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February 20, 2015

TO: THE OFFICIALS OF BETHLEHEM TOWNSHIP, CLARK COUNTY, INDIANA

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of Bethlehem 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 Comments From Prior Report***

- *The financial institution did not return the actual cancelled checks with the monthly bank statements, but instead returned only an optical image of the front side of the checks. The back side or endorsement side of the checks was not returned for 2011, 2012, and 2013.*
- *The 2010 bank statements and canceled checks could not be located, so copies were provided by the Township's depository, which included an optical image of both the front and back side of the canceled check.*
- *The Township did not adopt a resolution establishing salaries of Township officers and employees for 2010, 2011, 2012, and 2013. Form 17 (Resolution Establishing Salaries of Township Officers and Employees) has been prescribed for this purpose.*
- *W-2s were not presented for review for all officials and employees for the years 2010 and 2011.*

- *Township Board members' were paid without the Township withholding any applicable federal, state, and local taxes for 2010, 2011, 2012, and 2013.*
- *Minutes of meetings of the governing body were not presented for review for 2010, 2011, 2012, and 2013. Without written minutes we were unable to determine if the Board held all meetings required by State statutes.*
- *Detailed records were not maintained on payroll related payments made to Township officers and employees and payroll withholdings for 2010, 2011, 2012, and 2013. Form 99B (Employees Earnings Records) has been prescribed for this purpose.*
- *Depository reconciliations of the fund balances to the bank account balances were not presented for review for 2010, 2011, and 2012.*

**Current Period Comments**

- *The Annual Financial Report filed on Gateway for 2011 and 2012 contained a number of errors and did not properly reflect the financial activity of the Township as shown in the following schedule:*

<u>Years</u>	<u>Fund</u>	<u>Category</u>	<u>Amount Per Gateway</u>	<u>Amount Per Ledger</u>	<u>Difference</u>
2011	Township	Beginning Balance	\$ 20,449.73	\$ 19,062.52	\$ 1,387.21
2011	Township Assistance	Beginning Balance	272.72	9,785.72	(9,513.00)
2011	Rainy Day	Beginning Balance	-	638.00	(638.00)
2011	Township	Disbursements	-	8,934.45	(8,934.45)
2011	Township	Ending Balance	28,989.83	18,572.84	10,416.99
2011	Township Assistance	Ending Balance	598.03	9,945.87	(9,347.84)
2011	Rainy Day	Ending Balance	-	638.00	(638.00)
2012	Township Assistance	Beginning Balance	598.03	9,945.87	(9,347.84)
2012	Township Assistance	Ending Balance	288.03	9,535.86	(9,247.83)

*An undocumented permanent funds transfer was made from the Township Assistance Fund to the Township Fund in the amount of \$9,513. The Township increased the Township Fund at January 1, 2011, in the amount of the transfer but failed to record the decrease in the Township Assistance Fund until January 1, 2013. Failure to record the transfer in both funds caused beginning and ending balances to be inaccurate until 2013.*

*There is no statutory authority for permanent transfers from the Township Assistance Fund. In addition, all transactions are to be properly recorded in the Financial and Appropriation Record (Form 1C) to properly reflect the financial activity of the Township.*


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

<u>Year</u>	<u>Fund</u>	<u>Excess Amount Disbursed</u>
2010	Township	\$ 8,303.50
2010	Township Assistance	275.00

- *Payments made for cemetery care (mowing) were not supported by a written contract and no itemized invoice or other supporting documentation was presented to document when the services were provided.*
- *Township assistance payments for 2010 and 2011 were made without an Application for Township Assistance on file. These payments were also made without any supporting documentation, such as receipts, invoices, or other documents to support the payment.*
- *Township Assistance Standards were not presented in accordance with Indiana Code 12-20-5.5-1 for the review period.*
- *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 2010, 2011, 2012, and 2013.*
- *The Annual Report was not published in accordance with Indiana Code 36-6-4-13 for 2010, 2011, 2012, and 2013.*
- *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 December 31, 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 December 31, 2013.*
- *The Annual Reports for 2010, 2011, and 2012 were not filed electronically until June 17, 2011, March 21, 2012, and May 13, 2013, which was 108, 20, and 73 days past the due date, respectively.*
- *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, and 2012. The reports were filed on June 22, 2011, April 13, 2012, and April 26, 2013, which was 142, 72, and 85, days, respectively, 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 November 24, 2014, with Joe Madison, former Trustee, and Sharon Madison, Clerk and current Trustee.

  
Paul D. Joyce, CPA  
State Examiner