

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

EXAMINATION REPORT
OF
KEENER TOWNSHIP
JASPER COUNTY, INDIANA
January 1, 2008 to December 31, 2009



FILED
09/17/2010

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OFFICIALS

Office

Official

Term

Trustee

Diana Haberlin

01-01-08 to 12-31-10

Chairman of the
Township Board

John Boissy

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 KEENER TOWNSHIP, JASPER COUNTY, INDIANA

We have examined the financial information presented herein of Keener Township (Township), for the period of January 1, 2008 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, 2008 and 2009, 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

April 15, 2010

KEENER TOWNSHIP, JASPER 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, 2008 And 2009

	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
Governmental Funds:				
General	\$ 140,115	\$ 122,971	\$ 62,210	\$ 200,876
Township Assistance	24,968	3,508	15,851	12,625
Firefighting	87,108	285,832	181,900	191,040
Rainy Day	13,812	14,080	2,604	25,288
Fire Equipment Debt	997	80,844	78,500	3,341
Emergency Medical Service	342,187	435,833	491,417	286,603
Cumulative Fire	73,261	155,428	-	228,689
Fiduciary Fund:				
Payroll Withholdings	-	77,223	77,223	-
Totals	<u>\$ 682,448</u>	<u>\$ 1,175,719</u>	<u>\$ 909,705</u>	<u>\$ 948,462</u>

	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
Governmental Funds:				
General	\$ 200,876	\$ 78,215	\$ 64,470	\$ 214,621
Township Assistance	12,625	29,390	19,546	22,469
Firefighting	191,040	301,231	200,926	291,345
Rainy Day	25,288	18,877	4,924	39,241
Levy Excess	-	19,472	-	19,472
Fire Equipment Debt	3,341	11	-	3,352
EMS Grant	-	5,000	5,000	-
DNR Grant	-	4,924	4,924	-
Emergency Medical Service	286,603	437,555	391,036	333,122
Cumulative Fire	228,689	117,499	183,615	162,573
Fiduciary Fund:				
Payroll Withholdings	-	80,598	80,598	-
Totals	<u>\$ 948,462</u>	<u>\$ 1,092,772</u>	<u>\$ 955,039</u>	<u>\$ 1,086,195</u>

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

KEENER TOWNSHIP, JASPER 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.

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.

KEENER TOWNSHIP, JASPER COUNTY
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 For The Year Ended December 31, 2009

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:	
Land	\$ 381,175
Buildings	638,500
Improvements other than buildings	11,050
Machinery and equipment	<u>1,932,500</u>
 Total governmental activities, capital assets not being depreciated	 <u>\$ 2,963,225</u>

KEENER TOWNSHIP, JASPER COUNTY
EXAMINATION RESULTS AND COMMENTS

TOWNSHIP ASSISTANCE STANDARDS

The Township Trustee administered Township assistance during the examination period without written Township assistance standards adopted by the Township Board. The Township adopted on January 23, 2010, written Township assistance standards.

IC 12-20-5.5-1 concerning township assistance standards states:

"(a) The township trustee shall process all applications for township assistance according to uniform written standards and without consideration of the race, creed, nationality, or gender of the applicant or any member of the applicant's household.

(b) The township's standards for the issuance of township assistance and the processing of applications must be:

- (1) governed by the requirements of this article;
- (2) proposed by the township trustee, adopted by the township board, and filed with the board of county commissioners;
- (3) reviewed and updated annually to reflect changes in the cost of basic necessities in the township and changes in the law;
- (4) published in a single written document, including addenda attached to the document; and
- (5) posted in a place prominently visible to the public in all offices of the township trustee where township assistance applications are taken or processed."

IC 12-20-5.5-2 states:

"(a) Standards for the administration of township assistance must contain the following:

- (1) Criteria for determining township assistance eligibility.
- (2) Minimum requirements of township trustee accessibility.
- (3) Other information as needed, including the following:
 - (A) Township office locations, hours, and days of availability.
 - (B) Initial eligibility criteria.
 - (C) Continuing eligibility criteria.
 - (D) Workfare requirements.
 - (E) Essential and nonessential assets.
 - (F) Available resources.
 - (G) Income exemptions.

KEENER TOWNSHIP, JASPER COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

- (H) Application process.
- (I) Countable income.
- (J) Countable assets.
- (K) Wasted resources.

(b) Standards for the administration of township assistance must exclude a Holocaust victim's settlement payment received by an eligible individual from countable assets and countable income."

CEMETERY LOT

The Trustee mistakenly sold a cemetery lot, in 2007, that belonged to someone else. We were advised that since the original four lots located together could not be kept intact, the Trustee agreed to give the original owner three additional lots in an adjacent row at no cost. Consequently, the original owner was provided with two more lots than originally purchased at no charge.

