



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

B44067

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August 18, 2014

TO: THE OFFICIALS OF SMITH TOWNSHIP, POSEY COUNTY, INDIANA

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of Smith 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/. 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.

Current Period Comments

- *Depository reconciliations of the fund balances to the bank account balances were conducted; however, the reconciliation did not balance. As of December 31, 2013, the bank account reconciliation identified cash short in the amount of \$181.67.*
- *The Annual Financial Report filed on Gateway for 2013 did not accurately reflect the financial activity of the Township as noted below:*

<u>Year</u>	<u>Fund</u>	<u>Category</u>	<u>Amount Per Gateway</u>	<u>Amount Per Ledger</u>	<u>Difference</u>
2013	Township Assistance	Disbursements	<u>\$ 12,111.81</u>	<u>\$ 10,007.40</u>	<u>\$ 2,104.41</u>

- *The records presented for review showed the following disbursements in excess of budgeted appropriations:*

<u>Years</u>	<u>Fund</u>	<u>Excess Amount Disbursed</u>
2010	Township Assistance	\$ 849.52
2010	Fire Fighting	8,000.00
2010	Rainy Day	2,665.81
2011	Township Assistance	305.06
2011	Rainy Day	406.16
2012	Township Assistance	2,117.03

- *W-2s were not issued for Board members in 2010 and 2011. Accordingly, Board members were paid without the Township withholding federal, state, and local taxes in 2010, 2011, 2012, and 2013.*
- *Township assistance payments were made without an Application for Township Assistance on file.*
- *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 and 2013.*
- *The Township did not have a Contracting With a Unit 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.*

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 May 8, 2014, with Stephen M. Jarboe, Trustee.

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