35,023	106,002	117,296	23,729
Rainy Day	5,221	16,736	-	21,957	-	-	21,957
Cumulative Fire	10,300	12,081	11,861	10,520	12,032	16,001	6,551
Payroll Withholdings	3,409	14,087	15,057	2,439	13,687	14,955	1,171
Emergency Fire Loan	8,689	9,958	8,769	9,878	-	8,912	966
Fire Building Fund	(32)	-	-	(32)	-	-	(32)
Fire Debt	170,764	34,311	179,495	25,580	24,053	45,528	4,105
Totals	<u>\$ 375,885</u>	<u>\$ 257,018</u>	<u>\$ 357,042</u>	<u>\$ 275,861</u>	<u>\$ 221,057</u>	<u>\$ 265,784</u>	<u>\$ 231,134</u>

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

CENTER TOWNSHIP, GREENE COUNTY  
 STATEMENT OF RECEIPTS, DISBURSEMENTS,  
 AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Years Ended December 31, 2018 and 2019

Fund	Cash and Investments 01-01-18	Receipts	Disbursements	Cash and Investments 12-31-18	Receipts	Disbursements	Cash and Investments 12-31-19
Township	\$ 119,105	\$ 118,092	\$ 142,795	\$ 94,402	\$ 110,130	\$ 36,366	\$ 168,166
Emergency Fire Loan	966	-	936	30	-	30	-
Township Assistance	53,582	7,773	1,602	59,753	8,501	3,244	65,010
Fire Fighting	23,729	-	38,399	(14,670)	-	-	(14,670)
Rainy Day	21,957	-	-	21,957	-	-	21,957
Special Fire Protection Territory General Cumulative Fire	- 6,551	230,720	247,860	(17,140)	221,163	221,163	(17,140)
Special Fire Protection Territory Equipment Replacement	-	40,213	-	40,213	42,130	82,343	-
Fire Building Fund	(32)	-	-	(32)	32	-	-
Payroll Withholdings	1,171	3,269	4,136	304	3,407	3,392	319
Fire Debt	4,105	32,055	15,176	20,984	33,184	46,308	7,860
Totals	<u>\$ 231,134</u>	<u>\$ 432,122</u>	<u>\$ 457,455</u>	<u>\$ 205,801</u>	<u>\$ 418,547</u>	<u>\$ 392,846</u>	<u>\$ 231,502</u>

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

CENTER TOWNSHIP, GREENE 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 Indiana 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. The basis of accounting involves the reporting of only cash and investments and the changes therein resulting from cash inflows (receipts) and cash outflows (disbursements) reported in the period in which they occurred.

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.* Amounts received from one or more of the following: property tax, certified shares (local option tax), property tax replacement credit (local option tax), county option income tax, wheel tax, innkeeper's 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.* Amounts received from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of intergovernmental receipts include, but are not limited to, the following: federal grants, state grants, cigarette tax distributions received from the state, motor vehicle highway distributions received from the state, local road and street distributions 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.

CENTER TOWNSHIP, GREENE COUNTY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

*Other receipts.* Amounts received from various sources, including, but 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 statements. The aggregate disbursements include the following uses:

*Personal services.* Amounts disbursed 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.* Amounts disbursed for 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, but are not limited to, the following: office supplies, operating supplies, and repair and maintenance supplies.

*Other services and charges.* Amounts disbursed for services including, but not limited to, the following: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

*Debt service - principal and interest.* Amounts disbursed for fixed obligations resulting from financial transactions previously entered into by the Township. It includes all expenditures for the reduction of the principal and interest of the Township's general obligation indebtedness.

*Capital outlay.* Amounts disbursed for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

*Other disbursements.* Amounts disbursed for various other purposes including, but 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, make transfers 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 amounts 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 amounts 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.

CENTER TOWNSHIP, GREENE 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 December 31 of the year preceding the budget year or January 15 of the budget year if the Township is issuing debt after December 1 or intends on filing a shortfall appeal. These rates were based upon the assessed valuations adjusted for various tax credits from the preceding year's lien date of January 1. 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, the following: 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.

CENTER TOWNSHIP, GREENE COUNTY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

**Note 6. Cash Balance Deficits**

The financial statements contain some funds with deficits in cash. This is a result of expenditures being more than revenues received and cash balances available.

