



**STATE OF INDIANA**  
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March 13, 2015

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

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

*The above condition continued during years 2010, 2011, 2012, and 2013.*

- *The Payroll Withholding fund (Withholding fund) recorded on the ledger incurred deficit cash balances during the prior examination period due to incorrect calculation of employee's contributions and payment of the Township's share from the Withholding fund without transferring the appropriate amount from other Township funds.*

*The Withholding fund also incurred deficit cash balances of \$11,943.81, \$17,382.83, and \$22,422.45, at December 31, 2011, 2012, and 2013, respectively, due to the same procedural errors reported in the prior examination and due to the payment of penalties and interest from the Withholding fund for late filing of required reports.*

### Current Period Comments

- Depository reconciliations of the fund balances to the bank account balances were conducted; however, the reconciliation at December 31, 2013, contained errors.
- The Annual Financial Report filed on Gateway for 2013 contained a number of errors and did not properly reflect the financial activity of the Township.

Years	Fund	Category	Amount Per Gateway	Amount Per Ledger	Difference
2011	Payroll Withholding	Receipts	\$ -	\$ 13,160.91	\$ (13,160.91)
2011	Payroll Withholding	Disbursements	-	25,104.72	(25,104.72)
2011	Payroll Withholding	Ending Balance	-	(11,943.81)	11,943.81
2012	Township Assistance	Disbursements	170,809.48	171,601.15	(791.67)
2012	Township Assistance	Ending Balance	(36,338.65)	(37,130.32)	791.67
2012	Payroll Withholding	Beg. Balance	-	(11,943.81)	11,943.81
2012	Payroll Withholding	Receipts	-	13,048.42	(13,048.42)
2012	Payroll Withholding	Disbursements	-	18,487.44	(18,487.44)
2012	Payroll Withholding	Ending Balance	-	(17,382.83)	17,382.83
2013	Payroll Withholding	Beg. Balance	-	(17,382.83)	17,382.83
2013	Payroll Withholding	Receipts	-	14,771.40	(14,771.40)
2013	Payroll Withholding	Disbursements	-	19,811.02	(19,811.02)
2013	Payroll Withholding	Ending Balance	-	(22,422.45)	22,422.45
2013	Township Assistance	Beg. Balance	(36,338.65)	(37,130.32)	791.67
2013	Township Assistance	Ending Balance	32,038.49	31,246.82	791.67

- The following funds had overdrawn cash balances at December 31:

Years	Fund	Amount Overdrawn
2010	Township Assistance	\$ 28,020.74
2011	Township Assistance	24,476.92
2011	Payroll Withholding	11,943.81
2012	Township Assistance	37,130.32
2012	Payroll Withholding	17,382.83
2013	Payroll Withholding	22,422.45

- Disbursements from the Township Assistance Fund exceeded budgeted appropriations in the year 2013 in the amount of \$3,929.12.
- 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.
- Township Board members were paid without the Township withholding federal, state, and local taxes for the years 2011, 2012, and 2013.
- W-2s were not issued for the Township Board members for 2011, 2012, and 2013.
- Donations were made in 2010, 2011, 2012, and 2013 in the amount of \$4,000, \$4,000, \$5,500, and \$5,500, respectively, to not-for-profit community service organizations from the Township Assistance fund. There is no direct connection between donations made to community service organizations and assistance provided to individual Township assistance recipients.

- *Township Assistance Purchase Orders (Form TA-2) were in use for assistance provided; however, the TA-2s were not signed by the vendor certifying that the services, supplies, or other items were furnished based on the order.*
- *The Township paid \$10,000 per year during the years 2010, 2011, 2012, and 2013 for cemetery mowing. Payments made for cemetery agreed with the total contract amount; however, the total contract amount was paid to the contractor at the beginning of the contract period prior to services being performed.*
- *The Township paid penalties, interest, and other charges to the Internal Revenue Service and the Indiana Department of Revenue in the amount of \$1,041.99 because the Township did not remit taxes on a timely basis during the years 2010 and 2011.*
- *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.*
- *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 or 2013.*
- *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. The report was filed on April 28, 2011, which is 87 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 July 24, 2014, with Ernie Thompson, former Trustee, and Marc Thompson, Township Clerk.

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