

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

FINANCIAL STATEMENTS EXAMINATION REPORT

OF

TOWN OF CENTER POINT

CLAY COUNTY, INDIANA

January 1, 2010 to December 31, 2011



FILED
12/05/2012

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Roger Campbell	01-01-08 to 12-31-15
President of the Town Council	Roy Smith	01-01-10 to 12-31-12



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the accompanying financial statements of the Town of Center Point (Town), for the years ended December 31, 2010 and 2011. The financial statements are the responsibility of the Town's management. Our responsibility is to express an opinion on the financial statements 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 Town 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 period.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the Town for the years ended December 31, 2010 and 2011, on the basis of accounting described in Note 1.

Our examination was conducted for the purpose of forming an opinion on the Town's financial statements. The Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, Schedule of Leases and Debt, and Schedule of Capital Assets, as listed in the Table of Contents, are presented for additional analysis and are not required parts 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 them.

This report is intended solely for the information and use of the Town's management, Town Council, 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

October 18, 2012

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FINANCIAL STATEMENTS

The financial statements and accompanying notes were approved by management of the Town. The financial statements and notes are presented as intended by the Town.

TOWN OF CENTER POINT
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
General	\$ 62,839	\$ 27,262	\$ 28,792	\$ 61,309
Motor Vehicle Highway	35,864	7,731	6,698	36,897
Local Road And Street	2,898	1,969	1,485	3,382
Donations	160	-	160	-
Rainy Day	1,831	3,127	-	4,958
Levy Excess	-	39	-	39
Loit-Public Safety	-	2,586	-	2,586
Cumulative Capital Development	1,168	2,096	-	3,264
Cumulative Capital Improvement	8,932	3,492	4,955	7,469
Wastewater Utility-Operating	72,836	45,635	43,657	74,814
Wastewater Util-Bond And Interest	17,804	15,000	13,566	19,238
Wastewater Utility-Deprec/Improve	3,557	3,000	-	6,557
Water Utility-Operating	101,833	181,707	143,683	139,857
Water Utility-Depreciation/Improve	3,066	3,000	-	6,066
Water Utility-Customer Deposit	6,775	-	25	6,750
Hydrant Rental	-	2,737	-	2,737
Wastewater Hydrant Rental	1,343	-	1,343	-
Totals	<u>\$ 320,906</u>	<u>\$ 299,381</u>	<u>\$ 244,364</u>	<u>\$ 375,923</u>

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

TOWN OF CENTER POINT
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
General	\$ 61,309	\$ 366,839	\$ 370,483	\$ 57,665
Motor Vehicle Highway	36,897	7,812	11,090	33,619
Local Road And Street	3,382	2,472	1,620	4,234
Rainy Day	4,958	1,827	-	6,785
Levy Excess	39	-	39	-
Cumulative Capital Development	3,264	2,763	-	6,027
Cumulative Capital Improvement	7,469	839	-	8,308
Loit-Public Safety	2,586	2,461	-	5,047
OCRA - Wastewater	-	118,339	118,339	-
Wastewater Utility-Operating	74,814	42,545	41,498	75,861
Wastewater Util-Bond And Interest	19,238	15,000	14,262	19,976
Wastewater Utility-Deprec/Improve	6,557	3,000	-	9,557
Due to Sewer	-	39,706	39,606	100
OCRA - Water	-	218,001	218,001	-
Water Utility-Operating	139,857	174,880	111,200	203,537
Water Utility-Depreciation/Improve	6,066	3,000	-	9,066
Water Utility-Customer Deposit	6,750	-	25	6,725
Hydrant Rental	2,737	1,277	-	4,014
Totals	<u>\$ 375,923</u>	<u>\$ 1,000,761</u>	<u>\$ 926,163</u>	<u>\$ 450,521</u>

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

TOWN OF CENTER POINT
NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The Town was established under the laws of the State of Indiana. The Town operates under a Town Council form of government and provides some or all of the following services: public safety (police and fire), highways and streets, culture and recreation, public improvements, planning and zoning, general administrative services, water, wastewater, storm water, and urban redevelopment and housing.

The accompanying financial statements present the financial information for the Town.

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 include 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 Town.

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.

Utility fees which are comprised mostly of charges for current services.

TOWN OF CENTER POINT
NOTES TO FINANCIAL STATEMENTS
(Continued)

Penalties which include fees received for late payments.

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.

E. Disbursements

Disbursements are presented in the aggregate on the face of the financial statements. The aggregate disbursements include 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, over-time 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.

