

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

TOWN OF CENTER POINT

CLAY COUNTY, INDIANA

January 1, 2012 to December 31, 2015



**FILED**  
10/26/2016



TABLE OF CONTENTS

| <u>Description</u>                 | <u>Page</u> |
|------------------------------------|-------------|
| Schedule of Officials .....        | 2           |
| Transmittal Letter .....           | 3           |
| Clerk-Treasurer:                   |             |
| Examination Results and Comments:  |             |
| Annual Financial Report.....       | 6           |
| Appropriations .....               | 6           |
| Reports Filed After Due Date ..... | 6-7         |
| Compensation and Benefits.....     | 7           |
| Utility Receipts Tax .....         | 7           |
| Exit Conference .....              | 8           |

SCHEDULE OF OFFICIALS

| <u>Office</u>                    | <u>Official</u> | <u>Term</u>          |
|----------------------------------|-----------------|----------------------|
| Clerk-Treasurer                  | Roger Campbell  | 01-01-12 to 12-31-19 |
| President of the<br>Town Council | Roy A. Smith    | 01-01-12 to 12-31-16 |



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE TOWN OF CENTER POINT, CLAY COUNTY, INDIANA

This report is supplemental to our examination report of the Town of Center Point (Town), for the period from January 1, 2012 to December 31, 2015. It has been provided as a separate report so that the reader may easily identify any Examination Results and Comments that pertain to the Town. It should be read in conjunction with our Financial Statements Examination Report of the Town, which provides our opinion on the Town's financial statements. This report may be found at [www.in.gov/sboa/](http://www.in.gov/sboa/).

As authorized under Indiana Code 5-11-1, we performed procedures to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts. The Examination Results and Comments contained herein describe the identified reportable instances of noncompliance found as a result of these procedures. Our tests were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified.

Any Official Response to the Examination Results and Comments, incorporated within this report, was not verified for accuracy.

*Paul D. Joyce*  
Paul D. Joyce, CPA  
State Examiner

September 1, 2016

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CLERK-TREASURER  
TOWN OF CENTER POINT

CLERK-TREASURER  
TOWN OF CENTER POINT  
EXAMINATION RESULTS AND COMMENTS

**ANNUAL FINANCIAL REPORT**

The Annual Financial Reports (AFR) submitted by the Town each year were used to prepare the financial statements included in the Financial Statement Examination Report. The AFR for 2013 did not include the Cash Reserve fund, which had receipts and an ending balance of \$50,000. The 2014 beginning balance of the Cash Reserve fund was understated by \$50,000.

The AFR for 2015 did not include the receipts and disbursements of the Community Development Block Grant fund used to improve the storm water system. The total receipts and disbursements of the 2015 financial statement were understated by \$409,391.

Examination adjustments were proposed, accepted by the Town, and made to the AFR and to the financial statements presented in the Financial Statement Examination Report.

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."

**APPROPRIATIONS**

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

| <u>Fund</u> | <u>Year</u> | <u>Excess<br/>Amount<br/>Expended</u> |
|-------------|-------------|---------------------------------------|
| Rainy Day   | 2015        | <u>\$ 4,232</u>                       |

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."

**REPORTS FILED AFTER DUE DATE**

The Certified Report of Names, Addresses, Duties and Compensation of Public Employees (Form 100-R) was not timely filed with the Indiana State Board of Accounts for 2013 and 2014. The reports were filed on July 11, 2014, and February 6, 2015, which were 161 and 6 days past the due dates, respectively.

The AFR was not timely filed for 2012. The report was filed on March 22, 2013, which was 21 days past the due date.

CLERK-TREASURER  
TOWN OF CENTER POINT  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

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

"Every state, county, city, town, township, or school official . . . shall during the month of January of each year prepare, make, and sign a certified report, correctly and completely showing the names and business addresses of each and all officers, employees, and agents . . . 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. . . ."

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."

**COMPENSATION AND BENEFITS**

Several employees were paid outside the payroll system for tasks such as office cleaning, installing meters, turning meters on and off, identifying leaks in the water system, and maintaining the sewer ponds. These payments were in addition to the compensation in the salary ordinance.

The additional compensation was paid to five employees in 2012, three employees in 2013, two employees in 2014, and one employee in 2015. If the total additional compensation for each year exceeded \$600, then a 1099 form was issued to the employee in addition to a W-2 form.

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, resolution or salary schedule adopted by the governing body unless otherwise authorized by statute. Compensation should be made in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

**UTILITY RECEIPTS TAX**

The Water Utility paid Utility Receipts Tax to the Indiana Department of Revenue timely during the examination period; however, the retail receipts used to calculate the taxes due for 2013 were not reasonable in comparison with receipts collected per the Water Utility's ledger.

The Water Utility did not retain sufficient records to determine how the retail receipts were calculated on the Utility Receipts Tax return for 2013.

Generally, retail receipts from all utility services consumed within Indiana are subject to the utility receipts tax regardless of the point of generation or transmission across state lines. Receipts from the provision of mobile telecommunication service are subject to utility receipts tax to the extent that the receipts are sourced to Indiana pursuant to IC 6-8.1-15. However, gross receipts received by a political subdivision for sewage and sewage service are not subject to the tax. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

CLERK-TREASURER  
TOWN OF CENTER POINT  
EXIT CONFERENCE

The contents of this report were discussed on September 1, 2016, with Roger Campbell, Clerk-Treasurer, and Roy A. Smith, President of the Town Council.