



STATE OF INDIANA
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B47654

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

February 2, 2017

TO: THE OFFICIALS OF WASHINGTON TOWNSHIP, STARKE COUNTY, INDIANA

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

Unresolved Comments from Prior Report

- *Depository reconciliations of the fund balances to the bank account balances were not completed for 2012 through 2014.*
- *The ledgers contained a number of posting errors for 2012 through 2014 that included:*
 1. *Receipts and Disbursements posted to the ledger of all fund activity (control ledger) could not be verified as posted to the ledgers by individual fund (detail ledger).*
 2. *The total of the individual fund cash and investment balances per the detail ledger did not agree to the cash and investment balance per the control ledger.*
 3. *Mathematical errors.*
 4. *Receipts were posted by deposit instead of by each collection.*

The Trustee, with the assistance of another local official, compared posted activity to bank activity to develop and correct errors from 2012 through 2014.

- *The Annual Financial Report (AFR) filed on Gateway for 2012, 2014, and 2015 did not match the Township's records.*

<u>Years</u>	<u>Fund</u>	<u>Category</u>	<u>Amount per AFR</u>	<u>Amount per Township Ledger</u>	<u>Difference</u>
2012	Township	Receipts	\$ 48,375.93	\$ 44,590.18	\$ 3,785.75
2012	Township	Disbursements	49,220.21	49,631.70	(411.49)
2012	Township Assistance	Disbursements	3,482.11	3,882.11	(400.00)
2012	Fire fighting	Disbursements	60,331.95	59,412.20	919.75
2012	Township	Ending Balance	19,886.66	15,689.12	4,197.54
2012	Township Assistance	Ending Balance	15,731.26	15,331.26	400.00
2012	Fire fighting	Ending Balance	29,396.63	30,316.68	(920.05)
2014	Township	Beginning Balance	2,999.72	9,988.49	(6,988.77)
2014	Township Assistance	Beginning Balance	12,370.02	13,145.65	(775.63)
2014	Fire fighting	Beginning Balance	34,616.42	46,197.20	(11,580.78)
2014	Cumulative Fire	Beginning Balance	60,116.61	58,291.40	1,825.21
2014	Fire Debt	Beginning Balance	25,583.69	42,352.40	(16,768.71)
2014	Township	Receipts	46,867.86	34,424.76	12,443.10
2014	Township	Disbursements	78,413.91	74,353.73	4,060.18
2014	Fire fighting	Disbursements	52,881.14	53,009.84	(128.70)
2014	Township	Ending Balance	(28,546.33)	(30,029.48)	1,483.15
2014	Township Assistance	Ending Balance	15,581.64	16,357.29	(775.65)
2014	Fire fighting	Ending Balance	40,018.24	51,470.32	(11,452.08)
2014	Cumulative Fire	Ending Balance	68,410.67	66,585.46	1,825.21
2014	Fire Debt	Ending Balance	26,926.20	43,694.91	(16,768.71)
2015	Township	Disbursements	98,381.11	98,366.11	15.00
2015	Township Assistance	Ending Balance	(31,547.68)	(31,532.68)	(15.00)

- *The Trustee did not file an AFR on the Gateway for 2013.*
- *The prior Trustee's Surety Bond for 2012 through 2015 was insufficient per the Indiana Code. The bond term was from March 12, 2012 to January, 2016, in the amount of \$15,000.*
- *During 2012 through 2014, the monthly County Adjusted Gross Income Tax (CAGIT) payments from the County Auditor were not posted timely; some were deposited up to five months after payment was received.*
- *During 2012 through 2014, the Trustee made deposits for collections of hall rental and cemetery lots up to eight months after the collection was received.*
- *Receipts were not issued for all collections of cemetery lots and hall rentals for 2012 through 2014.*
- *The Township Board did not fix the salaries, wages, or hourly rates of Township officers and employees for 2012, 2014, and 2015.*
- *The Township Board members were not issued a W-2 for 2012 through 2014.*
- *The Township Board members for 2012 through 2015, and the Township Clerk for 2012 through 2014, were paid without the Township withholding federal, state, and local taxes.*
- *The Trustee was paid without state and local taxes being withheld for 2012 through 2015.*
- *The Township had an approved budget for 2012 and 2013 for the Township fund only. The Township did not have an approved budget for 2014. Budget amounts were based on the last approved budget for the fund. The records presented indicated the following disbursements in excess of budgeted appropriations:*

<u>Years</u>	<u>Fund</u>	<u>Excess Amount Amount</u>
2013	Township	\$ 13,056.40
2013	Township Assistance	2636.86
2014	Township	23,543.73
2015	Township	29,130.11

Current Period Comments

- *Minutes of the meetings of the governing body held during June 2013 through April 2014 were not presented.*
- *The minutes of the meetings were not approved by the Board verifying the accuracy of the minutes.*
- *The Township did not have the required meeting to review and adopt the Annual Report in accordance with Indiana Code 36-6-6-9 for 2012 through 2015.*
- *The Annual Report was not published in accordance with Indiana Code 36-6-4-13 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, 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, and 2014.*
- *An AFR for 2013 was not filed with the State Examiner.*
- *The AFR for 2012 and 2015 was not filed electronically until August 6, 2013, and March 7, 2016, which was 158 days and six days past the due date, respectively.*
- *The Township did not 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 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 2012. The report was filed on July 26, 2013, which was 176 days past the due date.*
- *The Township paid the compensation of the Trustee and Township Clerk a month in advance of when the actual services were provided for 2012 through 2014.*
- *Payments made for mowing were not supported by a written contract for 2012 through 2015.*
- *The following funds had overdrawn cash balances at December 31:*

<u>Years</u>	<u>Fund</u>	<u>Amount Overdrawn</u>
2014	Township	\$ 30,029.48
2015	Township	31,532.68

- *The Township paid penalties, interest, and other charges to the U. S. Treasury in the amount of \$863.63 because the Township did not remit payroll tax payments for 2011 through 2014. An agreement was made between with the former Trustee and the Township for the former Trustee to reimburse the Township \$735.37 of the penalties, interest, and other charges paid by the Township. As of June 8, 2016, the former Trustee had fully satisfied this obligation.*
- *The W-2 issued to the former Trustee in 2013 indicated that \$188.50 was withheld for state taxes but no remittance of state withholding taxes was made to the Indiana Department of Revenue by the Township.*
- *Several payments were observed that did not contain adequate supporting documentation, such as receipts, invoices, and other public records. This included payments totaling \$2,784.46 for a two week stay at a hotel from the township assistance fund and payments to the U.S. Treasury Department that included penalties, interest, and late fees.*
- *Township Assistance Standards were not established in accordance with Indiana Code 12-20-5.5-1.*

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 December 15, 2016, with Catherine Benko, Trustee.

Paul D. Joyce

Paul D. Joyce, CPA
State Examiner