



**STATE OF INDIANA**  
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B46688

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July 29, 2016

TO: THE OFFICIALS OF BAKER TOWNSHIP, MORGAN COUNTY, INDIANA

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of Baker Township (Township), for the period of January 1, 2012 to December 31, 2015, 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 auditing standards generally accepted in the United States of America. 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.

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 not presented for review for forty-eight out of forty-eight months of the review period. The depository reconciliations were not retained for 2012, 2013, 2014, and 2015.*
- *The Annual Financial Report (AFR) filed for 2015 did not match the Township's records as shown below:*

| <u>Year</u> | <u>Fund</u>         | <u>Category</u> | <u>Amount Per<br/>AFR</u> | <u>Amount Per<br/>Township Ledger</u> | <u>Difference</u> |
|-------------|---------------------|-----------------|---------------------------|---------------------------------------|-------------------|
| 2015        | Township            | End Bal         | \$ 143,733.09             | \$ 143,632.93                         | \$ (100.16)       |
| 2015        | Township Assistance | End Bal         | 25,377.89                 | 25,377.17                             | (0.72)            |

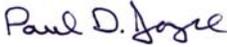
- *The records presented for review indicated the following disbursements in excess of budgeted appropriations:*

| <u>Year</u> | <u>Fund</u>   | <u>Excess Amount<br/>Disbursed</u> |
|-------------|---------------|------------------------------------|
| 2012        | Fire Fighting | <u>\$ 408.55</u>                   |

- *Township Board approvals of salaries for 2012, 2013, 2014, and 2015 were not presented for review.*
- *Township Board members were paid without withholding federal, state, and local taxes for the years of 2012, 2013, 2014, and 2015.*
- *W-2s were not issued for all Township employees for 2012, 2013, 2014, and 2015.*
- *Payments made to the fire department were not supported by a written contract for 2014.*
- *The Certified Report of Names, Addresses, Duties and Compensation of Public Employees (Form 100-R or its equivalent) was incomplete. The report did not include all of the employees of the Township for 2013, 2014, and 2015.*
- *Several payments were observed which did not contain adequate supporting documentation, such as receipts, invoices, and other public records. Payments were made in 2012, 2013, and 2014 without adequate supporting documentation. Payments made for Township Assistance in 2013 and 2014 did not contain adequate supporting documentation.*
- *The Township paid penalties, interest and other charges to Internal Revenue Service in the amount of \$89.78 in 2014 and 2015 because the Township did not remit payments on a timely basis.*
- *Township Assistance Standards were not established in accordance with Indiana Code 12-20-5.5-1 for 2012, 2013, 2014, and 2015.*
- *The Township did not have a Nepotism Policy for 2012, 2013, and 2014.*
- *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, 2013, 2014, and 2015.*
- *The Township did not have a Contracting Policy for 2012, 2013, and 2014.*
- *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, 2013, 2014, and 2015.*
- *The Trustee's Surety Bond was not recorded in the county recorder office for 2014 and 2015.*
- *The Township did not have the required meeting to review and adopt the AFR in accordance with Indiana Code 36-6-6-9 for 2014.*

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 25, 2016, with David Hermann, Trustee.

  
Paul D. Joyce, CPA  
State Examiner