

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

FINANCIAL STATEMENT EXAMINATION REPORT

OF

CENTER TOWNSHIP

HANCOCK COUNTY, INDIANA

January 1, 2010 to December 31, 2011



FILED

06/22/2012

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Ronald Horning	01-01-07 to 12-31-14
Chairman of the Township Board	Joseph Skvarenina Guy Titus	01-01-10 to 12-31-11 01-01-12 to 12-31-12



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INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the financial statements of Center Township (Township), for the period of January 1, 2010 to December 31, 2011. The Township's management is responsible for the financial statements. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the financial statements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

As discussed in Note 1, the Township prepares its financial statements on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the 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. The basis noted above is a different basis than that used in the prior year.

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 years ended December 31, 2010 and 2011, on the basis of accounting described in Note 1.

The Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis as listed in the Table of Contents, are presented for additional analysis and are not a required part of the financial statements. They have not been subjected to the examination procedures applied to the financial statements and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Township's management, Township Board, and others within the entity and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

April 20, 2012

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FINANCIAL STATEMENTS

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, HANCOCK COUNTY
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For The Year Ended December 31, 2010

Fund	Cash and Investments 01-01-10	Receipts	Disbursements	Cash and Investments 12-31-10
Township	\$ 310,558	\$ 130,713	\$ 69,191	\$ 372,080
Township Assistance	180,476	137,399	66,308	251,567
Fire Fighting	121,137	-	2,347	118,790
Cumulative Fire	77,631	-	14,680	62,951
Park And Recreation	44,932	46,143	10,600	80,475
Fire Debt	6,223	-	-	6,223
Levy Excess	-	1,037	-	1,037
Rainy Day	73,108	25,445	-	98,553
Payroll Withholdings	1,007	4,392	4,443	956
Totals	<u>\$ 815,072</u>	<u>\$ 345,129</u>	<u>\$ 167,569</u>	<u>\$ 992,632</u>

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

CENTER TOWNSHIP, HANCOCK COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For The Year Ended December 31, 2011

Fund	Cash and Investments 01-01-11	Receipts	Disbursements	Cash and Investments 12-31-11
Township	\$ 372,080	\$ 84,378	\$ 70,105	\$ 386,353
Park and Recreation	80,475	60,522	28,000	112,997
Township Assistance	251,567	34,562	96,503	189,626
Firefighting	118,790	-	-	118,790
Rainy Day	98,553	-	-	98,553
Levy Excess	1,037	-	1,037	-
Cumulative Fire	62,951	-	-	62,951
Fire Debt	6,223	-	-	6,223
Payroll Deduction	956	4,691	5,016	631
Totals	<u>\$ 992,632</u>	<u>\$ 184,153</u>	<u>\$ 200,661</u>	<u>\$ 976,124</u>

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

CENTER TOWNSHIP, HANCOCK 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).

B. Basis of Accounting

The financial statements are reported on a regulatory basis of accounting prescribed by the 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. Receipts are recorded when received and disbursements are recorded when paid.

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 may include, but are not limited to, the following sources:

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

Other receipts which include amounts received from various sources which can include, but are 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.

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

E. Disbursements

Disbursements are presented in the aggregate on the face of the financial statements. The aggregate disbursements may include, but are not limited to, the following uses:

Personal services include outflows 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 which include 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 office supplies, operating supplies, and repair and maintenance supplies.

Other services and charges which include, but are not limited to: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

Capital outlay which include all outflows for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

Other disbursements which include, but are 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, transfer money 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 money 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 money 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

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

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 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 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, 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. These risks may also be mitigated by the Township by recording as a disbursement any replacement items purchased.

SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the Township's 2010 Annual Report can be found on the Indiana Transparency Portal website: www.in.gov/itp/annual_reports/.

For additional financial information, the Township's 2011 Annual Report information can be found on the Gateway 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 Annual Reports of the Township which are referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the examination. This is a common occurrence in any financial statement examination. The financial information presented in this report is examined information, and the accuracy of such information can be determined by reading the opinion given in the Independent Accountant's Report.

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

CENTER TOWNSHIP, HANCOCK COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010

