

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

FINANCIAL STATEMENTS AUDIT REPORT

OF

CENTER TOWNSHIP

BENTON COUNTY, INDIANA

January 1, 2014 to December 31, 2017



FILED
02/08/2019

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Independent Auditor's Report	3-4
Financial Statements and Accompanying Notes:	
Statements of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis	6-7
Notes to Financial Statements.....	8-11
Other Information - Unaudited:	
Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis	14-17
Schedule of Leases and Debt	18
Schedule of Capital Assets.....	19
Other Reports.....	20

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Angela Brunton	01-01-14 to 12-31-18
Chairman of the Township Board	Judy Bellar	01-01-14 to 12-31-18



INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of Center Township (Township), which comprise the financial position and results of operations for the period of January 1, 2014 to December 31, 2017, and the related notes to the financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6). Management is responsible for and has determined that the regulatory basis of accounting, as established by the Indiana State Board of Accounts, is an acceptable basis of presentation. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. Except as stated in the *Basis for qualified Opinion on Regulatory Basis of Accounting* paragraph, we conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Township's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As discussed in Note 1 to the financial statements, the Township prepares its financial statements on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position and results of operations of the Township for the period of January 1, 2014 to December 31, 2017.

Basis for Qualified Opinion on Regulatory Basis of Accounting

The Township did not maintain adequate supporting documentation related to vendor disbursements for 2014. We were unable to obtain sufficient competent evidential matter over a material amount of disbursements for 2014. The Township's records did not permit the application of other audit procedures to ascertain if the 2014 disbursements within the financial statements are fairly stated.


Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the possible effects of the matters described in the *Basis for Qualified Opinion on Regulatory Basis of Accounting* paragraph, the financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the Township for the period of January 1, 2014 to December 31, 2017, on the basis of accounting described in Note 1.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the Township'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 auditing procedures applied by us in the audit of the financial statements and, accordingly, we express no opinion on them.


Paul D. Joyce, CPA
State Examiner

December 19, 2018

FINANCIAL STATEMENTS AND ACCOMPANYING NOTES

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, BENTON COUNTY
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Years Ended December 31, 2014 and 2015

Fund	Cash and Investments 01-01-14	Receipts	Disbursements	Cash and Investments 12-31-14	Receipts	Disbursements	Cash and Investments 12-31-15
Township	\$ 46,350	\$ 22,675	\$ 21,530	\$ 47,495	\$ 23,970	\$ 21,590	\$ 49,875
Township Assistance	38,258	9,759	13,769	34,248	9,014	10,568	32,694
Fire Fighting	28,749	196,713	194,131	31,331	55,563	52,416	34,478
Rainy Day	2,082	-	-	2,082	-	-	2,082
Levy Excess	-	1	-	1	-	-	1
Cumulative Fire	10,837	16,014	11,493	15,358	19,179	11,493	23,044
Wind Farm Fund	1,400	-	1,400	-	-	-	-
Totals	<u>\$ 127,676</u>	<u>\$ 245,162</u>	<u>\$ 242,323</u>	<u>\$ 130,515</u>	<u>\$ 107,726</u>	<u>\$ 96,067</u>	<u>\$ 142,174</u>

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

CENTER TOWNSHIP, BENTON COUNTY
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Years Ended December 31, 2016 and 2017

Fund	Cash and Investments 01-01-16	Receipts	Disbursements	Cash and Investments 12-31-16	Receipts	Disbursements	Cash and Investments 12-31-17
Township	\$ 49,875	\$ 19,545	\$ 21,496	\$ 47,924	\$ 16,691	\$ 21,355	\$ 43,260
Township Assistance	32,694	11,398	9,496	34,596	11,896	10,943	35,549
Fire Fighting	34,478	57,948	51,149	41,277	60,640	48,892	53,025
Rainy Day	2,082	8,873	-	10,955	-	-	10,955
Levy Excess	1	-	-	1	-	-	1
Cumulative Fire	<u>23,044</u>	<u>21,718</u>	<u>11,493</u>	<u>33,269</u>	<u>23,810</u>	<u>11,493</u>	<u>45,586</u>
Totals	<u>\$ 142,174</u>	<u>\$ 119,482</u>	<u>\$ 93,634</u>	<u>\$ 168,022</u>	<u>\$ 113,037</u>	<u>\$ 92,683</u>	<u>\$ 188,376</u>

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

CENTER TOWNSHIP, BENTON 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).

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

B. Basis of Accounting

The financial statements are reported on a regulatory basis of accounting prescribed by the Indiana 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. The basis of accounting involves the reporting of only cash and investments and the changes therein resulting from cash inflows (receipts) and cash outflows (disbursements) reported in the period in which they occurred.

