

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

COMPLIANCE ENGAGEMENT REPORT

OF

CENTER TOWNSHIP

CLINTON COUNTY, INDIANA

January 1, 2020 to December 31, 2023



FILED
10/07/2024

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Kevin Evans	01-01-20 to 02-15-20
	(Vacant)	02-16-20 to 03-08-20
	Jami Pratt	03-09-20 to 12-31-24
Chair of the Township Board	Jada Ray	01-01-20 to 12-31-22
	Zack Light	01-01-23 to 12-31-24



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of Center Township (Township), for the period of January 1, 2020 to December 31, 2023. The objective of this engagement was to determine compliance with applicable Indiana laws, regulations, and uniform compliance guidelines (Guidelines) established by the Indiana State Board of Accounts pursuant to Indiana Code 5-11-1-24. The objective of this engagement is not to opine on compliance or financial activity of the Township as this engagement was not conducted in accordance with any standards established by an authoritative standard setting body, and, as such, we do not provide any opinions on compliance or financial activity.

Management is responsible for preparing and maintaining its accounting records and related documents in accordance with applicable Indiana laws, regulations, and Guidelines. Management's responsibility also includes, but is not limited to, complying with other applicable Indiana laws, regulations, and Guidelines concerning how it operates: authorized sources and uses of funds; what reports are required to be prepared and filed; and what depositories and investment types are allowable.

We fulfilled our responsibility as detailed in the first paragraph, using procedures that verified the appropriate accounting for and reporting of cash, receipts, and disbursements; and the appropriate sources and uses of funds in accordance with applicable Indiana laws, regulations, and Guidelines. Expanding the scope and nature of these procedures can and does occur in specific circumstances.

The Comments contained herein, if any, describe the identified reportable instances of noncompliance found during our engagement. Our procedures were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified. Any Official Response to the Comments incorporated within this report was not verified for accuracy.

The Schedule of Officials and Statements of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis (Statements) are informational only. The Statements have not been subjected to any procedures designed to express an opinion or provide any assurance on them, and, accordingly, we do not express an opinion or provide any assurance on them.

This report is intended solely for the information and use of management, governance, and others within the organization. This restriction is not intended to limit the distribution of this report, which is a matter of public record. Reports can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>, and the Township's Annual Financial Reports filed by management can be found on the Indiana Gateway for Government Units financial reporting system website: <http://www.gateway.ifionline.org>.

The contents of this report were communicated to Jami Pratt, Trustee, and Jessica Eason, Township Board member, on September 18, 2024.



Beth Kelley, CPA, CFE
Deputy State Examiner

August 13, 2024

CENTER TOWNSHIP, CLINTON COUNTY
COMMENTS

OVERDRAWN CASH BALANCES

Condition and Context

Internal controls were not in place to ensure compliance with requirements related to overdrawn cash balances. The cash balance was overdrawn for the Poor Relief fund and Summer Lunch Program fund by \$14,535 and \$1,551, respectively, at year-end 2022 and by \$22,869 and \$1,552, respectively, at year-end 2023.

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

The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate control activities. According to this manual:

"Control activities are the actions and tools established through policies and procedures that help to detect, prevent, or reduce the identified risks that interfere with the achievement of objectives. Detection activities are designed to identify unfavorable events in a timely manner whereas prevention activities are designed to deter the occurrence of an unfavorable event. Examples of these activities include reconciliations, authorizations, approval processes, performance reviews, and verification processes.

An integral part of the control activity component is segregation of duties. . . .

There is an expectation of segregation of duties. If compensating controls are necessary, documentation should exist to identify both the areas where segregation of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. . . ."

ANNUAL FINANCIAL REPORT

Condition and Context

Internal controls were not in place to ensure compliance with the requirements related to the Annual Financial Report (AFR).

The Schedule of Capital Assets in the Indiana Gateway for Government Units (Gateway) financial system did not agree to underlying records. Compared to underlying records, amounts for buildings were overstated by \$13,200 and equipment was understated by \$161,522 on the AFR.

The Schedule of Leases and Debt in the Gateway AFR did not agree to underlying records. Compared to underlying records, the annual lease payment for the fire truck lease was overstated by \$93,437. Additionally, compared to underlying records, the ending principal balance for a fire truck loan was overstated by \$2,511, and the principal due within one year was overstated by \$182,895. The lease overstatement was due to the Township reporting the same debt as both a lease and a loan in the debt schedule.

