

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

EXAMINATION REPORT

OF

KENT TOWNSHIP

WARREN COUNTY, INDIANA

January 1, 2007 to December 31, 2009



FILED

07/23/2010

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Marla M. Simpson Kerri Thurman	01-01-07 to 07-15-08 07-15-08 to 12-31-10
Chairman of the Township Board	Theresa Hardesty	01-01-07 to 12-31-10



STATE OF INDIANA
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INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the financial information presented herein of Kent Township (Township), for the period of January 1, 2007 to December 31, 2009. 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, 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 7, 2010

KENT TOWNSHIP, WARREN COUNTY
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL FUND TYPES
As Of And For The Years Ended December 31, 2007, 2008, And 2009

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Governmental Funds:				
Township	\$ 35,408	\$ 4,142	\$ 13,081	\$ 26,469
Dog	194	30	-	224
Township Assistance	9,697	2,968	1,348	11,317
Firefighting	27,158	6,667	-	33,825
Cemetery	1,356	15	18	1,353
Levy Excess	244	-	244	-
Totals	<u>\$ 74,057</u>	<u>\$ 13,822</u>	<u>\$ 14,691</u>	<u>\$ 73,188</u>

	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
Governmental Funds:				
Township	\$ 26,469	\$ 9,225	\$ 10,108	\$ 25,586
Dog	224	-	-	224
Township Assistance	11,317	6,533	868	16,982
Firefighting	33,825	16,173	6,000	43,998
Cemetery	1,353	16	64	1,305
Totals	<u>\$ 73,188</u>	<u>\$ 31,947</u>	<u>\$ 17,040</u>	<u>\$ 88,095</u>

	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
Governmental Funds:				
Township	\$ 25,586	\$ 25,892	\$ 22,442	\$ 29,036
Dog	224	-	-	224
Township Assistance	16,982	5,983	1,127	21,838
Firefighting	43,998	7,828	6,300	45,526
Cemetery	1,305	50	72	1,283
Rainy Day	-	396	-	396
Totals	<u>\$ 88,095</u>	<u>\$ 40,149</u>	<u>\$ 29,941</u>	<u>\$ 98,303</u>

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

KENT 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.

KENT TOWNSHIP, WARREN COUNTY
EXAMINATION RESULTS AND COMMENTS

COMPENSATION AND BENEFITS

Marla M. Simpson, former Trustee, overpaid herself \$1,792 for salaries and rent for the period of January 1, 2007 to July 15, 2008. We requested Marla M. Simpson reimburse the Township \$1,792. (See Summary, page 10)

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, resolution or salary schedule adopted by the governing body unless otherwise authorized by statute. Compensation should be made in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 17).

ADVANCE PAYMENTS

Salaries of the current Trustee and two Township Board members were paid in advance.

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)

ANNUAL REPORT

An Annual Report for 2007 was not presented for examination.

IC 5-11-1-4(a) concerning annual reports, states in part: ". . . these reports shall be prepared, verified, and filed with the state examiner no later than thirty (30) days after the close of each fiscal year."

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."

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)

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

BOARD MINUTES

Minutes of meetings of the governing body for the years 2007 and 2008 were not presented for examination.

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."

FEDERAL AND STATE AGENCIES - COMPLIANCE REQUIREMENTS

Kent 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 (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.)

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)

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

PUBLIC RECORDS RETENTION

Ten of the twenty-four bank statements issued to Kent Township in 2007 and 2008 were not presented for examination.

IC 5-15-6-3(f) concerning destruction of public records, states in part: "Original records may be disposed of only with the approval of the commission according to guidelines established by the commission."

Supporting documentation such as receipts, canceled checks, 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 15)

KENT TOWNSHIP, WARREN COUNTY
EXIT CONFERENCE

The contents of this report were discussed on April 7, 2010, with Marla M. Simpson, former Trustee. The official concurred with our findings.

The contents of this report were discussed on April 8, 2010, with Kerri Thurman, Trustee. The official concurred with our findings.

KENT TOWNSHIP, WARREN COUNTY
SUMMARY

	<u>Charges</u>	<u>Credits</u>	<u>Balance Due</u>
Marla M. Simpson, former Trustee: Compensation and Benefits, page 6	<u>\$ 1,792</u>	<u>\$ -</u>	<u>\$ 1,792</u>

AFFIDAVIT

STATE OF INDIANA)
)
PARKE COUNTY)

I, Nancy Blackburn, Field Examiner, being duly sworn on my oath, state that the foregoing report based on the official records of Kent Township, Warren County, Indiana, for the period from January 1, 2007 to December 31, 2009, is true and correct to the best of my knowledge and belief.

Nancy Blackburn
Field Examiner

Subscribed and sworn to before me this 8 day of June, 2010.

Kim Shorter
Clerk of the Circuit Court