



STATE OF INDIANA
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B47660

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February 2, 2017

TO: THE OFFICIALS OF NORTH BEND TOWNSHIP, STARKE COUNTY, INDIANA

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

- The total all funds cash and investments balances (control) per the ledger balances did not agree to the sum the cash and investment balances of the individual fund ledgers (detail). As of December 31, 2015, the control, detail, and examiner reconciled cash and investment balances were:*

<i>Years</i>	<i>Control Ledger Balance</i>	<i>Detail Ledger Balance</i>	<i>Reconciled Cash and Investment Balance</i>
2012	\$ 213,873.61	\$ 207,786.32	\$ 214,004.26
2013	162,715.20	156,541.75	162,755.24
2014	118,328.14	81,788.01	114,945.28
2015	74,201.35	60,095.49	68,534.24

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

<u>Years</u>	<u>Fund</u>	<u>Excess Amount Disbursed</u>
2013	Township	\$ 22,901.50
2013	Township Assistance	177.95
2014	Township Assistance	3,411.48
2015	Township	2,690.15
2015	Township Assistance	742.98

Current Period Comments

- Depository reconciliations of the fund balances to the bank account balances were not presented for 24 of the 48 months during the period. We performed a cursory bank reconciliation as of December 31, 2015. A cursory bank reconciliation consisted of adjusting the bank balance for checks and deposits that had cleared the bank by January 31, 2016, but were recorded in the records as of December 31, 2015. We did not make adjustments for any prior outstanding checks which may or may not have cleared the bank or any other errors or omissions. We identified a cash long in the amount of \$8,438.75, when compared to the detail ledger, and a cash short of \$5,667.11 when compared to the control ledger.
- The Annual Financial Report (AFR) filed on Gateway for 2013, 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 Ledger</u>	<u>Difference</u>
2013	Levy Excess	Disbursements	\$ 581.00	\$ -	\$ 581.00
2013	Levy Excess	Ending Balance	7,592.97	8,173.97	(581.00)
2014	Township	Beginning Balance	1,631.30	1,549.48	81.82
2014	Township	Receipts	18,748.93	18,690.38	58.55
2014	Township	Disbursements	8,477.30	23,995.82	(15,518.52)
2014	Township	Ending Balance	11,902.93	(3,755.96)	15,658.89
2014	Township Assistance	Disbursements	5,430.71	9,946.48	(4,515.77)
2014	Township Assistance	Ending Balance	(741.90)	(5,257.47)	4,515.57
2014	Firefighting	Beginning Balance	142,047.47	142,008.47	39.00
2014	Firefighting	Ending Balance	83,247.47	83,208.47	39.00
2014	Excess Levy	Disbursements	19,049.92	23,000.00	(3,950.08)
2014	Excess Levy	Ending Balance	11,543.05	7,592.97	3,950.08
2015	Rainy Day	Disbursements	10,474.80	10,315.52	159.28
2015	Rainy Day	Ending Balance	9,525.20	9,684.48	(159.28)


- In 2014, the Trustee transferred \$23,000 from the Firefighting fund to the Excess Levy fund. Subsequent to this transfer in 2014 the Excess Levy fund transferred \$17,000 to the Township fund, and \$6,000 to the Township Assistance fund. In 2015, the Trustee transferred \$20,000 from the Firefighting fund to the Rainy Day fund. Salaries and supplies for the Township were subsequently paid from the Rainy Day fund in 2015.
- The following funds had overdrawn cash balances at December 31:

<u>Years</u>	<u>Fund</u>	<u>Amount Overdrawn</u>
2014	Township	\$ 3,755.96
2014	Township Assistance	5,257.47
2015	Township	118.46
2015	Township Assistance	4,481.77

- *The Township Board did not fix the salaries, wages, or hourly rates for Township officers and employees for 2012 through 2015.*
- *Employees of the Township were paid without the Township withholding federal, state, and local taxes.*
- *Payments made for fire protection were not supported by a written contract in 2015.*
- *Several payments were observed which did not contain adequate supporting documentation, such as receipts, invoices and other public records. Payments were made to the Trustee for electric and phone usage without any supporting documentation.*
- *The Township paid penalties, interest, and other charges totaling \$140.22 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, or 2015.*
- *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 2013 and 2015.*
- *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, or 2015.*
- *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, or 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 November 23, 2016, with Rutherford Byron Walters, Trustee.


Paul D. Joyce, CPA
State Examiner