Debt service principal and interest which include fixed obligations resulting from financial transactions previously entered into by the Town. It includes all expenditures for the reduction of the principal and interest of the Town's general obligation indebtedness.

Utility operating expenses which include all outflows for operating the utilities.

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 Town 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 Town. 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 Town. 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

TOWN OF CENTER POINT
NOTES TO FINANCIAL STATEMENTS
(Continued)

account for assets held by the Town 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 Town 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 Town 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 Town 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 Town 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.

TOWN OF CENTER POINT
NOTES TO FINANCIAL STATEMENTS
(Continued)

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 Town 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.

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SUPPLEMENTARY INFORMATION – UNAUDITED

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

For additional financial information, the Town'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 Town 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 Town. It is presented as intended by the Town.

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

	General	Motor Vehicle Highway	Local Road And Street	Donations	Rainy Day	Levy Excess
Cash and investments - beginning	\$ 62,839	\$ 35,864	\$ 2,898	\$ 160	\$ 1,831	\$ -
Receipts:						
Taxes	13,475	-	-	-	-	-
Intergovernmental	11,147	7,731	1,969	-	300	39
Utility fees	-	-	-	-	-	-
Other receipts	2,640	-	-	-	2,827	-
Total receipts	<u>27,262</u>	<u>7,731</u>	<u>1,969</u>	<u>-</u>	<u>3,127</u>	<u>39</u>
Disbursements:						
Personal services	5,079	1,000	-	-	-	-
Supplies	424	-	90	-	-	-
Other services and charges	16,062	2,498	1,395	160	-	-
Debt service - principal and interest	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	7,227	3,200	-	-	-	-
Total disbursements	<u>28,792</u>	<u>6,698</u>	<u>1,485</u>	<u>160</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(1,530)</u>	<u>1,033</u>	<u>484</u>	<u>(160)</u>	<u>3,127</u>	<u>39</u>
Cash and investments - ending	<u>\$ 61,309</u>	<u>\$ 36,897</u>	<u>\$ 3,382</u>	<u>\$ -</u>	<u>\$ 4,958</u>	<u>\$ 39</u>

TOWN OF CENTER POINT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Loit-Public Safety	Cumulative Capital Development	Cumulative Capital Improvement	Wastewater Utility-Operating	Wastewater Util-Bond And Interest	Wastewater Utility-Deprec/Improve
Cash and investments - beginning	\$ -	\$ 1,168	\$ 8,932	\$ 72,836	\$ 17,804	\$ 3,557
Receipts:						
Taxes	-	1,883	-	-	-	-
Intergovernmental	2,586	213	855	2,000	-	-
Utility fees	-	-	-	41,807	-	-
Other receipts	-	-	2,637	1,828	15,000	3,000
Total receipts	<u>2,586</u>	<u>2,096</u>	<u>3,492</u>	<u>45,635</u>	<u>15,000</u>	<u>3,000</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	711	-	-	-
Other services and charges	-	-	4,244	-	-	-
Debt service - principal and interest	-	-	-	-	5,566	-
Utility operating expenses	-	-	-	23,181	8,000	-
Other disbursements	-	-	-	20,476	-	-
Total disbursements	<u>-</u>	<u>-</u>	<u>4,955</u>	<u>43,657</u>	<u>13,566</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>2,586</u>	<u>2,096</u>	<u>(1,463)</u>	<u>1,978</u>	<u>1,434</u>	<u>3,000</u>
Cash and investments - ending	<u>\$ 2,586</u>	<u>\$ 3,264</u>	<u>\$ 7,469</u>	<u>\$ 74,814</u>	<u>\$ 19,238</u>	<u>\$ 6,557</u>

TOWN OF CENTER POINT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Water Utility-Operating	Water Utility-Depreciation/Improve	Water Utility-Customer Deposit	Hydrant Rental	Wastewater Hydrant Rental	Totals
Cash and investments - beginning	\$ 101,833	\$ 3,066	\$ 6,775	\$ -	\$ 1,343	\$ 320,906
Receipts:						
Taxes	-	-	-	-	-	15,358
Intergovernmental	-	-	-	-	-	26,840
Utility fees	158,606	-	-	-	-	200,413
Other receipts	23,101	3,000	-	2,737	-	56,770
Total receipts	181,707	3,000	-	2,737	-	299,381
Disbursements:						
Personal services	-	-	-	-	-	6,079
Supplies	-	-	-	-	-	1,225
Other services and charges	-	-	-	-	-	24,359
Debt service - principal and interest	-	-	-	-	-	5,566
Utility operating expenses	125,028	-	25	-	-	156,234
Other disbursements	18,655	-	-	-	1,343	50,901
Total disbursements	143,683	-	25	-	1,343	244,364
Excess (deficiency) of receipts over disbursements	38,024	3,000	(25)	2,737	(1,343)	55,017
Cash and investments - ending	\$ 139,857	\$ 6,066	\$ 6,750	\$ 2,737	\$ -	\$ 375,923