CENTER TOWNSHIP, CLINTON COUNTY
COMMENTS
(Continued)

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 as set forth in the uniform compliance guidelines. 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](#)."

The Annual Financial Report (AFR) required under IC 5-11-1-4(a) shall be filed with the state examiner not later than sixty (60) days after the close of each fiscal year. (Accounting and Uniform Guidelines Compliance Manual for Townships, Chapter 1)

The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate control activities. According to this manual:

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DONATIONS AND SPONSORSHIPS

Condition and Context

Internal controls were not in place to ensure compliance with requirements over vendor disbursements. Out of a sample of 20 vendor claims, 3 claims totaling \$4,165 were paid to organizations for donations or sponsorships that were not supported by a contract.

Criteria

Public funds cannot be donated or given to other organizations or individuals unless specifically authorized by law. (Accounting and Uniform Guidelines Compliance Manual for Townships, Chapter 1)

CENTER TOWNSHIP, CLINTON COUNTY
COMMENTS
(Continued)

Indiana Code 36-6-4-8 states in part:

"(a) The executive may use the township's share of state, county, and township tax revenues and federal revenue sharing funds for all categories of community services, if these funds are appropriated for these services by the township legislative body. The executive may use these funds for both operating and capital expenditures.

(b) With the consent of the township legislative body, the executive may contract with corporations for health and community services not specifically provided by another governmental entity. . . ."

Public funds cannot be donated or given to other organizations or individuals unless specifically authorized by law. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate control activities. According to this manual:

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STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CASH
AND INVESTMENT BALANCES - REGULATORY BASIS

CENTER TOWNSHIP, CLINTON COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended December 31, 2020 and 2021

Fund	Cash and Investments 01-01-20	Receipts	Disbursements	Cash and Investments 12-31-20	Receipts	Disbursements	Cash and Investments 12-31-21
TOWNSHIP	\$ 294,052	\$ 199,597	\$ 179,650	\$ 313,999	\$ 209,621	\$ 211,612	\$ 312,008
PARKS AND RECREATION	19,475	-	15,190	4,285	41,590	14,923	30,952
POOR RELIEF	211,424	185,721	175,794	221,351	153,061	203,889	170,523
FIRE FIGHTING	198,216	95,143	105,041	188,318	99,211	110,656	176,873
RAINY DAY FUND	15,379	-	-	15,379	-	-	15,379
EXCESS LEVY	999	4,002	999	4,002	-	4,002	-
CUMULATIVE FIRE	161,339	12,665	44,779	129,225	11,076	-	140,301
DONATIONS FUND	-	-	-	-	73,000	43,137	29,863
PAYROLL DEDUCTIONS	3,172	25,472	25,401	3,243	31,905	29,423	5,725
Totals	\$ <u>904,056</u>	\$ <u>522,600</u>	\$ <u>546,854</u>	\$ <u>879,802</u>	\$ <u>619,464</u>	\$ <u>617,642</u>	\$ <u>881,624</u>

CENTER TOWNSHIP, CLINTON COUNTY
 STATEMENT OF RECEIPTS, DISBURSEMENTS,
 AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Years Ended December 31, 2022 and 2023

Fund	Cash and Investments 01-01-22	Receipts	Disbursements	Cash and Investments 12-31-22	Receipts	Disbursements	Cash and Investments 12-31-23
TOWNSHIP	\$ 312,007	\$ 254,564	\$ 560,516	\$ 6,055	\$ 228,912	\$ 216,233	\$ 18,734
PARKS AND RECREATION	30,952	16,137	19,888	27,201	7,842	15,000	20,043
POOR RELIEF	170,524	139,080	324,139	(14,535)	213,259	221,593	(22,869)
FIRE FIGHTING	176,872	103,621	1,671	278,822	109,194	7,523	380,493
RAINY DAY FUND	15,379	-	-	15,379	-	-	15,379
CUMULATIVE FIRE	140,302	27,105	93,437	73,970	29,418	93,437	9,951
SUMMER LUNCH PROGRAM	-	27,919	29,470	(1,551)	57,777	57,778	(1,552)
PAYROLL DEDUCTIONS	5,725	70,949	68,105	8,569	46,072	50,146	4,495
DONATIONS FUND	29,863	93,346	94,777	28,432	812	29,244	-
Totals	<u>\$ 881,624</u>	<u>\$ 732,721</u>	<u>\$ 1,192,003</u>	<u>\$ 422,342</u>	<u>\$ 693,286</u>	<u>\$ 690,954</u>	<u>\$ 424,674</u>