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

EXAMINATION REPORT

OF

CENTER TOWNSHIP

LAPORTE COUNTY, INDIANA

January 1, 2005 to December 31, 2006

SEAL OF THE STATE OF INDIANA

1816

FILED

10/31/2007

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OFFICIALS

Office	Official	Term
Trustee	Debra S. Arnold	01-01-03 to 12-31-06
	Greg Smith	01-01-07 to 12-31-10
Chairman of the Township Board	Greg Smith	01-01-05 to 12-31-06
	Mark Swanson	01-01-07 to 12-31-07

STATE OF INDIANA

AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the financial information presented herein of Center Township (Township), for the period of January 1, 2005 to December 31, 2006. The Township's management is responsible for the financial information presented herein. 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 information presented herein and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the financial information referred to above presents fairly, in all material respects, the financial information of the Township for the years ended December 31, 2005 and 2006, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

September 12, 2007

CENTER TOWNSHIP, LAPORTE COUNTY
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES
As Of And For The Years Ended December 31, 2005 And 2006

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds:				
Township	$ 71,350	$ 182,067	$ 190,222	$ 63,195
Dog	1,254	991	1,028	1,217
Township Assistance	13,811	190,758	174,835	29,734
Firefighting	56,804	238,121	240,543	54,382
Cumulative Fire	93,108	400,767	427,047	66,828
Fiduciary Fund:				
Payroll Withholdings	-	14,122	14,122	-
Totals	$ 236,327	$ 1,026,826	$ 1,047,797	$ 215,356

	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
Governmental Funds:				
Township	$ 63,195	$ 546,401	$ 515,000	$ 94,596
Dog	1,217	657	954	920
Township Assistance	29,734	371,204	332,335	68,603
Firefighting	54,382	515,502	455,918	113,966
Levy Excess	-	5,701	-	5,701
Cumulative Fire	66,828	267,131	223,331	110,628
Grant Money	-	74,214	74,214	-
Fiduciary Fund:				
Payroll Withholdings	-	14,566	14,566	-
Totals	$ 215,356	$ 1,795,376	$ 1,616,318	$ 394,414

The accompanying notes are an integral part of the financial information.

Note 1. Introduction

The Township was established under the laws of the State of Indiana. The Township provides the following services: public safety, health and social services, culture and recreation, and general administrative services.

Note 2. Fund Accounting

The Township uses funds to report on its cash and investments and the results of its operations on a cash basis. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities.

Note 3. Budgets

The operating budget is initially prepared and approved at the local level. In addition, funds for which property taxes are levied are subject to final approval by the Indiana Department of Local Government Finance.

Note 4. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the Township in June and December. 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% 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 become delinquent if not paid by May 10 and November 10, respectively. All property taxes collected by the County Treasurer and available for distribution were distributed to the Township on or prior to December 31 of the year collected.

Note 5. Deposits and Investments

Deposits, made in accordance with Indiana Code 5-13, with financial institutions in the State of Indiana at year end were 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 statute (IC 5-13-9) authorizes 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 6. Pension Plan

Public Employees' Retirement Fund

Plan Description

The Township contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF Board, most requirements of the system, and give the Township authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

PERF administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

Public Employees' Retirement Fund
Harrison Building, Room 800
143 West Market Street
Indianapolis, IN 46204
Ph. (317) 233-4162

Funding Policy and Annual Pension Cost

The contribution requirements of the plan members for PERF are established by the Board of Trustees of PERF.

Note 7. Subsequent Event

Tax Levies and Rates for 2007

Due to delays caused by trending of assessments, the assessed valuations of LaPorte County have not been finalized. Therefore, the 2006 pay 2007 property tax rates and levies, as well as related budget orders for 2007, have not yet been established as of August 20, 2007.

DEPOSIT OF TAX DISTRIBUTIONS

The December 30, 2005, tax distributions were received by the Township in four separate checks totaling $178,493.44. The checks were receipted to the records and deposited to the bank on January 9, 2006 and January 18, 2006, in the amounts of $2,309.50 and $176,183.94, respectively. The tax distributions were not recorded or deposited timely.