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

	General	Motor Vehicle Highway	Local Road And Street	Rainy Day	Levy Excess	Cumulative Capital Development	Cumulative Capital Improvement
Cash and investments - beginning	\$ 61,309	\$ 36,897	\$ 3,382	\$ 4,958	\$ 39	\$ 3,264	\$ 7,469
Receipts:							
Taxes	12,537	-	-	-	-	2,473	-
Intergovernmental	349,826	7,812	2,472	-	-	290	839
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	4,476	-	-	1,827	-	-	-
Total receipts	<u>366,839</u>	<u>7,812</u>	<u>2,472</u>	<u>1,827</u>	<u>-</u>	<u>2,763</u>	<u>839</u>
Disbursements:							
Personal services	10,191	-	-	-	-	-	-
Supplies	1,133	-	-	-	-	-	-
Other services and charges	13,565	11,090	1,620	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	345,594	-	-	-	39	-	-
Total disbursements	<u>370,483</u>	<u>11,090</u>	<u>1,620</u>	<u>-</u>	<u>39</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(3,644)</u>	<u>(3,278)</u>	<u>852</u>	<u>1,827</u>	<u>(39)</u>	<u>2,763</u>	<u>839</u>
Cash and investments - ending	<u>\$ 57,665</u>	<u>\$ 33,619</u>	<u>\$ 4,234</u>	<u>\$ 6,785</u>	<u>\$ -</u>	<u>\$ 6,027</u>	<u>\$ 8,308</u>

TOWN OF CENTER POINT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011
 (Continued)

	Loit-Public Safety	OCRA - Wastewater	Wastewater Utility-Operating	Wastewater Util-Bond And Interest	Wastewater Utility-Deprec/Improve	Due to Sewer
Cash and investments - beginning	\$ 2,586	\$ -	\$ 74,814	\$ 19,238	\$ 6,557	\$ -
Receipts:						
Taxes	-	-	-	-	-	-
Intergovernmental	2,461	-	-	-	-	-
Utility fees	-	-	41,502	-	-	-
Penalties	-	-	848	-	-	-
Other receipts	-	118,339	195	15,000	3,000	39,706
Total receipts	<u>2,461</u>	<u>118,339</u>	<u>42,545</u>	<u>15,000</u>	<u>3,000</u>	<u>39,706</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	14,262	-	-
Utility operating expenses	-	-	23,498	-	-	-
Other disbursements	-	118,339	18,000	-	-	39,606
Total disbursements	<u>-</u>	<u>118,339</u>	<u>41,498</u>	<u>14,262</u>	<u>-</u>	<u>39,606</u>
Excess (deficiency) of receipts over disbursements	<u>2,461</u>	<u>-</u>	<u>1,047</u>	<u>738</u>	<u>3,000</u>	<u>100</u>
Cash and investments - ending	<u>\$ 5,047</u>	<u>\$ -</u>	<u>\$ 75,861</u>	<u>\$ 19,976</u>	<u>\$ 9,557</u>	<u>\$ 100</u>

TOWN OF CENTER POINT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011
 (Continued)

	OCRA -	Water	Water	Water	Hydrant	Totals
	Water	Utility-Operating	Utility-Depreciation/Improve	Utility-Customer Deposit	Rental	
Cash and investments - beginning	\$ -	\$ 139,857	\$ 6,066	\$ 6,750	\$ 2,737	\$ 375,923
Receipts:						
Taxes	-	-	-	-	-	15,010
Intergovernmental	-	1,217	-	-	-	364,917
Utility fees	-	162,671	-	-	1,277	205,450
Penalties	-	2,024	-	-	-	2,872
Other receipts	218,001	8,968	3,000	-	-	412,512
Total receipts	218,001	174,880	3,000	-	1,277	1,000,761
Disbursements:						
Personal services	-	-	-	-	-	10,191
Supplies	-	-	-	-	-	1,133
Other services and charges	-	-	-	-	-	26,275
Debt service - principal and interest	-	-	-	-	-	14,262
Utility operating expenses	-	97,201	-	-	-	120,699
Other disbursements	218,001	13,999	-	25	-	753,603
Total disbursements	218,001	111,200	-	25	-	926,163
Excess (deficiency) of receipts over disbursements	-	63,680	3,000	(25)	1,277	74,598
Cash and investments - ending	\$ -	\$ 203,537	\$ 9,066	\$ 6,725	\$ 4,014	\$ 450,521

