

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

FINANCIAL STATEMENTS AUDIT REPORT

OF

WAYNE TOWNSHIP

BARTHOLOMEW COUNTY, INDIANA

January 1, 2016 to December 31, 2018



**FILED**  
04/20/2021



## TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials .....	2
Independent Auditor's Report .....	3-4
Financial Statements and Accompanying Notes:	
Statements of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis .....	6-7
Notes to Financial Statements.....	8-11
Other Information - Unaudited:	
Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis .....	14-16
Schedule of Leases and Debt .....	17
Schedule of Capital Assets.....	19
Other Reports.....	20

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Cint Madden Brenda Mijares	01-01-16 to 09-30-16 10-01-16 to 12-31-21
Chair of the Township Board	Kermit Key Michael Bell	01-01-16 to 10-31-16 11-01-16 to 12-31-21



## INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF WAYNE TOWNSHIP, BARTHOLOMEW COUNTY, INDIANA

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Wayne Township (Township), which comprise the financial position and results of operations for the period of January 1, 2016 to December 31, 2018, and the related notes to the financial statements as listed in the Table of Contents.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6). Management is responsible for and has determined that the regulatory basis of accounting, as established by the Indiana State Board of Accounts, is an acceptable basis of presentation. 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 misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Township's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITOR'S REPORT  
(Continued)

***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As discussed in Note 1 to the financial statements, the Township prepares its financial statements on 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 basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance 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, 2016 to December 31, 2018.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the Township for the period of January 1, 2016 to December 31, 2018, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

***Other Matters***

*Other Information*

Our audit was conducted for the purpose of forming an opinion on the Township's financial statements. The Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis, Schedule of Leases and Debt, and Schedule of Capital Assets, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statements. They have not been subjected to the auditing procedures applied by us in the audit of the financial statements, and, accordingly, we express no opinion on them.

  
Paul D. Joyce, CPA  
State Examiner

April 5, 2021

## 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.

WAYNE TOWNSHIP, BARTHOLOMEW 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 FUND	\$ 289,798	\$ 92,098	\$ 82,275	\$ 299,621	\$ 176,477	\$ 162,820	\$ 313,278
TOWNSHIP ASSISTANCE	255,251	32,606	7,210	280,647	33,113	12,007	301,753
FIRE FIGHTING FUND	(49,195)	58,860	46,597	(36,932)	31,388	20,000	(25,544)
RAINY DAY FUND	6,384	11,382	-	17,766	-	5,000	12,766
CUMULATIVE FIRE FUND	224,323	18,544	81,269	161,598	18,776	109,833	70,541
Building Loan	27,753	64,142	56,947	34,948	-	105,519	(70,571)
<b>Totals</b>	<u>\$ 754,314</u>	<u>\$ 277,632</u>	<u>\$ 274,298</u>	<u>\$ 757,648</u>	<u>\$ 259,754</u>	<u>\$ 415,179</u>	<u>\$ 602,223</u>

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

WAYNE TOWNSHIP, BARTHOLOMEW COUNTY  
 STATEMENT OF RECEIPTS, DISBURSEMENTS,  
 AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended December 31, 2018

Fund	Cash and Investments 01-01-18	Receipts	Disbursements	Cash and Investments 12-31-18
TOWNSHIP FUND	\$ 313,278	\$ 64,159	\$ 104,343	\$ 273,094
TOWNSHIP ASSISTANCE	301,753	1,755	13,517	289,991
FIRE FIGHTING FUND	(25,544)	96,429	20,174	50,711
RAINY DAY FUND	12,766	22,006	21,257	13,515
Levy Excess Fund	-	2,187	-	2,187
CUMULATIVE FIRE FUND	70,541	19,517	48,000	42,058
Building Loan	(70,571)	116,454	59,731	(13,848)
Payroll Withholdings Fund	-	4,332	2,811	1,521
Totals	<u>\$ 602,223</u>	<u>\$ 326,839</u>	<u>\$ 269,833</u>	<u>\$ 659,229</u>

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

WAYNE TOWNSHIP, BARTHOLOMEW 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.