	<u>Township</u>	<u>Township Assistance</u>	<u>Fire Fighting</u>	<u>Cumulative Fire</u>	<u>Park And Recreation</u>	<u>Fire Debt</u>	<u>Levy Excess</u>	<u>Rainy Day</u>	<u>Payroll Withholdings</u>	<u>Totals</u>
Cash and investments - beginning	\$ 310,558	\$ 180,476	\$ 121,137	\$ 77,631	\$ 44,932	\$ 6,223	\$ -	\$ 73,108	\$ 1,007	\$ 815,072
Receipts:										
Taxes	126,148	137,399	-	-	45,988	-	1,037	-	-	310,572
Intergovernmental	-	-	-	-	-	-	-	25,445	-	25,445
Other receipts	4,565	-	-	-	155	-	-	-	4,392	9,112
Total receipts	130,713	137,399	-	-	46,143	-	1,037	25,445	4,392	345,129
Disbursements:										
Personal services	23,104	5,847	-	-	-	-	-	-	-	28,951
Supplies	1,301	1,143	-	-	-	-	-	-	-	2,444
Other services and charges	41,688	10,469	2,347	-	10,600	-	-	-	-	65,104
Capital outlay	3,098	-	-	14,680	-	-	-	-	-	17,778
Other disbursements	-	48,849	-	-	-	-	-	-	4,443	53,292
Total disbursements	69,191	66,308	2,347	14,680	10,600	-	-	-	4,443	167,569
Excess (deficiency) of receipts over disbursements	61,522	71,091	(2,347)	(14,680)	35,543	-	1,037	25,445	(51)	177,560
Cash and investments - ending	\$ 372,080	\$ 251,567	\$ 118,790	\$ 62,951	\$ 80,475	\$ 6,223	\$ 1,037	\$ 98,553	\$ 956	\$ 992,632

CENTER TOWNSHIP, HANCOCK COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011

	Township	Park and Recreation	Township Assistance	Firefighting	Rainy Day	Levy Excess	Cumulative Fire	Fire Debt	Payroll Deduction	Totals
Cash and investments - beginning	\$ 372,080	\$ 80,475	\$ 251,567	\$ 118,790	\$ 98,553	\$ 1,037	\$ 62,951	\$ 6,223	\$ 956	\$ 992,632
Receipts:										
Taxes	38,477	9,156	27,323	-	-	-	-	-	-	74,956
Intergovernmental	43,451	51,253	7,239	-	-	-	-	-	-	101,943
Other receipts	2,450	113	-	-	-	-	-	-	4,691	7,254
Total receipts	84,378	60,522	34,562	-	-	-	-	-	4,691	184,153
Disbursements:										
Personal services	23,465	-	7,513	-	-	-	-	-	-	30,978
Supplies	852	-	506	-	-	-	-	-	-	1,358
Other services and charges	44,997	28,000	88,484	-	-	-	-	-	-	161,481
Capital outlay	791	-	-	-	-	-	-	-	-	791
Other disbursements	-	-	-	-	-	1,037	-	-	5,016	6,053
Total disbursements	70,105	28,000	96,503	-	-	1,037	-	-	5,016	200,661
Excess (deficiency) of receipts over disbursements	14,273	32,522	(61,941)	-	-	(1,037)	-	-	(325)	(16,508)
Cash and investments - ending	\$ 386,353	\$ 112,997	\$ 189,626	\$ 118,790	\$ 98,553	\$ -	\$ 62,951	\$ 6,223	\$ 631	\$ 976,124

CENTER TOWNSHIP, HANCOCK COUNTY
EXAMINATION RESULTS AND COMMENTS

FUND NOT REPORTED

The Township did not include the activity of the Payroll Deduction Fund in the 2010 Annual Report. This resulted in the Township under reporting the financial activity and ending balance as of December 31, 2010. The receipts, disbursements, beginning and ending balances of the Payroll Deduction Fund were added by the State Board of Accounts to the financials to accurately reflect the activity of the Township.

Compliance is required, as applicable, with generally accepted accounting principles, and standards issued by the Governmental Accounting Standards Board, Financial Accounting Standards Board, and other standards setting bodies and also with various accounting guides, manuals and other publications. (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)

OFFICIAL BOND

The Trustee's official bond for 2010 was not on file with the Hancock County Recorder. A similar comment was made in prior Report B36467.

Indiana Code 5-4-1-5.1(b) states in part: "Every elected or appointed officer, official, deputy, or employee of a political subdivision . . . shall file the bond in the office of the county recorder . . ."

***CERTIFIED REPORT OF NAMES, ADDRESSES, DUTIES AND
COMPENSATION OF PUBLIC EMPLOYEES***

The Township filed the Certified Report of Names, Addresses, Duties and Compensation of Public Employees (Form 100R) late for both years under examination. The 2010 and 2011 reports were filed May 4, 2011, and March 8, 2012, respectively.

Indiana Code 5-11-13-1(a) states in part:

"Every . . . township . . . shall during the month of January of each year prepare, make, and sign a written or printed certified report, correctly and completely showing the names and business addresses of each and all officers, employees, and agents in their respective offices, departments, boards, commissions, and institutions, and the respective duties and compensation of each, and shall forthwith file said report in the office of the state examiner of the state board of accounts. . . ."

CENTER TOWNSHIP, HANCOCK COUNTY
EXIT CONFERENCE

The contents of this report were discussed on April 20, 2012, with Robert Horning, Trustee.