



# STATE OF INDIANA

AN EQUAL OPPORTUNITY EMPLOYER

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December 5, 2014

TO: THE OFFICIALS OF BROWN TOWNSHIP, WASHINGTON COUNTY, INDIANA

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

### **Current Period Comments**

- *The financial ledger is required to be proved at the close of each month by reconciling financial activity and balances for individual funds with the total for all funds (control). The financial activity and balances were not accurately totaled or were not totaled for individual funds. In addition, investments were not recorded on the financial ledger.*

*Our totaling of the financial activity recorded on the financial ledger showed that the following adjustments are required to be made to the individual Township funds at December 31, 2013:*

<u>Fund</u>	<u>Per Ledger</u>	<u>Per Examination</u>	<u>Adjustments</u>
Township	\$ 43,990.97	\$ 46,605.99	\$ 2,615.02
Township Assistance	29,096.12	31,843.85	2,747.73
Payroll Withholdings	-	1,537.95	1,537.95
Rainy Day	1,449.00	1,449.39	0.39
Levy Excess	-	13.06	13.06
Investments	-	49,022.39	49,022.39
<b>Totals</b>	<b><u>\$ 74,536.09</u></b>	<b><u>\$ 130,472.63</u></b>	<b><u>\$ 55,936.54</u></b>

- 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 and balances of the Township.

<u>Years</u>	<u>Fund</u>	<u>Category</u>	<u>Amount Per Gateway</u>	<u>Amount Per Ledger</u>	<u>Difference</u>
2011	Township	Beg. Bal	\$ 83,329.03	\$ 44,306.64	\$ 39,022.39
2011	Township Assistance	Beg. Bal	42,967.68	32,967.68	10,000.00
2011	Township	Ending Bal	87,874.88	48,852.49	39,022.39
2011	Township Assistance	Ending Bal	43,990.31	33,976.57	10,013.74
2012	Township	Beg. Bal	87,874.88	48,852.49	39,022.39
2012	Township Assistance	Beg. Bal	43,976.54	33,976.57	9,999.97
2012	Township	Ending Bal	84,841.00	45,813.36	39,027.64
2012	Township Assistance	Ending Bal	42,708.81	30,067.89	12,640.92
2013	Township	Beg. Bal	84,841.00	45,813.36	39,027.64
2013	Township Assistance	Beg. Bal	42,708.84	30,067.89	12,640.95
2013	Township	Receipts	26,459.24	16,702.81	9,756.43
2013	Township	Ending Bal	92,781.04	43,990.97	48,790.07
2013	Township Assistance	Ending Bal	41,737.07	29,096.12	12,640.95


The Township also did not report the Payroll Deduction fund on Gateway for the years 2011, 2012, and 2013.

- Receipts are required by Indiana Code 5-13-6-1 to be deposited by the first and fifteenth of the month. During the years 2010, 2011, 2012, and 2013, tax distributions received from the County were not timely recorded to the financial ledger and were not timely deposited. The delays in recording and depositing ranged from 10 to 443 days.
- Resolutions establishing salaries of Township officers and employees were not presented for review for 2010, 2011, 2012, and 2013. Form 17 (Resolution Establishing Salaries of Township Officers and Employees) has been prescribed for this purpose.
- Payroll taxes withheld were not properly remitted to the Internal Revenue Service and Department of Revenue. Numerous instances noted where reporting and remittance were filed late or not filed at all. As of December 31, 2013, the Township was holding unremitted withholdings of \$4,453.74 for the years 2011, 2012, and 2013. In addition, the Township was not remitting the employer share of Social Security taxes.
- The wages reported on the W-2s issued for 2010 and 2013 did not agree with the actual amounts paid to employees.

- *Payments made for Cemetery Care were not supported by a written contract for 2011.*
- *Applications for Township Assistance payments made during 2010 were not presented for review. Only 1 of the 9 Township Assistance Purchase Order was presented for review for 2010.*
- *Minutes of the meetings of the governing body were not presented for review for the years 2012 and 2013.*
- *The Township did not have the required meeting to review and adopt the Annual Report in accordance with Indiana Code 36-6-6-9 for 2011, 2012, and 2013.*
- *The Township Board members did not certify in writing that the officer had not violated Indiana Code 36-1-20.2 (Nepotism) by December 31, 2012, and December 31, 2013.*
- *The Township Board 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 December 31, 2013.*
- *The Township did not timely file a Certified Reports of Names, Addresses, Duties and Compensation of Public Employees (Form 100-R or its equivalent) with the Indiana State Board of Accounts for 2010. The report was filed on July 21, 2011, which is 171 days past the due date.*

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 October 9, 2014, with Meghan Combs, Trustee.

  
Paul D. Joyce, CPA  
State Examiner