All documents and entries to records should be done in a timely manner to ensure that accurate financial information is available to allow the governmental unit to make informed management decisions and to help ensure compliance with IC 5-15-1-1 et seq., commonly referred to as the Public Records Law. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

Indiana Code 5-13-6-1(c) states in part: "The public funds collected by township trustees shall be deposited in the designated depository on or before the first and fifteenth day of each month."

CONDITION OF RECORDS

The summary of monthly receipts and disbursements did not agree with the Annual Report figures. The Township prepared a computer generated "Annual Financial Report FMS307" which was used to compile the information for the required Annual Financial Report, Township Form 15. The "Annual Financial Report FMS307" receipts, disbursements and balances were different than the summary of the monthly reports. The month ending balance, in one instance, for one fund was different than the beginning balance for that fund the next month.

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (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)

LIST OF EMPLOYEES NOT FILED WITH COUNTY TREASURER

Officials or employees of the Township had money due from the Township, but a list of such employees was not certified to the County Treasurer.

Indiana Code 6-1.1-22-14(a) states in part: "On or before June 1 and December 1 of each year . . . the disbursing officer of each political subdivision . . . shall certify the names and addresses of each person who has money due the person from the political subdivision to the treasurer of each county in which the political subdivision is located."

CERTIFIED REPORT OF NAMES, ADDRESSES, DUTIES AND COMPENSATION OF PUBLIC EMPLOYEES (Form 100R)

The Township Trustee did not file Form 100R for 2005 and 2006 with the State Examiner of the State Board of Accounts.

Each year during the month of January each township trustee must complete a Certified Report of Names, Addresses, Duties and Compensation of Public Employees Form 100R and send the same properly certified to the State Examiner of the State Board of Accounts. List all officers and employees and business address of the township as of the month of January. Form 100R may be procured from your printer or supply firm. Space is provided for the name of the officer or employee, the address of each, the duties of each, and the compensation. List the compensation per month, week, day or hour. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 12)

DISBURSEMENT DOCUMENTATION

A $6,053 payment was made on January 6, 2006, for the services of an attorney. The invoice stated "billing for services rendered between March 11, 2005 and November 3, 2005." The invoice did not provide an itemization of the services rendered.

All claims, invoices, receipts, accounts payable vouchers, including those presented to the governing body for approval in accordance with IC 5-11-10, should contain adequate detailed documentation. Payments which do not have proper itemization showing the business nature of the claim, may be the personal obligation of the responsible official, employee or other person for whom the claim is made. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

CENTER TOWNSHIP, LAPORTE COUNTY
EXIT CONFERENCE

The contents of this report were discussed on September 12, 2007, with Debra S. Arnold, former Trustee. The official response has been made a part of this report and may be found on page 10.

The contents of this report were also discussed on September 17, 2007, with Greg Smith, Trustee. The official concurred with our findings.

Official Response

9-12-07

State Board of Accounts

Item 1: Deposit of Tax Distributions
Do to an error made by the Auditor office I would not make an erroneous deposit. When we did get the correct information from the Auditor the deposit was made on January 18th.
Item 2: Condition of records:
The concern that the month ending balance for one fund was different than the beginning balance for the fund the next month was do to an accounting adjustment.

Item 3: List of Employees

Item 4: Certified report:
The 100R for 2005 and 2006 were found by Karen Gray who is still employed at the Center Township Office in the boxes that were returned after the audit.

Item 5: Disbursement Documentation
A copy of the bill in question is at the Trustee office and contains the hours but not the detail as that is attorney client privilege. If you were to review the township board meeting minutes or recordings you would find that this was discussed at length as the board felt is should have all details. My attorneys and public access counselor have agreed with this action. I did get a copy of the bill in question and gave it to the Melvin.

Item 6: Crime Insurance Policies
This was a bond for the Trustee

Respectfully
Deb Arnold

Deb Arnold