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

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

Charges for services. Amounts received for services including, but not limited to, the following: planning commission charges, building department charges, copies of public records, copy machines charges, accident report copies, gun permit applications, 911 telephone services, recycling fees, dog pound fees, emergency medical service fees, park rental fees, swimming pool receipts, cable TV receipts, ordinance violations, fines and fees, bond forfeitures, court costs, and court receipts.

Other receipts. Amounts received from various sources, including, but 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. Amounts disbursed 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. Amounts disbursed for 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, but are not limited to, the following: office supplies, operating supplies, and repair and maintenance supplies.

Other services and charges. Amounts disbursed for services including, but not limited to, the following: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

Capital outlay. Amounts disbursed for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

Other disbursements. Amounts disbursed for various other purposes including, but 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, make transfers 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 amounts 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 amounts accounted for in a specific fund

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

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 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 lien date (March 1 in a year ending before January 1, 2016 and January 1 in a year beginning after December 31, 2015) 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, the following: 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.

CENTER TOWNSHIP, BENTON COUNTY
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 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.

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OTHER INFORMATION - UNAUDITED

The Township's Annual Financial Reports information can be found on the Indiana Gateway for Government Units 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 Township's Annual Financial Reports referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the audit. This is a common occurrence in any financial statement audit. The financial information presented in this report is audited information, and the accuracy of such information can be determined by reading the opinion given in the Independent Auditor's Report.

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

CENTER TOWNSHIP, BENTON COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014

	Township	Township Assistance	Fire Fighting	Rainy Day	Levy Excess	Cumulative Fire	Wind Farm Fund	Totals
Cash and investments - beginning	\$ 46,350	\$ 38,258	\$ 28,749	\$ 2,082	\$ -	\$ 10,837	\$ 1,400	\$ 127,676
Receipts:								
Taxes	13,529	8,839	30,923	-	1	15,239	-	68,531
Intergovernmental receipts	8,862	920	11,432	-	-	775	-	21,989
Charges for services	-	-	14,300	-	-	-	-	14,300
Other receipts	284	-	140,058	-	-	-	-	140,342
Total receipts	22,675	9,759	196,713	-	1	16,014	-	245,162
Disbursements:								
Personal services	8,444	1,705	7,000	-	-	-	-	17,149
Supplies	851	165	2,347	-	-	-	-	3,363
Other services and charges	3,854	11,167	31,867	-	-	-	-	46,888
Capital outlay	-	-	152,917	-	-	11,493	-	164,410
Other disbursements	8,381	732	-	-	-	-	1,400	10,513
Total disbursements	21,530	13,769	194,131	-	-	11,493	1,400	242,323
Excess (deficiency) of receipts over disbursements	1,145	(4,010)	2,582	-	1	4,521	(1,400)	2,839
Cash and investments - ending	\$ 47,495	\$ 34,248	\$ 31,331	\$ 2,082	\$ 1	\$ 15,358	\$ -	\$ 130,515

CENTER TOWNSHIP, BENTON COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015

	Township	Township Assistance	Fire Fighting	Rainy Day	Levy Excess	Cumulative Fire	Wind Farm Fund	Totals
Cash and investments - beginning	\$ 47,495	\$ 34,248	\$ 31,331	\$ 2,082	\$ 1	\$ 15,358	\$ -	\$ 130,515
Receipts:								
Taxes	14,454	8,169	31,360	-	-	18,146	-	72,129
Intergovernmental receipts	8,785	845	11,878	-	-	1,033	-	22,541
Charges for services	-	-	11,900	-	-	-	-	11,900
Other receipts	731	-	425	-	-	-	-	1,156
Total receipts	23,970	9,014	55,563	-	-	19,179	-	107,726
Disbursements:								
Personal services	8,444	2,400	7,000	-	-	-	-	17,844
Supplies	274	370	634	-	-	-	-	1,278
Other services and charges	4,968	7,798	33,299	-	-	-	-	46,065
Capital outlay	-	-	11,483	-	-	11,493	-	22,976
Other disbursements	7,904	-	-	-	-	-	-	7,904
Total disbursements	21,590	10,568	52,416	-	-	11,493	-	96,067
Excess (deficiency) of receipts over disbursements	2,380	(1,554)	3,147	-	-	7,686	-	11,659
Cash and investments - ending	\$ 49,875	\$ 32,694	\$ 34,478	\$ 2,082	\$ 1	\$ 23,044	\$ -	\$ 142,174