TOWN OF CENTER POINT
 SCHEDULE OF LEASES AND DEBT
 December 31, 2011

Description of Debt		Ending Principal Balance	Principal and Interest Due Within One Year
Type	Purpose		
Wastewater: Revenue bonds	2002 Wastewater Bonds	\$ 129,000	\$ 13,978
Totals		<u>\$ 129,000</u>	<u>\$ 13,978</u>

TOWN OF CENTER POINT
 SCHEDULE OF CAPITAL ASSETS
 December 31, 2011

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

	Ending Balance
Governmental activities:	
Buildings	\$ 65,000
Wastewater:	
Improvements other than buildings	200,000
Water:	
Buildings	75,000
Improvements other than buildings	275,000
Total Water	350,000
Total capital assets	\$ 615,000

TOWN OF CENTER POINT
EXAMINATION RESULTS AND COMMENTS

CAPITAL ASSET RECORDS (Applies to Town and Utilities)

The Town does not maintain a capital asset ledger. An inventory of all capital assets owned has not been taken.

Every governmental unit should have a complete inventory of all capital assets owned which reflect their acquisition value. Such inventory should be recorded in the Capital Assets Ledger form. A complete inventory should be taken every year for good internal control and for verifying account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

UTILITY RECEIPTS TAX (Applies to Water Utility)

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 each year were incorrect, resulting in too little tax being paid each year. The Clerk-Treasurer contacted the Indiana Department of Revenue and submitted amended returns with payments for 2010 and 2011.

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)

APPROPRIATIONS (Applies to Town)

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

Fund	Year	Excess Amount Expended
Cumulative Capital Improvement	2010	<u>\$ 1,083</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."

FUND SOURCES AND USES (Applies to Town)

Funds were disbursed from the Motor Vehicle Highway Fund for law enforcement purposes. However, the amount disbursed in 2011 exceeded the 15 percent statutory limit by \$828. Funds were also disbursed from the Motor Vehicle Highway Fund for mosquito control services and mosquito control equipment, which is not a statutorily authorized use of the Motor Vehicle Highway Fund.

TOWN OF CENTER POINT
EXAMINATION RESULTS AND COMMENTS
(Continued)

Indiana Code 8-14-1-5 limits the use of city and town Motor Vehicle Highway Account distributions to "their highways." IC 8-14-1-1 (c) defines the term "highways" to include "roadway, rights-of-way, bridges, drainage structures, signs, guard rails, protective structures in connection with highways, drains, culverts and bridges and the substructure and superstructure of bridges and approaches thereto and streets and alleys of cities and towns." Following is a listing of the approved uses.

- (1) Construction and reconstruction of streets, alleys and curbs.
- (2) Repair and maintenance of streets, alleys, and curbs.
- (3) Oiling, sprinkling, snow removal, weed and tree cutting and cleaning of streets, alleys and curbs.
- (4) Costs of the separation of the grades of crossing of public highways and railroads.
- (5) Purchase or lease of highway construction and maintenance equipment.
- (6) Purchase, erection, operation and maintenance of traffic signs and signals, and safety zones and devices.
- (7) Painting of structures, objects, surfaces and highways for the purpose of safety and traffic regulations.
- (8) Law enforcement purposes subject to the following limitations:
 - (a) For cities and towns with a population of less than five thousand (5,000) no more than fifteen percent (15%) may be spent for law enforcement purposes.
 - (b) For cities or towns other than those specified in (a), no more than ten percent (10%) may be spent for law enforcement purposes.
- (9) Payment of principal and interest on bonds sold primarily to finance road, street, or thoroughfare projects.

All motor vehicle highway distributions shall be budgeted and appropriated in the manner required by law.

Sources and uses of funds should be limited to those authorized by the enabling statute, ordinance, resolution, or grant agreement. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

PENALTIES, INTEREST, AND OTHER CHARGES (Applies to Town)

Interest totaling \$73 was paid to the Internal Revenue Service in 2011 for the period ending December 2008.

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 governmental unit.

TOWN OF CENTER POINT
EXAMINATION RESULTS AND COMMENTS
(Continued)

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 governmental unit.

Any penalties, interest or other charges paid by the governmental unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TOWN OF CENTER POINT
EXIT CONFERENCE

The contents of this report were discussed on October 18, 2012, with Roger Campbell, Clerk-Treasurer, and Roy Smith, President of the Town Council. The officials concurred with our findings.