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July 29, 2016

TO: THE OFFICIALS OF ABOITE TOWNSHIP, ALLEN COUNTY, INDIANA

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

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***

- Depository reconciliations of the fund balances to the bank account balances were conducted; however, the reconciliations did not balance and indicated errors from as early as 2013 that remain uncorrected. As of December 31, 2015, the bank account reconciliation indicated an unidentified cash short in the amount of \$261.45. The list of deposits in transit used for the December 31, 2015, bank account reconciliation included items that were as much as five years old. The outstanding check list used for the December 31, 2015, bank account reconciliation included 33 items totaling \$6,075 that were more than two years old, and 22 checks or electronic payments totaling \$90,759 that were duplicate postings of cleared items.
- The Annual Financial Reports filed on Gateway for 2012 and 2014 did not agree with the Township's records as follows:

<u>Years</u>	<u>Fund</u>	<u>Category</u>	<u>Amount Per Gateway</u>	<u>Amount Per Township Ledger</u>	<u>Difference</u>
2012	EMS	Disbursements	\$ 154,590.02	\$ 154,263.42	\$ 326.60
2012	EMS	Ending Balance	243,954.07	244,280.67	(326.60)
2014	Township	Receipts	123,401.07	124,823.52	(1,422.45)
2014	Township	Ending Balance	71,996.65	73,419.10	(1,422.45)

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

<u>Years</u>	<u>Fund</u>	<u>Amount Overdrawn</u>
2013	Payroll Withholding	\$ 2,328.81
2014	Payroll Withholding	30,342.31
2015	Payroll Withholding	56,276.21

- Certain receipts were not properly receipted to the Township ledger. A \$7,453 license excise settlement from the County in 2014 that should have been split between six funds was receipted only to the Township Assistance fund. A \$7,298 county option income tax payment received from the County in November 2014 that should have been receipted to the Township Assistance fund was receipted to the EMS fund as medical fees. A \$19,294 duplicate payment refund in 2014 that should have been receipted to the Firefighting fund was receipted to the Reimbursement fund.
- The Township Board minutes contained no evidence that the Township Board fixed the salaries of officers and employees for the years 2012, 2013, and 2015. The salaries fixed and recorded in the Township Board minutes for 2014 did not include all positions or classes of employees.
- In 2013, the Township overpaid federal payroll taxes by \$5,224 and received refunds of \$7,353 for a net underpayment of \$2,129. In 2014, the Township overpaid federal payroll taxes by \$2,706. In 2015, the Township overpaid federal payroll taxes by \$10,089 and received a refund of \$5,179 for a net overpayment of \$4,910. The Township over/(under)paid state and local payroll withholding taxes by \$44, (\$140), \$1,221, and \$1,230 for the years 2012, 2013, 2014, and 2015, respectively. The amount of taxable wages and federal tax withheld that the Township reported for 2015 on quarterly reports to the Internal Revenue Service (Form 941) did not agree with the amounts reported to the Social Security Administration on employee W-2s.
- The Township Board minutes did not have any record of the required meeting to review and adopt the annual report in accordance with Indiana Code 36-6-6-9 for the years 2013 and 2014.
- The Township elected officers did not each certify in writing that they had not violated Indiana Code 36-1-20.2 (Nepotism) by December 31, 2012, 2013, 2014, and 2015.
- The Township elected officers did not each certify that they had complied with Indiana Code 36-1-21 (Contracting With a Unit) by December 31, 2012, 2013, 2014, and 2015.
- For the years 2012, 2013, and 2014, ten out of twelve Employer's Quarterly Federal Tax Returns (Form 941) were not presented for review.

- The Annual Financial Reports for 2013 and 2015 were not filed electronically until April 11, 2014 and March 17, 2016, respectively, which were 41 days and 17 days 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 2014 and 2015. The reports were filed on March 2, 2015 and February 8, 2016, 30 days and 8 days, respectively, past the due dates.
- The Certified Reports of Names, Addresses, Duties and Compensation of Public Employees (Form 100-R or its equivalent) were inaccurate. For the years 2012, 2013, 2014, and 2015, the total compensation reported was more/(less) than gross wages by \$25, \$7,371, \$7,923, and (\$2,558), respectively. The difference in 2015 is the result of omitting two of fifty-four employees and errors reporting the compensation of nineteen employees ranging from \$1,156 understated to \$5,632 overstated.

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 6, 2016, with Barbara J. Krisher, Trustee; and Susan M. Richards, Township Clerk. Any Official Response attached to this letter was not verified for accuracy.

  
Paul D. Joyce, CPA  
State Examiner