

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

EXAMINATION REPORT
OF
KEYSER TOWNSHIP
DEKALB COUNTY, INDIANA
January 1, 2006 to December 31, 2007



FILED

05/12/2008

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Officials	2
Independent Accountant's Report.....	3
Financial Information:	
Schedules of Receipts, Disbursements, and Cash and Investment Balances	4
Notes to Financial Information	5
Supplementary Information:	
Schedule of Capital Assets.....	6
Examination Results and Comments:	
Deposit of Public Funds.....	7
Bank Account Reconciliations	7
Condition of Records	7
Advance Payments.....	7
Dog Tax Administrative Fee	8
Transaction Recording	8
Overpayment Collections	8
Federal and State Agencies - Compliance Requirements	8-9
Exit Conference.....	10

OFFICIALS

Office

Official

Term

Trustee

Leon Slabaugh
Sue Blotkamp

01-01-03 to 12-31-06
01-01-07 to 12-31-10

Chairman of the
Township Board

Richard Murley
Sue Hurd

01-01-06 to 12-31-06
01-01-07 to 12-31-08



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF KEYSER TOWNSHIP, DEKALB COUNTY, INDIANA

We have examined the financial information presented herein of Keyser Township (Township), for the period of January 1, 2006 to December 31, 2007. 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, 2006 and 2007, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The Schedule of Capital Assets, as listed in the Table of Contents, is presented for additional analysis and is not a required part of the basic financial information. It has not been subjected to the examination procedures applied to the basic financial information and, accordingly, we express no opinion on it.

STATE BOARD OF ACCOUNTS

February 19, 2008

KEYSER TOWNSHIP, DEKALB 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, 2006 And 2007

	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
Governmental Funds:				
Township	\$ 30,215	\$ 13,441	\$ 25,577	\$ 18,079
Dog	588	187	220	555
Township Assistance	86,017	908	9,492	77,433
Firefighting	17,574	5,557	9,418	13,713
Levy Excess	-	690	-	690
Fiduciary Fund:				
Payroll Withholdings	171	682	682	171
Totals	<u>\$ 134,565</u>	<u>\$ 21,465</u>	<u>\$ 45,389</u>	<u>\$ 110,641</u>

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Governmental Funds:				
Township	\$ 18,079	\$ 16,792	\$ 27,380	\$ 7,491
Dog	555	-	-	555
Township Assistance	77,433	928	27,196	51,165
Firefighting	13,713	10,172	11,700	12,185
Levy Excess	690	-	690	-
Rainy Day	-	75	-	75
Fiduciary Fund:				
Payroll Withholdings	171	681	682	170
Totals	<u>\$ 110,641</u>	<u>\$ 28,648</u>	<u>\$ 67,648</u>	<u>\$ 71,641</u>

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

KEYSER TOWNSHIP, DEKALB COUNTY
NOTES TO 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.

KEYSER TOWNSHIP, DEKALB COUNTY
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS

For The Year Ended December 31, 2007

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>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Machinery and equipment	<u>\$ 1,009</u>

KEYSER TOWNSHIP, DEKALB COUNTY
EXAMINATION RESULTS AND COMMENTS

DEPOSIT OF PUBLIC FUNDS

We noted instances of the Trustee not making timely deposits. Tax distributions posted to the ledger on January 31, 2006, were not deposited until December 29, 2006. Other tax distributions posted to the ledger on May 17, 2006, were not deposited until August 4, 2006. Tax distributions dated November 14, 2007, and December 12, 2007, had not been posted or deposited as of December 31, 2007.

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."

BANK ACCOUNT RECONCILIATIONS

Depository reconciliations of the fund balances to the bank account balances were not presented for examination.

A similar comment appeared in prior Report B28592.

Indiana Code 5-13-6-1(e) states in part: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

CONDITION OF RECORDS

There were a considerable number of posting errors in 2006. The errors included interest and deposits in the bank not posted to the ledger.

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

ADVANCE PAYMENTS

We noted that payroll and rent payments were made in advance. Rent payments for 2006 were made January 19, 2006. Trustee and clerk payroll payments for the 2nd, 3rd, and 4th quarters of 2006 were made March 3, 2006.

Compensation and any other payments for goods and services should not be paid in advance of receipt of the goods or services unless specifically authorized by statute. Payments made for goods or services which are not received may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

KEYSER TOWNSHIP, DEKALB COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

DOG TAX ADMINISTRATIVE FEE

Administrative fees for dog tax were not receipted to the Township Fund in 2006.

Indiana Code 15-5-9-1 states in part: "For each individual dog tag or kennel license issued under this chapter, the township assessor (or trustee who collects the fee) shall retain from the fee described in this section, an administrative fee of fifty cents (\$0.50). Administrative fees collected by the assessor shall be deposited in the county general fund, and administrative fees collected by the trustee shall be deposited in the township general fund."

TRANSACTION RECORDING

Activity in the Payroll Withholdings fund was not properly recorded. The Trustees deducted the entire amount of payroll tax remittances in 2006 and 2007 from the General Fund instead of the appropriate portion from the Payroll Withholdings Fund.

All financial transactions pertaining to the governmental unit should be recorded in the records of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

OVERPAYMENT COLLECTIONS

Overpayments to the Internal Revenue Service of \$682 from 2005 have not been received as of December 31, 2007.

A similar comment appeared in prior Report B28592.

Governmental units should collect any overpayments made. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

FEDERAL AND STATE AGENCIES - COMPLIANCE REQUIREMENTS

The Trustee did not properly remit payroll withholdings for the 3rd quarter of 2007.

Political subdivisions are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings and filing requirements concerning reports and other procedural matters of federal and state agencies, including opinions of the Attorney General of the State of Indiana, and court decisions. Governmental units should file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

Each governmental unit is responsible for compliance with all rules, regulations, guidelines, and directives of the Internal Revenue Service and the Indiana Department of Revenue. All questions concerning taxes should be directed to these agencies. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

KEYSER TOWNSHIP, DEKALB COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

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.

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 Townships, Chapter 13)

KEYSER TOWNSHIP, DEKALB COUNTY
EXIT CONFERENCE

The contents of this report were discussed on February 19, 2008, with Sue Blotkamp, Trustee.