CENTER TOWNSHIP, BENTON COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	<u>Township</u>	<u>Township Assistance</u>	<u>Fire Fighting</u>	<u>Rainy Day</u>	<u>Levy Excess</u>	<u>Cumulative Fire</u>	<u>Totals</u>
Cash and investments - beginning	\$ 49,875	\$ 32,694	\$ 34,478	\$ 2,082	\$ 1	\$ 23,044	\$ 142,174
Receipts:							
Taxes	13,477	10,403	32,164	-	-	20,577	76,621
Intergovernmental receipts	5,427	995	13,884	8,873	-	1,141	30,320
Charges for services	-	-	11,900	-	-	-	11,900
Other receipts	641	-	-	-	-	-	641
Total receipts	<u>19,545</u>	<u>11,398</u>	<u>57,948</u>	<u>8,873</u>	<u>-</u>	<u>21,718</u>	<u>119,482</u>
Disbursements:							
Personal services	8,444	2,400	7,000	-	-	-	17,844
Supplies	49	171	4,362	-	-	-	4,582
Other services and charges	5,099	6,925	28,294	-	-	-	40,318
Capital outlay	-	-	11,493	-	-	11,493	22,986
Other disbursements	7,904	-	-	-	-	-	7,904
Total disbursements	<u>21,496</u>	<u>9,496</u>	<u>51,149</u>	<u>-</u>	<u>-</u>	<u>11,493</u>	<u>93,634</u>
Excess (deficiency) of receipts over disbursements	<u>(1,951)</u>	<u>1,902</u>	<u>6,799</u>	<u>8,873</u>	<u>-</u>	<u>10,225</u>	<u>25,848</u>
Cash and investments - ending	<u>\$ 47,924</u>	<u>\$ 34,596</u>	<u>\$ 41,277</u>	<u>\$ 10,955</u>	<u>\$ 1</u>	<u>\$ 33,269</u>	<u>\$ 168,022</u>

CENTER TOWNSHIP, BENTON COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2017

	<u>Township</u>	<u>Township Assistance</u>	<u>Fire Fighting</u>	<u>Rainy Day</u>	<u>Levy Excess</u>	<u>Cumulative Fire</u>	<u>Totals</u>
Cash and investments - beginning	\$ 47,924	\$ 34,596	\$ 41,277	\$ 10,955	\$ 1	\$ 33,269	\$ 168,022
Receipts:							
Taxes	15,256	10,839	48,938	-	-	22,347	97,380
Intergovernmental receipts	1,351	1,057	2,202	-	-	1,463	6,073
Charges for services	-	-	9,500	-	-	-	9,500
Other receipts	84	-	-	-	-	-	84
Total receipts	<u>16,691</u>	<u>11,896</u>	<u>60,640</u>	<u>-</u>	<u>-</u>	<u>23,810</u>	<u>113,037</u>
Disbursements:							
Personal services	8,444	1,705	7,000	-	-	-	17,149
Supplies	298	-	748	-	-	-	1,046
Other services and charges	4,709	8,543	27,195	-	-	-	40,447
Capital outlay	-	-	13,949	-	-	11,493	25,442
Other disbursements	7,904	695	-	-	-	-	8,599
Total disbursements	<u>21,355</u>	<u>10,943</u>	<u>48,892</u>	<u>-</u>	<u>-</u>	<u>11,493</u>	<u>92,683</u>
Excess (deficiency) of receipts over disbursements	<u>(4,664)</u>	<u>953</u>	<u>11,748</u>	<u>-</u>	<u>-</u>	<u>12,317</u>	<u>20,354</u>
Cash and investments - ending	<u>\$ 43,260</u>	<u>\$ 35,549</u>	<u>\$ 53,025</u>	<u>\$ 10,955</u>	<u>\$ 1</u>	<u>\$ 45,586</u>	<u>\$ 188,376</u>

CENTER TOWNSHIP, BENTON COUNTY
 SCHEDULE OF LEASES AND DEBT
 December 31, 2017

Description of Debt		Ending	Principal and
Type	Purpose	Principal	Interest Due
		Balance	Within One
			Year
Governmental activities:			
Notes and loans payable	Purchase of Fire Tanker Truck	\$ 27,231	\$ 22,985

CENTER TOWNSHIP, BENTON COUNTY
SCHEDULE OF CAPITAL ASSETS
December 31, 2017

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.

	<u>Ending Balance</u>
Governmental activities:	
Machinery, equipment, and vehicles	<u>\$ 385,000</u>

OTHER REPORTS

In addition to this report, other reports may have been issued for the Township. All reports can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>.