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

EXAMINATION REPORT
OF
HARMONY TOWNSHIP
UNION COUNTY, INDIANA
January 1, 2008 to December 31, 2009



FILED
04/27/2010

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Joan Kuhlenbeck	01-01-07 to 12-31-10
Chairman of the Township Board	Kathleen Klein Bonnie Ross Keasling	01-01-08 to 12-31-09 01-01-10 to 12-31-10



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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF HARMONY TOWNSHIP, UNION COUNTY, INDIANA

We have examined the financial information presented herein of Harmony 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.

STATE BOARD OF ACCOUNTS

April 1, 2010

HARMONY TOWNSHIP, UNION 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:				
Township	\$ 10,967	11,136	\$ 13,771	\$ 8,332
Township Assistance	14,583	-	-	14,583
Firefighting	50,148	12,301	11,843	50,606
Rainy Day	700	853	-	1,553
Fiduciary Fund:				
Payroll Withholdings	643	-	643	-
Totals	<u>\$ 77,041</u>	<u>\$ 24,290</u>	<u>\$ 26,257</u>	<u>\$ 75,074</u>
	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
Governmental Funds:				
Township	\$ 8,332	\$ 8,875	\$ 14,695	\$ 2,512
Township Assistance	14,583	-	-	14,583
Firefighting	50,606	7,544	10,489	47,661
Rainy Day	1,553	-	-	1,553
Totals	<u>\$ 75,074</u>	<u>\$ 16,419</u>	<u>\$ 25,184</u>	<u>\$ 66,309</u>

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

HARMONY TOWNSHIP, UNION 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.

HARMONY TOWNSHIP, UNION COUNTY
EXAMINATION RESULTS AND COMMENTS

OFFICIAL BOND

The official bond for the period beginning July 1, 2009, did not comply with the bonding requirements and was not filed in the Office of the County Recorder.

Effective July 1, 2009, IC 5-4-1-18 states in part:

"(c) Except as provided in subsections (h) and (i), the fiscal bodies of the respective units shall fix the amount of the bond of . . . township trustees . . . as follows:

- (1) The amount of annual coverage must equal thirty thousand dollars (\$30,000) for each one million dollars (\$1,000,000) of receipts of the officer's office during the last complete fiscal year before the purchase of the bond, subject to subdivision (2).
- (2) The amount of annual coverage may not be less than thirty thousand dollars (\$30,000) nor more than three hundred thousand dollars (\$300,000) unless the fiscal body approves a greater amount of annual coverage for the officer or employee."

IC 5-4-1-5.1(b) states in part:

"Every elected or appointed officer, official, deputy, or employee of a political subdivision . . . shall file the bond in the office of the county recorder . . ."

LIST OF EMPLOYEES NOT FILED WITH COUNTY TREASURER

Officials or employees of the Township had money due from the Township, but a list of such employees was not certified to the County Treasurer.

IC 6-1.1-22-14(a) states in part:

"On or before June 1 and December 1 of each year . . . the disbursing officer of each political subdivision . . . shall certify the names and addresses of each person who has money due the person from the political subdivision to the treasurer of each county in which the political subdivision is located."

HARMONY TOWNSHIP, UNION COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

DEPOSIT OF PUBLIC FUNDS

We noted instances where the Trustee was making deposits only twice a year. The December 28, 2009, tax distribution was not deposited as of April 1, 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."

CASH NECESSARY TO BALANCE, BANK RECONCILIATIONS

A comparison of the financial and appropriation records to the net bank account balance indicated cash long of \$1,690.66 as of December 31, 2009.

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)

HARMONY TOWNSHIP, UNION COUNTY
EXIT CONFERENCE

The contents of this report were discussed on April 1, 2010, with Joan Kuhlenbeck, Trustee. The official concurred with our findings.