

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

FINANCIAL STATEMENTS REVIEW REPORT

OF

CENTER TOWNSHIP

CLINTON COUNTY, INDIANA

January 1, 2017 to December 31, 2019



**FILED**  
07/13/2020



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Vicki Elliot	01-01-16 to 02-12-17
	Kevin Evans	02-13-17 to 02-15-20
	(Vacant)	02-16-20 to 03-08-20
	Jami Pratt	03-09-20 to 12-31-20
Chair of the Township Board	James Osborn	01-01-17 to 02-14-17
	Michael Brooks	02-15-17 to 12-31-17
	Zack Light	01-01-18 to 12-31-18
	Jada Ray	01-01-19 to 12-31-20



## INDEPENDENT ACCOUNTANT'S REVIEW REPORT

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

We have reviewed the accompanying financial statements of Center Township (Township), for the period of January 1, 2017 to December 31, 2019. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the Township's management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with a regulatory 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 comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. This includes determining that the basis of accounting the Township uses is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatements whether due to fraud or error.

### ***Accountant's Responsibility***

Our responsibility is to conduct the review engagement in accordance with *Statements on Standards for Accounting and Review Services* promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with the prescribed basis of accounting described in Note 1. We believe that the results of our procedures provide a reasonable basis for our conclusion.

INDEPENDENT ACCOUNTANT'S REVIEW REPORT  
(Continued)

**Accountant's Conclusion**

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with the prescribed basis of accounting described in Note 1.

**Basis of Accounting**

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with 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 comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Our conclusion is not modified with respect to this matter.

  
Paul D. Joyce, CPA  
State Examiner

May 26, 2020

## 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, CLINTON COUNTY  
 STATEMENT OF RECEIPTS, DISBURSEMENTS,  
 AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Years Ended December 31, 2017 and 2018

Fund	Cash and Investments 01-01-17	Receipts	Disbursements	Cash and Investments 12-31-17	Receipts	Disbursements	Cash and Investments 12-31-18
TOWNSHIP	\$ 271,984	\$ 200,707	\$ 137,497	\$ 335,194	\$ 137,567	\$ 225,837	\$ 246,924
PARKS AND RECREATION	-	-	-	-	43,394	8,600	34,794
POOR RELIEF	401,453	211,658	243,808	369,303	162,282	320,155	211,430
FIRE FIGHTING	238,869	74,365	93,748	219,486	70,763	121,518	168,731
RAINY DAY FUND	25,475	-	10,096	15,379	-	-	15,379
EXCESS LEVY	5,567	-	5,567	-	-	-	-
CUMULATIVE FIRE	164,159	10,679	38,978	135,860	9,079	-	144,939
PAYROLL DEDUCTIONS	3,143	34,070	34,585	2,628	39,829	38,763	3,694
Totals	<u>\$ 1,110,650</u>	<u>\$ 531,479</u>	<u>\$ 564,279</u>	<u>\$ 1,077,850</u>	<u>\$ 462,914</u>	<u>\$ 714,873</u>	<u>\$ 825,891</u>

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

CENTER TOWNSHIP, CLINTON COUNTY  
 STATEMENT OF RECEIPTS, DISBURSEMENTS,  
 AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended December 31, 2019

Fund	Cash and Investments 01-01-19	Receipts	Disbursements	Cash and Investments 12-31-19
TOWNSHIP	\$ 246,924	\$ 202,446	\$ 155,319	\$ 294,051
PARKS AND RECREATION	34,794	15,111	30,431	19,474
POOR RELIEF	211,430	235,405	235,411	211,424
FIRE FIGHTING	168,731	129,367	99,883	198,215
RAINY DAY FUND	15,379	-	-	15,379
EXCESS LEVY	-	998	-	998
CUMULATIVE FIRE	144,939	16,399	-	161,338
PAYROLL DEDUCTIONS	<u>3,694</u>	<u>31,503</u>	<u>32,024</u>	<u>3,173</u>
Totals	<u>\$ 825,891</u>	<u>\$ 631,229</u>	<u>\$ 553,068</u>	<u>\$ 904,052</u>

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

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

*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 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.

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

**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 December 31 of the year preceding the budget year or January 15 of the budget year if the Township is issuing debt after December 1 or intends on filing a shortfall appeal. These rates were based upon the assessed valuations adjusted for various tax credits from the preceding year's lien date of January 1. 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.

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.

CENTER TOWNSHIP, CLINTON COUNTY  
REVIEW RESULTS AND COMMENTS

**PENALTIES, INTEREST, AND OTHER CHARGES**

*Condition and Context*

In 2017, the Township paid penalties, interest, and other charges related to the 2016 federal and state payroll taxes. During 2016, the Trustee had not filed the Form 941's or paid all taxes that were owed to both the Internal Revenue Service (IRS) and the Indiana Department of Revenue (IDR). The amount of penalties, interest, and other charges paid was \$1,273 to the IRS and \$237 to the IDR, for a total of \$1,510.

*Criteria*

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 unit. 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 unit. Any penalties, interest, or other charges paid by the unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

**FUND SOURCES AND USES**

*Condition and Context*

The Township paid for various programs and activities from the Poor Relief fund that were not related to administering or providing assistance to individuals or families within the community. Some of these disbursements included payments for Twelve Days of Christmas, talent fees for Jack o' Lantern Jamboree, Santa Express, Hotdog Festival, Stuff the Bus, and library books for the school.

*Criteria*

Sources and uses of funds must be limited to those authorized by the enabling law, ordinance/resolution, or grant agreement. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

CENTER TOWNSHIP, CLINTON COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on May 26, 2020, with Jami Pratt, Trustee.