



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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January 16, 2015

TO: THE OFFICIALS OF SPENCER TOWNSHIP, JENNINGS COUNTY, INDIANA

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

Unresolved Comments From Prior Report

- *Depository reconciliations of the fund balances to the bank account balances were not performed during 2010, 2011, 2012, or 2013. A similar comment appeared in prior Report B36955. A bank reconciliation was performed by the examiner and many errors were noted including deposits not posted for the correct amounts, interest not posted, and checks not posted or posted incorrectly. The bank reconciliations at December 31, 2010, 2011, 2012, and 2013 revealed a cash long in the amount of \$355.07 after the errors were corrected.*
- *The Annual Financial Reports filed on Gateway for 2011, 2012, and 2013 contained a number of errors and did not properly reflect the financial activity of the Township. A similar comment appeared in prior Report B36955.*

Years	Fund	(Beg Bal, Receipt, Disb, End Bal)	Amount Per Gateway	Amount Per Township Ledger	Difference
		Category			
2011	Township	Beginning Balance	\$ 42,311.53	\$ 37,860.32	\$ 4,451.21
2011	Fire Fighting	Beginning Balance	13,944.19	14,419.19	(475.00)
2011	Cumulative Fire	Beginning Balance	10,259.06	9,543.25	715.81
2011	Cumulative Fire	Disbursements	15,703.12	15,703.60	(0.48)
2011	Township	Ending Balance	40,782.64	36,331.43	4,451.21
2011	Fire Fighting	Ending Balance	9,871.28	10,346.28	(475.00)
2011	Cumulative Fire	Ending Balance	3,852.71	3,136.42	716.29
2012	Township	Beginning Balance	40,782.64	36,331.43	4,451.21
2012	Fire Fighting	Beginning Balance	9,871.28	10,346.28	(475.00)
2012	Cumulative Fire	Beginning Balance	3,852.71	3,136.42	716.29
2012	Township	Receipts	2,964.33	3,022.26	(57.93)
2012	Cumulative Fire	Receipts	4,706.51	7,512.76	(2,806.25)
2012	Township	Disbursements	8,708.63	8,002.36	706.27
2012	Township	Ending Balance	35,038.34	31,351.33	3,687.01
2012	Fire Fighting	Ending Balance	1,957.41	2,432.41	(475.00)
2012	Cumulative Fire	Ending Balance	(495.73)	1,594.23	(2,089.96)
2013	Township	Beginning Balance	35,038.34	31,351.33	3,687.01
2013	Fire Fighting	Beginning Balance	1,957.41	2,432.41	(475.00)
2013	Cumulative Fire	Beginning Balance	(495.73)	1,594.23	(2,089.96)
2013	Cumulative Fire	Receipts	2,903.87	2,867.89	35.98
2013	Township	Disbursements	8,246.56	8,668.96	(422.40)
2013	Cumulative Fire	Disbursements	2,055.37	2,055.59	(0.22)
2013	Township	Ending Balance	33,819.83	29,710.42	4,109.41
2013	Fire Fighting	Ending Balance	2,645.69	3,120.69	(475.00)
2013	Cumulative Fire	Ending Balance	352.77	2,406.53	(2,053.76)

Current Period Comments

- Receipts were deposited later than the first and fifteenth of the month. In some instances, deposits were not made for more than five months.
- The Township did not adopt a resolution establishing salaries of Township officers and employees for 2010, 2011, 2012, and 2013.
- The records presented indicated the following disbursements in excess of budgeted appropriations:


Years	Fund	Excess Amount Disbursed
2010	Cumulative Fire	\$ 410
2012	Cumulative Fire	9,055
2013	Cumulative Fire	2,056

- Since the Township did not adopt resolutions establishing salaries and there were no detailed budgets available for 2010 and 2011 we could not determine if officials and employees were paid in accordance with rates approved by the Township Board.
- Board members were paid without the Township withholding Medicare and Social Security taxes in 2012 and 2013.
- W-2s were not issued for Board members for 2012 and 2013.
- Payments made to the Jennings County Coordinating Council in 2013 were not supported by a written contract.

- *Several payments were observed which did not contain adequate supporting documentation such as receipts, invoices, and other public records. One disbursement dated August 15, 2010, in the amount of \$53.15 to a floral and gift shop was paid based on a statement that was not detailed as to the items purchased; therefore, we could not determine if this was an allowable expenditure of the Township.*
- *Six Township assistance payments did not have completed Township Assistance Purchase Orders. Two Township assistance payments were observed in 2013 which were not supported by a Township Assistance Application.*
- *The Township paid late fees of \$47.42 to vendors due to bills not being paid timely.*
- *The Township had the required meetings to review and adopt the Annual Report in accordance with Indiana Code 36-6-6-9; however, according to this statute the legislative body shall meet on or before the third Tuesday after the first Monday in February of each year. At this meeting it shall consider and approve, in whole or in part, the Annual Report. The Township only documented one meeting for 2012, 2013, and 2014, and the Annual Reports were adopted at these meetings. These meetings occurred on July 21, 2012, May 24, 2013, and May 1, 2014, which was after the required statutory deadlines. There were no documented meetings for adopting the budgets in 2012 and 2013.*
- *The Trustee was not properly bonded for 2010, 2011, 2012, and 2013. The Trustee's Surety Bond was insufficient per the Indiana Code.*
- *The Annual Report was not published in accordance with Indiana Code 36-6-4-13 for 2010, 2011, 2012, and 2013. Proofs of Publication of the Annual Report were not provided and no disbursements were made to newspapers for publication of the Annual Reports.*
- *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 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 July 2011 bank statement and the IRS form 944 for 2011 were not presented for review.*
- *The Annual Financial Reports for 2010, 2011, 2012, and 2013 were not filed electronically until July 8, 2011, July 20, 2012, July 18, 2013, and April 16, 2014, which were 130, 142, 139, and 46 days, respectively, past the due dates.*
- *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, 2011, 2012, and 2013. The reports were filed on November 18, 2011, May 22, 2012, July 18, 2013, and April 17, 2014, which were 291, 112, 168, and 76 days, respectively, past the due dates.*

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 June 30, 2014, with Floyd Bowman, Trustee.


Paul D. Joyce, CPA
State Examiner