

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

FINANCIAL STATEMENTS REVIEW REPORT

OF

GREEN TOWNSHIP

MADISON COUNTY, INDIANA

January 1, 2017 to December 31, 2020



FILED

12/15/2022

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Independent Accountant's Review 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
Review Results and Comments:	
Appropriations.....	12
Receipt Issuance	12-13
Training on Internal Control Standards	13
Certification on Internal Control Standards	13
Food Pantry Donations and Purchases.....	14
Penalties, Interest, and Other Charges	14
Supporting Documentation	15
Credit Cards.....	15-16
Exit Conference.....	17

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Greg Valentine	01-01-17 to 12-31-22
Chair of the Township Board	Jerry Manges	01-01-17 to 12-31-22



INDEPENDENT ACCOUNTANT'S REVIEW REPORT

TO: THE OFFICIALS OF GREEN TOWNSHIP, MADISON COUNTY, INDIANA

We have reviewed the accompanying financial statements of Green Township (Township), for the period of January 1, 2017 to December 31, 2020. 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 Responsibilities 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 Responsibilities

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.

We are required to be independent of the Township and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our reviews.

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.



Beth Kelley, CPA, CFE
Deputy State Examiner

November 17, 2022

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.

GREEN TOWNSHIP, MADISON COUNTY
 STATEMENT OF RECEIPTS, DISBURSEMENTS,
 AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Years Ended December 31, 2017 and 2018

Fund	Cash and Investments 01-01-17	Receipts	Disbursements	Cash and Investments 12-31-17	Receipts	Disbursements	Cash and Investments 12-31-18
Township	\$ 51,450	\$ 32,806	\$ 76,954	\$ 7,302	\$ 67,449	\$ 59,870	\$ 14,881
Township Assistance	24,316	58,084	38,209	44,191	32,258	45,487	30,962
Fire Fighting	138,684	45,455	129,731	54,408	75,956	88,300	42,064
Rainy Day	12,253	-	-	12,253	-	-	12,253
Cumulative Fire	74,641	15,152	-	89,793	18,361	43,908	64,246
Emergency Fire Loan Bond Fund	<u>125,398</u>	<u>196,603</u>	<u>204,482</u>	<u>117,519</u>	<u>-</u>	<u>117,519</u>	<u>-</u>
Totals	<u>\$ 426,742</u>	<u>\$ 348,100</u>	<u>\$ 449,376</u>	<u>\$ 325,466</u>	<u>\$ 194,024</u>	<u>\$ 355,084</u>	<u>\$ 164,406</u>

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

GREEN TOWNSHIP, MADISON 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	\$ 14,881	\$ 77,015	\$ 68,488	\$ 23,408	\$ 60,809	\$ 53,723	\$ 30,494
Park	-	810	7,427	(6,617)	51,690	38,862	6,211
Township Assistance	30,962	34,866	54,492	11,336	38,152	39,234	10,254
Fire Fighting	42,064	69,416	89,094	22,386	62,268	64,740	19,914
Rainy Day	12,253	-	-	12,253	-	-	12,253
Cumulative Fire	64,246	19,068	38,000	45,314	20,461	25,250	40,525
Park Construction	-	250,000	249,996	4	-	-	4
Park Bond & Interest Fund	-	9,051	3,638	5,413	72,193	40,825	36,781
Totals	<u>\$ 164,406</u>	<u>\$ 460,226</u>	<u>\$ 511,135</u>	<u>\$ 113,497</u>	<u>\$ 305,573</u>	<u>\$ 262,634</u>	<u>\$ 156,436</u>

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

GREEN TOWNSHIP, MADISON 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, 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.

Licenses and permits. Amounts received from businesses, occupations, or nonbusinesses that must be licensed before doing business within the government's jurisdiction, or permits levied according to the benefits presumably conferred by the permit. Examples of licenses and permits include the following: peddler licenses, animal licenses, auctioneer licenses, building and planning permits, demolition permits, electrical permits, sign permits, and gun permits.

GREEN TOWNSHIP, MADISON COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

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: local income tax, 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.

Charges for services. Amounts received for services including, but not limited to, the following: planning commission charges, building department charges, copies of public records, copy machines charges, accident report copies, gun permit applications, 911 telephone services, recycling 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.

Fines and forfeits. Amounts received from fines and penalties imposed for the commission of statutory offenses, violation of lawful administrative rules and regulations (fines), and for the neglect of official duty and monies derived from confiscating deposits held as performance guarantees (forfeitures).

Utility fees. Amounts received from charges for current services.

Penalties. Amounts received from late payment fees.

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.

GREEN TOWNSHIP, MADISON COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

Utility operating expenses. Amounts disbursed for operating the utilities.

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.

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.

GREEN TOWNSHIP, MADISON COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

Note 6. Cash Balance Deficits

The financial statements contain a fund with a deficit in cash. This is a result of incurring park expenditures prior to receiving tax distributions.

GREEN TOWNSHIP, MADISON COUNTY
REVIEW RESULTS AND COMMENTS

APPROPRIATIONS

The same comment also appeared in prior Report B48624.

Condition and Context

Disbursements from the Township, Township Assistance, and Fire Fighting funds exceeded appropriations in the following years:

Fund	Years	Excess Amount Expended
Township	2017	\$ 21,344
	2019	2,078
Township Assistance	2018	1,487
	2019	10,492
Fire Fighting	2017	16,871
	2019	5,194

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."

RECEIPT ISSUANCE

Condition and Context

The Township did not issue the required Township Trustee's Receipt forms or any alternative approved form for any money received during the engagement period. The Township began collecting rental fees for use of the grounds and facilities of the Green Township Community Park in 2019. Receipts were not issued for rental fees collected during the engagement period and rental fee collections were combined when posted to the ledger and when deposited into the bank. Therefore, we were unable to determine if rental fees were recorded in a timely manner, from an allowable source, or posted to the correct fund.