The township trustee may sell and convey the lots in a cemetery at a private sale to persons who desire to purchase them. The trustee shall not sell a lot at less than the value fixed for the lot under IC 23-14-69-7. [IC 23-14-69-8] (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 8)

OVERPAYMENT OF SALARY

Diana Haberlin was appointed Township Trustee on April 22, 2005. The Trustee's annual salary was approved for \$8,000.00. During 2005, Mrs. Haberlin received the entire \$8,000.00 salary. However, the \$8,000.00 salary was not prorated over the year. Properly prorating compensation for 2005 would result in a salary of \$5,692.31. Therefore, the Trustee received an overpayment of salary of \$2,307.69.

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)

We requested repayment from the Trustee, Diana Haberlin, in the amount of \$2,307.69 for the overpayment of salary during 2005. The Trustee has foregone \$2,432.80 of salary in 2010 to repay the \$2,432.80 overpayment. (See Summary, page 16)

KEENER TOWNSHIP, JASPER COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

LEAVE AND OVERTIME POLICY

No leave or overtime policy was presented for audit.

Each governmental unit should adopt written policy regarding the accrual and use of leave time and compensatory time and the payment of overtime. Negotiated labor contracts approved by the governing board would be considered as written policy. The policy should conform to the requirements of all state and federal regulatory agencies. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

TRAVEL POLICY

A travel policy was not presented for audit. The Township adopted on January 5, 2010, a written travel policy.

Each governmental unit should adopt a written travel policy in conformity with applicable statutes. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

BAD DEBTS AND UNCOLLECTIBLE ACCOUNTS

A policy documenting the procedures for writing off of bad debts, uncollectible accounts receivable or any other adjustments to the EMS accounts was not presented for audit.

The governing body of a governmental unit should have a written policy concerning a procedure for the writing off of bad debts, uncollectible accounts receivable, or any adjustments to record balances. Documentation should exist for all efforts made by the governmental unit to collect amounts owed prior to any write-offs. Officials or employees authorizing, directing or executing write-offs or adjustments to records which are not documented or warranted may be held personally responsible. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

KEENER TOWNSHIP, JASPER COUNTY
EXIT CONFERENCE

The contents of this report were discussed on April 15, 2010, with Diana Haberlin, Trustee, and John Boissy, Chairman of the Township Board. The official response has been made a part of this report and may be found on pages 11 through 15.

Diana Haberlin
Keener Township Trustee
16900 N US Hwy 231
DeMotte, In 46310

(219) 987-7825
keenertwptrustee@comcast.net

April 21, 2010

To: State Board of Accounts
From: Diana Haberlin
Keener Township Trustee

RE: Official Response

Dear State Board of Accounts,

As Keener Township Trustee, I wish to file an official response to the exit conference that was held April 15, 2010.

Thank you for your time,



Diana Haberlin
Keener Township Trustee

**FROM THE OFFICE OF
KEENER TOWNSHIP TRUSTEE – OFFICAL RESPONSE**

TOWNSHIP ASSISTANCE STANDARDS

The Trustee was following Indiana Codes for Township Assistance, while the standards were being revised and reformatted by the Trustee. The standards were presented to the board in October 2009. Tabled at the next two meetings and adopted January 23, 2010. The standards will be reviewed and updated annually to reflect changes in the law.

CEMETERY LOT

Unfortunately, The Trustee's office inherited a mess. Incomplete records, no records, destroyed records, names not matching purchased lots, the numbering system, etc...has made this task a less than desirable situation. I have been working on trying to fix old problems and update cemetery records to correct them the best I can.

In 2007, I did mistakenly sell a cemetery lot that was already sold. Because of the circumstances, I felt it was in the best interest of the township to offer the extra lots to correct the error, saving the township the added expense. I believed different other options would have resulted in incurring more expense for the township with attorney and reburial fees. In my decision, I also had to consider what the families would have had to go though.

Some of the duties of the Trustee include managing all township property interests, examine and settle demands chargeable against the township and provide and maintain cemeteries. I believe I acted in the best interest of the township to correct this error.

Although it would not relieve the past or current plotted lots, I would suggest any new additions to the cemetery to include **permanent** measuring markers, to help elevate errors in the future.

OVERPAYMENT OF SALARY

In May of 2009, the State Board of Accounts brought the overpayment to my attention, after John Boissy filed a concern or complaint, that I had overpaid myself in 2005. In May of 2009, SBOA told me that they would ask for reimbursement during the next examination of records.

In being in a trusted position, I think it is important for the public to know that under **no** circumstances was this intentional, nor did I hide these transactions in the records. In fact, if this was an issue at the time, I would have thought when the books were audited in 2006 for 2005, this would have been addressed at that time.