CENTER TOWNSHIP, GREENE COUNTY  
REVIEW RESULTS AND COMMENTS

**OVERDRAWN CASH BALANCES**

The same comment also appeared in prior Reports B36621, B42082, and B48286.

*Condition and Context*

The following fund cash balances were reported overdrawn on the financial statements: Fire Building Fund was overdrawn \$32 as of December 31, 2016, 2017, and 2018; Fire Fighting fund was overdrawn \$14,670 as of December 31, 2018 and 2019; and Special Fire Protection Territory General fund was overdrawn \$17,140 as of December 31, 2018 and 2019.

*Criteria*

The cash balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

**NEPOTISM CERTIFICATION**

The same comment also appeared in prior Report B48286.

*Condition and Context*

Each elected officer did not certify in writing by December 31, 2017 and 2018, that they had not violated Indiana Code 36-1-20.2 (Nepotism).

*Criteria*

Indiana Code 36-1-20.2-16 states: "Each elected officer of the unit shall annually certify in writing, subject to the penalties for perjury, that the officer has not violated this chapter. An officer shall submit the certification to the executive of the unit not later than December 31 of each year."

**CONTRACTING WITH A UNIT CERTIFICATION**

The same comment also appeared in prior Report B48286.

*Condition and Context*

Each elected officer did not certify in writing by December 31, 2017 and 2018, that the officer had not violated Indiana Code 36-1-21 (Contracting with a Unit).

*Criteria*

Indiana Code 36-1-21-6 states: "Each elected officer of the unit shall annually certify in writing, subject to the penalties for perjury, that the officer is in compliance with this chapter. An officer shall submit the certification to the executive of the unit not later than December 31 of each year."

CENTER TOWNSHIP, GREENE COUNTY  
 REVIEW RESULTS AND COMMENTS  
 (Continued)

**APPROPRIATIONS**

The same comment also appeared in prior Report B48286.

*Condition and Context*

The records presented indicated the following expenditures in excess of budgeted appropriations:

Years	Fund	Excess Amount Disbursed
2016	Fire Debt	\$ 149,143
2017	Township	23,923
2017	Firefighting	160
2017	Fire Debt	15,176
2018	Township	106,275
2018	Special Fire Protection Territory General	17,860
2019	Fire Debt	15,956
2019	Special Fire Protection Territory General	79,197
2019	Special Fire Protection Territory Equipment Replacement	50,316

*Criteria*

Indiana Code 6-1.1-18-4 states in part: ". . . the proper officers of a political subdivision shall appropriate funds in such a manner that the expenditures for a year do not exceed its budget for that year as finally determined under this article."

**OFFICIAL BOND**

The same comment also appeared in prior Reports B42082 and B48286.

*Condition and Context*

The Trustee did not record an individual Surety Bond in the County Recorder's office for 2016 and 2018.

*Criteria*

Indiana Code 5-4-1-5.1(b) states in part:

"Every elected or appointed officer, official, deputy, employee, or contractor of a political subdivision . . . shall file the bond with the fiscal officer of the political subdivision and in the office of the county recorder in the county of office or employment of the officer, official, deputy, employee, or contractor. The county recorder and deputies and employees of the recorder shall file their bonds with the county auditor and in the office of the clerk of the circuit court."

CENTER TOWNSHIP, GREENE COUNTY  
REVIEW RESULTS AND COMMENTS  
(Continued)

**TRAINING ON INTERNAL CONTROL STANDARDS**

*Condition and Context*

The Township Board did not provide the required training on internal control standards to appropriate personnel during the audit period.

*Criteria*

Indiana Code 5-11-1-27(g) states in part:

"After June 30, 2016, the legislative body of a political subdivision shall ensure that: . . .

- (2) personnel receive training concerning the internal control standards and procedures adopted by the political subdivision."

**CERTIFICATION ON INTERNAL CONTROL STANDARDS**

*Condition and Context*

The Township incorrectly certified, in the Indiana Gateway for Government Units financial reporting system, that Township personnel had received training regarding internal control standards for 2016-2018.

*Criteria*

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](#)."

CENTER TOWNSHIP, GREENE COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on September 28, 2020, with Garry Jackson, Trustee, and Debbie Jackson, Chair of the Township Board.