

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

EXAMINATION REPORT  
OF  
WARREN TOWNSHIP  
WARREN COUNTY, INDIANA  
January 1, 2007 to December 31, 2009



**FILED**  
05/28/2010



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OFFICIALS

Office

Official

Term

Trustee

Nannette L. Cronk

01-01-07 to 12-31-10

Chairman of the  
Township Board

Shelly Foran  
Wilbur Pearson

01-01-07 to 12-31-07  
01-01-08 to 12-31-10



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF WARREN TOWNSHIP, WARREN COUNTY, INDIANA

We were engaged to examine the financial information presented for Warren Township (Township), for the period of January 1, 2007 to December 31, 2009. The Township's management is responsible for the financial information. Our responsibility is to express an opinion based on our examination.

Except as described in the following paragraph, 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 and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

Financial records presented for our examination for the years ended December 31, 2007, 2008, and 2009 were incomplete and not reflective of the activity of the Township. The annual report for the year ended December 31, 2007, was presented; however, the records presented did not provide sufficient information to examine or establish the validity of receipts, disbursements, and ending balances by fund. Accordingly, the financial information broken down by fund for the years ended December 31, 2008 and 2009, is not presented herein.

Since records were not in the proper condition or not available to examine as described in the preceding paragraph, and we were unable to apply alternative examination procedures, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on whether the financial information referred to above presents fairly, in all material respects, the cash transactions of the Township for the years ended December 31, 2007, 2008, and 2009, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

April 14, 2010

WARREN TOWNSHIP, WARREN COUNTY  
 SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES  
 ALL GOVERNMENTAL FUND TYPES  
 As Of And For The Year Ended December 31, 2007

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Governmental Funds:				
Township	\$ 18,215	\$ 3,943	\$ 6,927	\$ 15,231
Dog	370	-	370	-
Township Assistance	7,106	2,588	2,517	7,177
Firefighting	31,439	2,707	7,750	26,396
Levy Excess	278	-	-	278
Totals	<u>\$ 57,408</u>	<u>\$ 9,238</u>	<u>\$ 17,564</u>	<u>\$ 49,082</u>

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

WARREN TOWNSHIP, WARREN 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, 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. However, 2007 taxes became delinquent if not paid by June 29 and November 13; 2008 taxes became delinquent if not paid by August 29 and November 10; and 2009 taxes became delinquent if not paid by July 17 and November 10.

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.

WARREN TOWNSHIP, WARREN COUNTY  
EXAMINATION RESULTS AND COMMENTS

ADVANCE PAYMENTS

Dates of transactions indicate that salaries for the Township Trustee and the Township Assistance Investigator were paid before they were earned. The Trustee was paid her full year's earnings in April 2007, March 2008, and March 2009. The Township Investigator was paid his full year's earnings July 2007, March 2008, and January 2009.

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)

IC 5-7-3-1 states in part:

"(a) Public officers may not draw or receive their salaries in advance."

ANNUAL REPORT

Annual Reports for the years 2008 and 2009 were not filed with the State Board of Accounts.

IC 5-11-1-4 states:

"The state examiner shall require from every municipality and every state or local governmental unit, entity, or instrumentality financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each fiscal year. The reports must be filed electronically, in a manner prescribed by the state examiner that is compatible with the technology employed by the political subdivision."

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)

BANK ACCOUNT RECONCILIATIONS

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

IC 5-13-6-1(e) states:

"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."

WARREN TOWNSHIP, WARREN COUNTY  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

BOARD MINUTES

Minutes of meetings of the Township Board were not presented for examination. Two Board members verified that meetings are not being held.

The township board shall meet annually on or before the first Tuesday after the first Monday in January at the office of the township trustee. The board shall meet and organize annually on the above date by electing one of its members chairman and one of its member's secretary for that year. Any two members shall constitute a quorum. IC 36-6-6-4; IC 36-6-6-7

The board shall meet annually on or before the third Tuesday after the first Monday in January to consider and approve in whole or in part the annual report of the township trustee. IC 36-6-6-9

The township board shall meet annually after the first Monday and on or before the last day of January and organize as a board of finance. IC 5-13-7-6

During the annual meeting required by IC 5-13-7, the investment officer shall make a written report of the investing officer's investments during the previous calendar year. The report must contain the name of each financial institution, government agency or instrumentality, or other person with whom the political subdivision invested money during the previous calendar year. The local board of finance shall do the following at the meeting: (1) review the report; and (2) review the overall investment policy. IC 5-13-7-7

The annual meeting for the adoption of the annual budget, and any special meetings, may be held at a convenient place in the township, notice of which shall be given as provided by law. The date of the meeting for the adoption of the annual budget, tax rates and tax levy shall be not later than September 20th. IC 6-1.1-17-5

Special meetings may be held if the township trustee, or chairman of the township board, or a majority of the members of the township board, issue a written notice of the meeting to each member of the board. IC 36-6-6-14 (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 5)

IC 5-14-1.5-4(b) states:

"As the meeting progresses, the following memoranda shall be kept:

- (1) The date, time, and place of the meeting.
- (2) The members of the governing body recorded as either present or absent.
- (3) The general substance of all matters proposed, discussed, or decided.
- (4) A record of all votes taken, by individual members if there is a roll call.
- (5) Any additional information required under IC 5-1.5-2-2.5."

