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B44006

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August 5, 2014

TO: THE OFFICIALS OF BEARCREEK TOWNSHIP, JAY COUNTY, INDIANA

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of Bearcreek Township (Township), for the period of January 1, 2010 to December 31, 2013, to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts.

Our procedures were designed solely to satisfy the requirements of Indiana Code 5-11-1. Because our procedures were not designed to opine on the Township's financial statements, we did not follow *generally accepted auditing standards*. Accordingly, we do not express an opinion on any basic financial statement of the Township.

Management is responsible for preparing and maintaining its accounting records and related documents, as well as compliance with applicable state laws and uniform compliance guidelines established by the Indiana State Board of Accounts.

The Township's Annual Financial Reports filed for years prior to 2011 can be found on the Indiana Transparency Portal website: [www.in.gov/itp/annual\\_reports/](http://www.in.gov/itp/annual_reports/). For years 2011 and later, the Annual Financial Reports filed by the Township can be found on the Gateway website: <https://gateway.ifionline.org/>.

The Comments contained herein describe the identified reportable instances of noncompliance found as a result of the procedures we performed. Our procedures were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified.

**Unresolved Comment From Prior Report**

- *The Annual Financial Report filed on Gateway for 2011, 2012, and 2013 contained a number of errors and did not properly reflect the financial activity of the Township.*

| Year | Fund                | (Beg Bal,<br>Receipt, Disb,<br>End Bal)<br>Category | Amount Per<br>Gateway | Amount Per<br>Township Ledger | Difference |
|------|---------------------|---|-----------------------|-------------------------------|------------|
| 2011 | Township            | Beg Bal   | \$ 82,857.64          | \$ 82,838.24                  | \$ 19.40   |
| 2011 | Township            | Receipts  | 26,964.32             | 25,643.82                     | 1,320.50   |
| 2011 | Township            | Disbursements                                       | 22,637.31             | 23,504.55                     | (867.24)   |
| 2011 | Township            | End Bal   | 87,184.65             | 84,977.51                     | 2,207.14   |
| 2011 | Township Assistance | Receipts  | 9,136.45              | 9,136.15                      | 0.30       |
| 2011 | Township Assistance | Disbursements                                       | 15,727.83             | 16,052.98                     | (325.15)   |
| 2011 | Township Assistance | End Bal   | (1,951.40)            | (2,276.85)                    | 325.45     |
| 2011 | Fire Fighting       | Receipts  | 15,629.63             | 15,869.97                     | (240.34)   |

| Year | Fund                | (Beg Bal,<br>Receipt, Disb,<br>End Bal)<br>Category | Amount Per<br>Gateway | Amount Per<br>Township Ledger | Difference |
|------|---------------------|---|-----------------------|-------------------------------|------------|
| 2012 | Township            | Beg Bal   | 87,184.65             | 84,977.51                     | 2,207.14   |
| 2012 | Township            | Receipts  | 18,526.56             | 19,516.52                     | (989.96)   |
| 2012 | Township            | Disbursements                                       | 31,632.18             | 35,198.64                     | (3,566.46) |
| 2012 | Township            | End Bal   | 74,079.03             | 69,295.39                     | 4,783.64   |
| 2012 | Township Assistance | Beg Bal   | (1,951.40)            | (2,276.85)                    | 325.45     |
| 2012 | Township Assistance | Receipts  | 16,172.66             | 25,078.64                     | (8,905.98) |
| 2012 | Township Assistance | Disbursements                                       | 13,013.70             | 21,123.24                     | (8,109.54) |
| 2012 | Township Assistance | End Bal   | 1,207.56              | 1,678.55                      | (470.99)   |
| 2013 | Township            | Beg Bal   | 74,079.03             | 69,295.39                     | 4,783.64   |
| 2013 | Township            | Receipts  | 24,092.11             | 23,495.43                     | 596.68     |
| 2013 | Township            | Disbursements                                       | 23,975.32             | 22,876.67                     | 1,098.65   |
| 2013 | Township            | End Bal   | 74,195.82             | 69,914.15                     | 4,281.67   |

### Current Period Comments

- *Depository reconciliations of the fund balances to the bank balances were not conducted.*
- *The Ledger was not properly posted. Neither the Township fund nor Total All Funds columns were used as designed. Check postings to the Ledger did not agree with the actual amount of the checks. Checks were not issued in numerical order. Township disbursements were not posted to the appropriation columns. Transactions were not timely posted. Several deposits were not recorded until year end. The 2013 Ledger did not include the Fire fund.*
- *The Township Assistance fund had an overdrawn fund balance of \$2,277 at December 31, 2011.*
- *A total of 35 county tax distributions were not properly posted. These errors consisted of postings to the All Funds column and not the individual funds, distributions not posted, distributions not posted to the correct fund, and distributions not posted timely. In addition, 4 tax distributions were not deposited timely.*
- *Disbursements made that were not properly supported totaled 62, 51, 26, and 40 for 2010, 2011, 2012, and 2013 respectively.*
- *The Township did not adopt an annual resolution establishing salaries of Township officers and employees for the years 2010, 2011, 2012, and 2013.*
- *The Trustee, Clerk, and Board members were paid in advance of the actual date the services were provided in the fourth quarter of 2013 by as much as 89, 27, and 27 days respectively.*
- *Payroll taxes withheld were not properly remitted to the Internal Revenue Service and the Indiana Department of Revenue. Payroll taxes for 2010 were not remitted to the Internal Revenue Service until March 2014.*
- *The Township paid penalties and interest for late remittances of payroll taxes to the Internal Revenue Service and the Indiana Department of Revenue in the amount of \$145.*

- *Fire contracts for 2011 and 2013, Community Center contract for 2010 and 2013, mowing contracts for 2012, several Internal Revenue Service and Indiana Department of Revenue reports, employees' earning records, and Board minutes after October 2012 were not presented for review.*
- *Payments made for fire protection exceeded the contract amount by \$200 and \$1,000 in 2010 and 2012 respectively. The Bryant Community Center contract amounts totaled \$10,000 for 2011 and 2012. The Township paid for repairs and other items for the Community Center rather than disburse funds directly to the Community Center as required by the contract. This resulted in an underpayment of \$583 for 2011 and an overpayment of \$3,285 for 2012.*
- *Township assistance payments were made without an Application for Township Assistance for the review period. Some applications on file were incomplete. There were only two applications on file for 2010.*
- *The Township did not have a Nepotism Policy for 2012 or 2013.*
- *Each elected officer did not certify in writing that the officer had not violated Indiana Code 36-1-20.2 (Nepotism) by December 31, 2012 or 2013.*
- *The Township did not have a Contracting Policy for 2012 or 2013.*
- *Each elected officer did not certify in writing that the officer had not violated Indiana Code 36-1-21 (Contracting With a Unit) by December 31, 2012 and 2013.*
- *The Annual Report for 2010 was not filed electronically until July 14, 2011, which was 135 days late.*
- *The Township did not timely file a Certified Report of Names, Addresses, Duties and Compensation of Public Employees (Form 100-R or its equivalent) with the Indiana State Board of Accounts for 2010 and 2011. The reports were filed on December 16, 2011, and June 14, 2012, which was 319 and 135 days past the due date, respectively.*

This letter is intended for the information and use of the governing body and management of the Township. This restriction is not intended to limit the distribution of this letter, which is a matter of public record.

The contents of this letter were discussed on July 10, 2014, with Alice Miller, Trustee.

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