WAYNE TOWNSHIP, BARTHOLOMEW 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.

WAYNE TOWNSHIP, BARTHOLOMEW 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.

WAYNE TOWNSHIP, BARTHOLOMEW COUNTY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

**Note 6. Cash Balance Deficits**

The financial statements contain the Fire Fighting Fund with deficits in cash on December 31, 2016, and December 31, 2017, and the Building Loan fund with deficits in cash on December 31, 2017, and December 31, 2018. This is a result of failing to adequately monitor disbursements relative to receipts.

(This page intentionally left blank.)

#### OTHER INFORMATION - UNAUDITED

The Township's Annual Financial Reports information can be found on the Indiana Gateway for Government Units website: <https://gateway.ifionline.org/>.

Differences may be noted between the financial information presented in the financial statements contained in this report and the financial information presented in the Township's Annual Financial Reports referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the audit. This is a common occurrence in any financial statement audit. The financial information presented in this report is audited information, and the accuracy of such information can be determined by reading the opinion given in the Independent Auditor's Report.

The other information presented was approved by management of the Township. It is presented as intended by the Township.

WAYNE TOWNSHIP, BARTHOLOMEW COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended December 31, 2016

	TOWNSHIP FUND	TOWNSHIP ASSISTANCE	FIRE FIGHTING FUND	RAINY DAY FUND	CUMULATIVE FIRE FUND	Building Loan	Totals
Cash and investments - beginning	\$ 289,798	\$ 255,251	\$ (49,195)	\$ 6,384	\$ 224,323	\$ 27,753	\$ 754,314
Receipts:							
Taxes	40,648	-	27,741	-	16,670	57,390	142,449
Intergovernmental receipts	50,875	32,606	3,119	11,382	1,874	6,752	106,608
Other receipts	575	-	28,000	-	-	-	28,575
Total receipts	<u>92,098</u>	<u>32,606</u>	<u>58,860</u>	<u>11,382</u>	<u>18,544</u>	<u>64,142</u>	<u>277,632</u>
Disbursements:							
Personal services	24,986	-	-	-	-	-	24,986
Supplies	952	-	-	-	-	-	952
Other services and charges	47,973	7,210	-	-	-	-	55,183
Debt service - principal and interest	-	-	-	-	30,583	-	30,583
Capital outlay	8,364	-	-	-	-	-	8,364
Other disbursements	-	-	46,597	-	50,686	56,947	154,230
Total disbursements	<u>82,275</u>	<u>7,210</u>	<u>46,597</u>	<u>-</u>	<u>81,269</u>	<u>56,947</u>	<u>274,298</u>
Excess (deficiency) of receipts over disbursements	<u>9,823</u>	<u>25,396</u>	<u>12,263</u>	<u>11,382</u>	<u>(62,725)</u>	<u>7,195</u>	<u>3,334</u>
Cash and investments - ending	<u>\$ 299,621</u>	<u>\$ 280,647</u>	<u>\$ (36,932)</u>	<u>\$ 17,766</u>	<u>\$ 161,598</u>	<u>\$ 34,948</u>	<u>\$ 757,648</u>

WAYNE TOWNSHIP, BARTHOLOMEW COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended December 31, 2017

