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B47448

STATE BOARD OF ACCOUNTS  
302 WEST WASHINGTON STREET  
ROOM E418  
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513  
Fax: (317) 232-4711  
Web Site: [www.in.gov/sboa](http://www.in.gov/sboa)

December 30, 2016

TO: THE OFFICIALS OF HONEY CREEK TOWNSHIP, VIGO COUNTY, INDIANA

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

- *The Annual Financial Report (AFR) for 2012, 2013, and 2014 were not filed electronically until April 23, 2013, April 29, 2014, and July 9, 2015, which was 53 days, 59 days, and 130 days past due. The AFR for 2015 had not been filed with the State Examiner as of the date of this report.*
- *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 2012, 2014, and 2015. The report was filed on February 5, 2013, March 11, 2015, and February 3, 2016, which was 2 days, 39 days, and 3 days past the due date, respectively.*
- *The Township did not have the required meeting to review and adopt the AFR in accordance with Indiana Code 36-6-6-9 for 2013, 2014, and 2015.*
- *The AFR was not published in accordance with Indiana Code 36-6-4-13 for 2013, 2014, and 2015.*
- *The Township did not have a Nepotism Policy for 2012 and 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, 2013, 2014, and 2015.
- The Township did not have a Contracting Policy for 2012 and 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, 2013, 2014, and 2015.
- The Township Board did not fix the salaries of all officials and employees for 2013 and 2014.
- Compensation paid to employees was not in accordance with the approved amount or budgeted amount for 2013, 2014, and 2015.
- The Township paid \$37,028.85 of compensation in advance of the actual date the services were provided.
- Township Board members were paid without the Township withholding federal, state, and local taxes for 2012, 2013, 2014, and 2015. In addition, the Township Clerk was paid in 2012 without withholding federal, state, and local taxes for two months pay.
- The wages reported on the W-2s issued for 2012 and 2014 did not agree with the actual amounts paid to employees. In addition, W-2s were not presented for 2013 and 2015 for review.
- W-2s were not issued for all Township employees for the years of 2012 and 2014. We were unable to determine if W-2s were issued to all employees for 2013 and 2015 due to no W-2 records being presented for review.
- The Certified Report of Names, Addresses, Duties and Compensation of Public Employees (Form 100-R or its equivalent) was inaccurate as shown below:

Years	Employee/Official	100-R Amount	Amount Paid
2012	Trustee	\$ 6,300.00	\$ 5,496.00
2013	Trustee	5,496.00	5,038.00
2013	Township Clerk	6,600.00	5,849.25
2014	Trustee	6,000.00	4,658.50
2014	Township Clerk	6,300.00	6,000.00
2015	Trustee	6,000.00	5,928.00
2015	Township Clerk	8,000.00	7,752.19

- Receipts were deposited later than the first and fifteenth of the month. Receipts were deposited up to 14 days late in 2013.
- The AFR for 2012, 2013, and 2014 did not match the Township's records as shown below:

Years	Fund	Category	Amount per AFR	Amount per Township Ledger	Difference
2012	Township	Receipts	\$ 19,600.73	\$ 19,437.94	\$ (162.79)
2012	Township	Disb	14,506.43	-	(14,506.43)
2012	Township	End Bal	115,650.05	117,292.96	1,642.91
2012	Township Assistance	Receipts	31,337.13	7,117.65	(24,219.48)
2012	Township Assistance	Disb	23,794.41	16,706.07	(7,088.34)
2012	Township Assistance	End Bal	52,881.35	35,550.41	(17,330.94)
2012	Rainy Day	Beg Bal	10,069.38	-	(10,069.38)
2012	Rainy Day	End Bal	10,069.38	-	(10,069.38)
2013	Township	Disb	26,989.35	-	(26,989.35)
2013	Township	End Bal	90,303.61	122,988.03	32,684.42

<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 Assistance	Receipts	\$ 12,624.91	\$ 23,586.65	\$ 10,961.74
2013	Township Assistance	Disb	18,061.13	19,577.24	1,516.11
2013	Township Assistance	End Bal	30,114.19	41,670.21	11,556.02
2013	Rainy Day	Beg Bal	10,069.38	-	(10,069.38)
2013	Rainy Day	End Bal	10,069.38	-	(10,069.38)
2014	Township	Beg Bal	90,303.61	133,048.06	42,744.45
2014	Township	Receipts	22,649.03	43,859.64	21,210.61
2014	Township	Disb	22,758.97	33,920.94	11,161.97
2014	Township	End Bal	90,193.67	126,096.94	35,903.27
2014	Township Assistance	Receipts	19,825.26	10,540.44	(9,284.82)
2014	Township Assistance	Disb	26,583.77	26,303.21	(280.56)
2014	Township Assistance	End Bal	34,912.02	25,627.09	(9,284.93)
2014	Rainy Day	Beg Bal	10,069.38	-	(10,069.38)
2014	Rainy Day	Disb	625.01	-	(625.01)
2014	Rainy Day	End Bal	9,444.37	-	(9,444.37)

*As of the date of this report, the AFR has not been filed with the State Board of Accounts.*

- We were unable to determine if the disbursements were in excess of approved appropriations due to the ledger not being posted by fund in 2012, 2013, and 2015. Disbursements were in excess of approved appropriations for 2014.*

<u>Year</u>	<u>Fund</u>	<u>Excess Amount Disbursed</u>
2012	Township	\$ 13,685.94

- Depository reconciliations of the fund balances to the bank account balances were conducted for all months except December 2014; however, the reconciliations contained errors and did not balance for 2013 and 2014.*
- The Township paid penalties, interest, and other charges to a vendor in the amount of \$80.44 in 2014 and to the Internal Revenue Service in the amount of \$44.97 in 2012 because the Township did not remit payments on a timely basis.*

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 7, 2016, with Charles R. Beckwith, Trustee, and Mary Tucker, Township Clerk.

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