Criteria

Receipts shall be issued and recorded at the time of the transaction. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

Officials and employees are required to use prescribed and approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

All receipts must be either in duplicate or recorded in a prescribed or approved register of receipts. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

GREEN TOWNSHIP, MADISON COUNTY
REVIEW RESULTS AND COMMENTS
(Continued)

The Township Trustee's Receipt (Form 16-Rev. 2006) is to be used for receipt of each item of money received. Indicate in the space "On Account Of" the fund or funds to which the receipt is to be posted and identify the receipt, such as a Tax Distribution, Fire Protection Agreement, Temporary Loan, Bank Loan for Equipment, etc. Give the original to the payor, and retain all duplicates in the bound record. Payment amount for cash, check, money order, credit card/bank card, EFT, and other shall be designated on each receipt. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 3)

TRAINING ON INTERNAL CONTROL STANDARDS

Condition and Context

Through inquiry, it was communicated that Township personnel whose official duties included receiving, processing, depositing, disbursing, or otherwise having access to funds that belonged to the Township, had received training over internal control standards that were developed or approved by the Indiana State Board of Accounts. However, upon request, supporting documentation could not be provided as evidence that the training was completed.

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 certified on the Indiana Gateway for Government Units financial reporting system that appropriate personnel were trained on internal control standards for 2017, 2018, 2019, and 2020. Since the Township was unable to provide support that personnel had completed training, this certification was determined to be incorrect.

Criteria

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every audited entity 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](#)."

GREEN TOWNSHIP, MADISON COUNTY
REVIEW RESULTS AND COMMENTS
(Continued)

FOOD PANTRY DONATIONS AND PURCHASES

Condition and Context

The Township maintained activity for a food pantry on its financial ledger. Monetary donations and purchases of food, household items, and holiday gift cards were recorded in the Township Assistance fund, which is not a proper use of the fund.

Each holiday season, Kohl's and Shoe Carnival gift cards are personally purchased by the Trustee and given to needy families. The purchased gift cards are reimbursed to the Trustee via the Township from the donations received. We identified three of four reimbursements to the Trustee for gift cards, totaling \$1,450, in 2017 that had no supporting receipt documentation to substantiate the amounts reimbursed. We also identified three purchases, totaling \$1,800, for gift cards paid directly by the Township for which no supporting documentation was found.

Additionally, the Trustee maintained an annual log of those who received gift cards; however, the total values of gift cards given out were not consistent with the total gift cards purchased in all four years of the review period.

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)

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for examination to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

PENALTIES, INTEREST, AND OTHER CHARGES

Condition and Context

Penalties and interest charges for late payments were observed on 75 recurring monthly bills such as fuel credit card statements, vehicle lease statements, cell phone service, electric service, and internet service during all four years of the review period. Late fees were often personally paid by the Trustee; however, we found \$14 in late fees and an additional \$130 in interest charges were paid by the Township.

Criteria

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 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 unit. Any penalties, interest, or other charges paid by the unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

GREEN TOWNSHIP, MADISON COUNTY
REVIEW RESULTS AND COMMENTS
(Continued)

SUPPORTING DOCUMENTATION

Condition and Context

Of ten vendor disbursement claims initially selected for testing, two did not have appropriate supporting documentation. Furthermore, the May 2019 fuel card statement included a \$450 "Bank Card Check" with an associated \$9 "Promo Transaction Fee" for which no supporting documentation was provided. Except for April and May 2017, no receipt slips were provided for fuel purchases to support the amounts due on the monthly fuel card statements.

Criteria

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for examination to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

CREDIT CARDS

Condition and Context

A credit card is used to purchase fuel by the Trustee for conducting Township business. No ordinance or resolution authorizing the use of a credit card was provided for review, no usage log was maintained, and fees and interest charges were found to have been incurred on the credit card statements. Fees totaling \$106 were personally paid by the Trustee; however, \$130 in interest charges were paid by the Township. In addition, a \$450 charge with a \$9 promo fee was made on the May 2019 statement for which no support or other identifying information could be provided.

Criteria

The SBOA will not take exception to the use of credit cards by a unit provided the following criteria are observed:

1. The governing board must authorize credit card use through an ordinance/resolution, which has been approved in a meeting and documented in the minutes.
2. Issuance and use should be handled by an official or employee designated by the governing body.
3. The purposes for which the credit card may be used must be specifically stated in the ordinance/resolution.
4. When the purpose for which the credit card has been issued has been accomplished, the card must be returned to the custody of the responsible person.
5. The designated responsible official or employee must maintain an accounting system or log which would include the names of individuals requesting usage of the cards, their position, estimated amounts to be charged, fund and account numbers to be charged, date the card is issued and returned.

GREEN TOWNSHIP, MADISON COUNTY
REVIEW RESULTS AND COMMENTS
(Continued)

6. Credit cards must not be used to bypass the accounting system. One reason that purchase orders are issued is to provide the fiscal officer with the means to encumber and track appropriations to provide the governing body and other officials with timely and accurate accounting information and monitoring of the accounting system.
7. Payment cannot be made on the basis of a statement or a credit card slip only. Procedures for payments must be no different than for any other claim. Supporting documents such as paid bills and receipts must be available. Additionally, any interest or penalty incurred due to late filing or furnishing of documentation by an officer or employee may be the personal obligation of the responsible officer or employee.
8. If authorized, an annual fee may be paid.

(Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

GREEN TOWNSHIP, MADISON COUNTY
EXIT CONFERENCE

The contents of this report were discussed on November 17, 2022, with Greg Valentine, Trustee.