	TOWNSHIP FUND	TOWNSHIP ASSISTANCE	FIRE FIGHTING FUND	RAINY DAY FUND	CUMULATIVE FIRE FUND	Building Loan	Payroll Withholdings Fund	Totals
Cash and investments - beginning	\$ 299,621	\$ 280,647	\$ (36,932)	\$ 17,766	\$ 161,598	\$ 34,948	\$ -	\$ 757,648
Receipts:								
Taxes	99,681	32,487	27,805	-	16,633	-	-	176,606
Intergovernmental receipts	2,743	528	3,583	-	2,143	-	-	8,997
Other receipts	74,053	98	-	-	-	-	4,397	78,548
Total receipts	176,477	33,113	31,388	-	18,776	-	4,397	264,151
Disbursements:								
Personal services	25,687	-	-	-	-	-	-	25,687
Supplies	1,049	-	-	-	-	-	-	1,049
Other services and charges	136,084	12,007	20,000	5,000	43,750	-	-	216,841
Debt service - principal and interest	-	-	-	-	-	105,519	-	105,519
Capital outlay	-	-	-	-	66,083	-	-	66,083
Other disbursements	-	-	-	-	-	-	4,397	4,397
Total disbursements	162,820	12,007	20,000	5,000	109,833	105,519	4,397	419,576
Excess (deficiency) of receipts over disbursements	13,657	21,106	11,388	(5,000)	(91,057)	(105,519)	-	(155,425)
Cash and investments - ending	\$ 313,278	\$ 301,753	\$ (25,544)	\$ 12,766	\$ 70,541	\$ (70,571)	\$ -	\$ 602,223

WAYNE TOWNSHIP, BARTHOLOMEW COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended December 31, 2018

	TOWNSHIP FUND	TOWNSHIP ASSISTANCE	FIRE FIGHTING FUND	RAINY DAY FUND	Levy Excess Fund	CUMULATIVE FIRE FUND	Building Loan	Payroll Withholdings Fund	Totals
Cash and investments - beginning	\$ 313,278	\$ 301,753	\$ (25,544)	\$ 12,766	\$ -	\$ 70,541	\$ (70,571)	\$ -	\$ 602,223
Receipts:									
Taxes	46,136	-	92,547	-	-	17,325	102,759	-	258,767
Intergovernmental receipts	2,809	-	3,882	-	-	2,192	13,695	-	22,578
Other receipts	15,214	1,755	-	22,006	2,187	-	-	4,332	45,494
Total receipts	64,159	1,755	96,429	22,006	2,187	19,517	116,454	4,332	326,839
Disbursements:									
Personal services	25,106	-	-	-	-	-	-	-	25,106
Supplies	1,165	-	-	-	-	-	-	-	1,165
Other services and charges	51,373	12,694	20,000	21,257	-	17,313	-	-	122,637
Debt service - principal and interest	-	-	-	-	-	30,583	59,731	-	90,314
Capital outlay	418	-	-	-	-	-	-	-	418
Other disbursements	26,281	823	174	-	-	104	-	2,811	30,193
Total disbursements	104,343	13,517	20,174	21,257	-	48,000	59,731	2,811	269,833
Excess (deficiency) of receipts over disbursements	(40,184)	(11,762)	76,255	749	2,187	(28,483)	56,723	1,521	57,006
Cash and investments - ending	\$ 273,094	\$ 289,991	\$ 50,711	\$ 13,515	\$ 2,187	\$ 42,058	\$ (13,848)	\$ 1,521	\$ 659,229

WAYNE TOWNSHIP, BARTHOLOMEW COUNTY  
 SCHEDULE OF LEASES AND DEBT  
 December 31, 2018

Description of Debt		Ending Principal Balance	Principal and Interest Due Within One Year
Type	Purpose		
Governmental activities:			
General obligation bonds	Building Bond	\$ 300,000	\$ 57,539
General obligation bonds	Township Trustee Office/ Fire Department	<u>112,548</u>	<u>30,583</u>
Total governmental activities		<u>412,548</u>	<u>88,122</u>
Totals		<u>\$ 412,548</u>	<u>\$ 88,122</u>

(This page intentionally left blank.)

WAYNE TOWNSHIP, BARTHOLOMEW COUNTY  
 SCHEDULE OF CAPITAL ASSETS  
 December 31, 2018

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

	<u>Ending Balance</u>
Governmental activities:	
Land	\$ 100,000
Buildings	800,000
Machinery, equipment, and vehicles	819,325
Books and other	<u>10,000</u>
Total governmental activities	<u>1,729,325</u>
Total capital assets	<u><u>\$ 1,729,325</u></u>

## OTHER REPORTS

In addition to this report, other reports may have been issued for the Township. All reports can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>.