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B47230

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November 21, 2016

TO: THE OFFICIALS OF HARRISON TOWNSHIP, ELKHART COUNTY, INDIANA

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

- The Township performed monthly reconciliations of the fund balances to the bank account balances; however, the reconciliations did not balance. As of December 31, 2015, the bank account reconciliation indicated an unidentified cash short in the amount of \$119.*
- The Township's Annual Financial Report (AFR) filed on Gateway contained errors as follows:*

<i>Years</i>	<i>Fund</i>	<i>Category</i>	<i>Amount per AFR</i>	<i>Amount per Township Ledger</i>	<i>Difference</i>
2012	Township	Receipts	\$ 74,188	\$ 75,420	\$ (1,232)
2012	Township	Disbursements	42,917	43,593	(676)
2012	Township	Ending Balance	70,637	71,192	(555)
2013	Township	Beginning Balance	70,637	71,192	(555)

<u>Years</u>	<u>Fund</u>	<u>Category</u>	<u>Amount per AFR</u>	<u>Amount per Township Ledger</u>	<u>Difference</u>
2013	Township	Receipts	\$ 78,696	\$ 77,991	\$ 705
2013	Township	Disbursements	38,040	37,568	472
2013	Township	Ending Balance	111,293	111,616	(323)
2014	Township	Beginning Balance	111,293	111,348	(55)
2014	Township	Receipts	68,615	72,770	(4,155)
2014	Township	Disbursements	40,068	39,678	390
2014	Township	Ending Balance	139,840	144,440	(4,600)
2015	Payroll Withholding	Receipts	-	2,186	(2,186)
2015	Payroll Withholding	Ending Balance	(511)	1,675	(2,186)

- The Township disbursements exceeded the budgeted appropriations as follows:

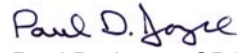
<u>Years</u>	<u>Fund</u>	<u>Excess Amount Disbursed</u>
2014	Township	\$ 2,004
2015	Township	306

- The Township did not record or deposit two checks received from Elkhart County dated June 23, 2014, totaling \$4,278. These checks are still outstanding on the records of the Elkhart County Treasurer.
- On six occasions in 2014, the Township deposited receipts later than the first and fifteenth of the month. These deposits were late by an average of 21 days.
- The Township erroneously recorded all of the 2014 and 2015 Commercial Vehicle Excise Tax as receipts in the Township fund. A portion of these receipts should have been recorded in the Firefighting and Township Assistance funds in the amounts of \$766 and \$1,073, respectively.
- The Township did not properly remit federal payroll taxes. The Township overpaid the amounts due in 2013 and 2014 by \$1,369 and \$776, respectively, and underpaid the amount due in 2015 by \$265. Payments for 2015 were not made timely. Half of the first quarter payments were not made until May 18, 2015. The remainder of the first quarter and all of the second and third quarter payments were not made until December 1, 2015.
- The Township's Employer's Quarterly Federal Tax Returns (Form 941) were incorrect. The Township reported wages for 2014 and 2015 that were less than the actual wages paid by \$833 and \$838, respectively. The Township reported 2015 federal tax withheld that exceeded the actual amount withheld by \$60.
- The Township did not present for review W-2s for the years 2012 and 2014. The Township did not present for review 1099s for the years 2012, 2013, and 2014. The Township did present 1099s for 2015; however, a 1099 was not prepared for rental payments made to the Township Clerk.
- The Township did not present for review contracts to support payments made for fire protection and emergency medical service for the year 2015. The Township also made payments for cemetery care that were not supported by invoices or written contracts.

- *The Township did not present for review supporting documentation such as receipts, invoices, and other public records for numerous payments to vendors. In 2015 alone, supporting documentation was not provided for ten payments totaling \$16,049.*
- *The Township did not have a policy for nepotism in employment for the years 2012, 2013, 2014, and 2015.*

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 October 18, 2016, with Kerry E. Yaw, Trustee. Any Official Response attached to this letter was not verified for accuracy.

  
Paul D. Joyce, CPA  
State Examiner