Since we are addressing this in 2010, I believe an explanation is in order. In April of 2005 a caucus was held and I was appointed Trustee. All records were in the possession of the police, F.B.I. and State Board of Accounts. I was left with a copy of the 2005 budget and a current bank statement. In essence, I had to start the records from scratch and also account for the first few months of 2005 that I had nothing to do with.

I was told, and the budget confirmed that the Trustee's salary was \$8,000.00 and the deputy was \$4,000.00. I knew at the time, that almost \$3,000.00 had already been paid to the former Trustee and deputy, leaving a \$9,000.00 balance. It made perfect sense to me in 2005 that \$1,000.00 a month was allotted to personal services for this office.

Due to the situation and me being totally responsible for this office, I chose not to have another person in the office, since as the elected official; I would still be held accountable for all transactions. My pay was not at the top of my priority list, In fact, I did not pay myself anything until five months later. So, at the end of September, I started paying myself the \$1,000.00 a month, which totaled \$8,000.00 for the year. Which at the time, I believed was the right thing to do.

Knowing what I do now, I would have paid myself differently in 2005. I apologize for the misunderstanding of the appropriations. Please let the records show that \$2,307.69 has been paid back to the township.

LEAVE AND OVERTIME POLICY

In December 2008, the township board did address and adopt how scheduled overtime and paid time off would be paid to full time employees.

In February 2009, the trustee did give to the board a "rough draft" of an employee handbook which included family, medical, bereavement and military leaves, along with a section for time off to vote and jury duty, which would have covered the leave portion of this policy. The trustee requested in a letter that changes be made by June 1, 2009 to this handbook, so the trustee could make a second draft and present it to the township attorney, to make sure we were complying with employee laws. June 16, 2009 the board president informed the trustee in an e-mail that the draft should be done in a week. This was never completed.

As Trustee, until a complete policy is in effect by the board, and reviewed by the township attorney. I will continue to follow the requirements of the State and Federal regulatory agencies.

TRAVEL POLICY

During the audit period 2008-2009, the board did not have an adopted written policy. The board did adopt a written travel policy January 5, 2010.

BAD DEBTS AND UNCOLLECTIBLE ACCOUNTS

As Trustee, I concur the board should have a written policy concerning a procedure for writing off of bad debts, uncollectible accounts receivable, or any other adjustments to record balances.

May 4, 2010

Dear S.B.O.A.

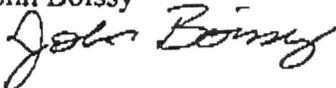
I agree with most of the findings of the audit of Keener Township but would still like to respond to it. The exit conference gives the impression that the board was not doing its job. Serving as board chairman, I have made the S.B.O.A. aware of the board's efforts on trying to perform its fiscal and legislative duties. In 2008, after being in office for one year I started to ask for financial information such as payroll only to be told by the trustee that she did not have to share this info with me. The term "day- to- day" operational matter was the reason given not to share the public records that I requested. When the board filed the salary resolution in 2007 for the 2008 year, we had only an hourly rate for EMS employees. No overtime policy was created or approved by the board. Overtime shouldn't have existed but a 40-hour work week followed. When I finally did get the payroll I discovered the trustee without board approval, was allowing employees to work overtime. In eight months one employee alone had more than \$8000.00 in unapproved overtime. This was also the case with holiday pay, bad debt, & travel reimbursement. The board never approved them but yet the trustee took it into her own hands to see that this was done. Since 2007 the trustee has never asked for board approval on the things talked about during the exit conference. In here opinion they were day-to-day matters for her to deal with. Each item has either been taken care of by the board or is currently being looked at. The board hopes to have them all completed soon.

As board chairman I do disagree with the trustee's purchase of an ambulance in 2008. The board did appropriate the money for the purchase. At a meeting held in September of 2008 board member Mark Van Soest made a motion to spec out and price a new remounted ambulance. The motion was passed by all three board members. A week later the trustee made this purchase without coming back to the board. No public meetings were held. The S.B.O.A. and the township board see this purchase differently. Instead of dealing one on one with a vendor we believe this purchase between fifty and one hundred and fifty thousand dollars should have been done above the table with public meetings and the boards input.

After being denied public records in 2007 by the trustee I located a township manual online. May I suggest that the S.B.O.A. see that each board member when elected receive a current copy, or an online link of the township manual either from your office or the trustee.

Sincerely,

John Boissy



Keener Township board chairman.

KEENER TOWNSHIP, JASPER COUNTY
SUMMARY

	<u>Charges</u>	<u>Credits</u>	<u>Balance Due</u>
Diana Haberlin, Trustee:			
Overpayment of Salary, page 8	<u>\$ 2,307.69</u>	<u>\$ 2,307.69</u>	<u>\$ -</u>