WARREN TOWNSHIP, WARREN COUNTY  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

BUDGETS

Warren Township did not adopt a budget for 2008, 2009, or 2010. All expenditures for salaries, assistance, and operating expenses in 2008 and 2009 were made without the authority of a budget order. Nannette Cronk, Trustee, paid herself \$500 more than the previous approved budget order on January 4, 2010.

IC 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."

CONFLICT OF INTEREST DISCLOSURE

Scott Clark, husband of Nannette L. Cronk, Trustee, was paid for cemetery maintenance in 2009. A Conflict of Interest Statement was not filed.

IC 35-44-1-3 states in part:

"(a) A public servant who knowingly or intentionally: (1) has a pecuniary interest in; or (2) derives a profit from; a contract or purchase connected with an action by the governmental entity served by the public servant commits conflict of interest, a Class D felony . . ."

"(c) This section does not prohibit a public servant from having a pecuniary interest in or deriving a profit from a contract or purchase connected with the governmental entity served . . . (3) if the public servant; (A) is an elected public servant . . . and (B) makes a disclosure under subsection (d)(1) through (d)(6)."

"(d) A disclosure required by this section must: (1) be in writing; (2) describe the contract or purchase to be made by the governmental entity; (3) describe the pecuniary interest that the public servant has in the contract or purchase; (4) be affirmed under penalty of perjury; (5) be submitted to the governmental entity and be accepted by the governmental entity in a public meeting of the governmental entity prior to final action on the contract or purchase; (6) be filed within fifteen (15) days after final action on the contract or purchase with: (A) the state board of accounts; and (B) . . . the clerk of the circuit court in the county where the governmental entity takes final action on the contract or purchase . . ."

"(g) A public servant has a pecuniary interest in a contract or purchase if the contract or purchase will result or is intended to result in an ascertainable increase in the income or net worth of: (1) the public servant; or (2) a dependent of the public servant who: (A) is under the direct or indirect administrative control of the public servant; or (B) receives a contract or purchase order that is reviewed, approved, or directly or indirectly administered by the public servant . . ."

WARREN TOWNSHIP, WARREN COUNTY  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

"(k) As used in this section, 'dependent' means any of the following: (1) The spouse of a public servant. (2) A child, stepchild, or adoptee (as defined in IC 31-3-4-1) of a public servant who is: (A) unemancipated; and (B) less than eighteen (18) years of age. (3) Any individual more than one-half (2) of whose support is provided during a year by the public servant."

CONTRACTS

Records presented for examination indicate payments were made to the following without a contract:

1. Pine Village Volunteer Fire Department
2. Williamsport Fire Department
3. MAC Van Transportation
4. Williamsport Senior Citizens Center
5. Lizenberger Legal Services
6. Jerry McCoskey (Cemetery Care)
7. Scott Cronk (Cemetery Clean-up)

Payments made or received for contractual services should be supported by a written contract. Each governmental unit is responsible for complying with the provisions of its contracts. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

DEPOSIT OF PUBLIC FUNDS

Local tax distributions checks from the County Auditor were held for long periods before being deposited. The Trustee made the only deposit for the entire year on December 31, 2007, which included distributions from March 27, 2007 to December 7, 2007. The Trustee made a total of two deposits in 2008 and in 2009 the Trustee made a total of two deposits. Four tax distribution checks received by the Township in November and December of 2009 have not been deposited as of February 28, 2010.

IC 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."

DISBURSEMENT DOCUMENTATION

Several payments were observed which did not contain adequate supporting documentation such as an invoice.

WARREN TOWNSHIP, WARREN COUNTY  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for audit to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

FEDERAL AND STATE AGENCIES - COMPLIANCE REQUIREMENTS

Warren Township did not comply with directives of the Internal Revenue service or the Indiana Department of Revenue. The Trustee did not withhold taxes from employees, remit withholdings, issue Earnings Statements (Federal Form W-2) or file withholding reports to the Federal or State government. A similar comment appeared in the previous report.

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)

Additionally, officials and employees have 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.)

FINANCIAL REPORT OPINION MODIFICATIONS

The Annual Reports for 2008 and 2009 were not prepared for examination. The Financial and Appropriation Ledger for 2007, 2008, and 2009 was not properly posted. Receipts and disbursements were not totaled in the ledger. Running balances were not maintained. Therefore, the State Board of Accounts was unable to provide an unqualified opinion on the Independent Auditor's Report for the financial statements.

Accounting records and other public records must be maintained in a manner that will support accurate financial statements. Anything other than an unqualified opinion on the Independent Auditors' Report on the financial statements may have adverse financial consequences with the possibility of an increase in interest rate cost to the taxpayers of the governmental unit. (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)

WARREN TOWNSHIP, WARREN COUNTY  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

PAYMENTS FOR CEMETERY CARE

Scott Cronk, spouse of the Trustee received \$1,500 on November 15, 2009, for cemetery clean-up. Supporting documentation, agreements, or contracts were not presented for examination.

Jerry McCoskey received \$2,900 for cemetery mowing in 2008 and \$3,900 for mowing in 2009. No contracts were presented for examination.

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for audit to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

Payments made or received for contractual services should be supported by a written contract. Each governmental unit is responsible for complying with the provisions of its contracts. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

PRESCRIBED FORMS

The State Board of Accounts prescribed Form 1C (Financial and Appropriation Record) was not used properly. Month to date and year-to-date totals were not provided. Balances of the Funds were not provided.

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)

WARREN TOWNSHIP, WARREN COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on April 14, 2010, with Nannette L. Cronk, Trustee. The official concurred with our findings.