

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

TOWN OF KENTLAND

NEWTON COUNTY, INDIANA

January 1, 2013 to December 31, 2013



FILED
05/19/2017

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Transmittal Letter	3
Clerk-Treasurer:	
Examination Results and Comments:	
Board Minutes	6
Capital Assets	6
Exit Conference	7
Town Council:	
Examination Results and Comments:	
Board Minutes	10
Pool Donations	10-11
Capital Assets	11
Exit Conference	12

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Judy M. King	01-01-11 to 12-31-18
President of the Town Council	James A. Sammons Lowell G. Mitchell	01-01-13 to 12-31-14 01-01-15 to 12-31-17



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

TO: THE OFFICIALS OF THE TOWN OF KENTLAND, NEWTON COUNTY, INDIANA

This report is supplemental to our examination report of the Town of Kentland (Town), for the period from January 1, 2013 to December 31, 2013. It has been provided as a separate report so that the reader may easily identify any Examination Results and Comments that pertain to the Town. It should be read in conjunction with our Financial Statement Examination Report of the Town, which provides our opinion on the Town's financial statement. This report may be found at www.in.gov/sboa/.

As authorized under Indiana Code 5-11-1, we performed procedures to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts. The Examination Results and Comments contained herein describe the identified reportable instances of noncompliance found as a result of these procedures. Our tests were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified.

Any Official Response to the Examination Results and Comments, incorporated within this report, was not verified for accuracy.

Paul D. Joyce
Paul D. Joyce, CPA
State Examiner

March 13, 2017

(This page intentionally left blank.)

CLERK-TREASURER
TOWN OF KENTLAND

CLERK-TREASURER
TOWN OF KENTLAND
EXAMINATION RESULTS AND COMMENTS

BOARD MINUTES

Town Council minutes presented for examination did not document all actions of the Town Council during public meetings. The minutes did not document the actions taken related to the receipt of quotes for the purchase of a new garbage truck or the awarding of the quote to purchase a new garbage truck.

Indiana Code 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 section 3.5 or 3.6 of this chapter or any other statute that authorizes a governing body to conduct a meeting using an electronic means of communication."

Indiana Code 5-14-1.5-2(d) states:

"Official action' means to:

- (1) receive information;
- (2) deliberate;
- (3) make recommendations;
- (4) establish policy;
- (5) make decisions; or
- (6) take final action."

CAPITAL ASSETS

The Town did not maintain a complete inventory of capital assets owned.

A similar comment appeared in prior Report B43221.

Every unit must have a capital assets policy that details the threshold at which an item is considered a capital asset. Every unit must have a complete detail listing of all capital assets owned which reflects their acquisition value. Capital Asset Ledger (Form 369) has been prescribed for this purpose. A complete physical inventory must be taken at least every two years, unless more stringent requirements exist, to verify account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

CLERK-TREASURER
TOWN OF KENTLAND
EXIT CONFERENCE

The contents of this report were discussed on March 13, 2017, with Judy M. King, Clerk-Treasurer, and Lowell G. Mitchell, President of the Town Council.

(This page intentionally left blank.)

TOWN COUNCIL
TOWN OF KENTLAND

TOWN COUNCIL
TOWN OF KENTLAND
EXAMINATION RESULTS AND COMMENTS

BOARD MINUTES

Town Council minutes presented for examination did not document all actions of the Town Council during public meetings. The minutes did not document the actions taken related to the receipt of quotes for the purchase of a new garbage truck or the awarding of the quote to purchase a new garbage truck.

Indiana Code 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 section 3.5 or 3.6 of this chapter or any other statute that authorizes a governing body to conduct a meeting using an electronic means of communication."

Indiana Code 5-14-1.5-2(d) states:

"Official action' means to:

- (1) receive information;
- (2) deliberate;
- (3) make recommendations;
- (4) establish policy;
- (5) make decisions; or
- (6) take final action."

POOL DONATIONS

The Town had several donation funds. Donations were receipted into the Parks And Recreation fund in 2013. Documentation for these donations, which totaled \$155,000, noted that they were for the "swimming pool." The Town Council did not document its acceptance of the pool donations in the minutes.

Following is a brief list of procedures to be followed by city and town officials in receiving and accounting for monetary contributions, donations, or gifts received by the municipality. (The term "donation" in this article includes donations, contributions and gifts.)

1. Unrestricted donations are defined as those to which the donor has not attached terms, conditions, or purposes.

TOWN COUNCIL
TOWN OF KENTLAND
EXAMINATION RESULTS AND COMMENTS
(Continued)

2. Restricted donations are defined as those to which the donor has attached terms, conditions, or purposes.
3. The governing body of the unit has the option and responsibility to either accept or reject, in writing, any proposed donation.
4. If the donation is a restricted donation, the board must agree, in writing, to the terms, conditions, or purposes attached to the proposed donation.
5. Restricted donations can only be accepted for purposes within the scope of general statutory authority.
6. Income or revenues in the form of tax distributions, tax receipts, fees, rentals, contractual payments, etc., are not to be considered donations.
7. Donations which are accepted must be handled in one of the two following methods:
 - A. Unrestricted donations shall be receipted into the applicable operating fund of the unit (i.e. city or town operating (general) fund; cemetery operating fund, park and recreation operating fund, airport operating fund, etc.). Expenditure of such donated revenue from the operating fund shall be made only after an appropriation has been provided for the purpose of the expenditure. Claims must be filed and approved in the regular legal manner.
 - B. A restricted donation shall be placed into a separate fund after such fund is established by the legislative body of the unit. Any appropriate descriptive name may be given the donation fund. The donation can be expended only for the purpose and under the terms and conditions agreed to on accepting the donation.

Pursuant to Attorney General Official Opinion No. 68 of 1961, no further appropriation is required for expenditure of a restricted donation for the designated purpose. Even though no further appropriation is required, claims must be filed and approved in the regular legal manner before disbursements can be made from the fund. . . .

(Cities and Towns Bulletin and Uniform Compliance Guidelines, June 2016 - Part One)

CAPITAL ASSETS

The Town did not maintain a complete inventory of capital assets owned. Additionally, the Town Council had not adopted a capital asset policy.

A similar comment appeared in prior Report B43221.

Every unit must have a capital assets policy that details the threshold at which an item is considered a capital asset. Every unit must have a complete detail listing of all capital assets owned which reflects their acquisition value. Capital Asset Ledger (Form 369) has been prescribed for this purpose. A complete physical inventory must be taken at least every two years, unless more stringent requirements exist, to verify account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

TOWN COUNCIL
TOWN OF KENTLAND
EXIT CONFERENCE

The contents of this report were discussed on March 13, 2017, with Judy M. King, Clerk-Treasurer, and Lowell G. Mitchell, President of the Town Council.