



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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November 1, 2023

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

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of Baugo Township (Township), Elkhart County, for the period of January 1, 2019 to December 31, 2022, to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts.

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 Township's Annual Financial Reports filed by management can be found on the Gateway Website: www.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.

Comments

ANNUAL FINANCIAL REPORTS

Condition and Context

The Annual Financial Reports (AFR) submitted in the Indiana Gateway for Government Units financial reporting system contained errors and did not reflect the financial activity of the Township. Transfers were not properly recorded in the Township's AFRs. Additionally, distributions received from the County Auditor were not properly recorded to the Township's AFRs. These errors have been corrected and are reflected in the cash and investment balances contained in this report.

The Township's AFR for 2021 was not filed electronically until July 15, 2022, which was 135 days past the due date.

Criteria

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every audited entity financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each fiscal year. The reports must be in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under [IC 5-14-3.8-7](#)."

Units are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings, court decisions, and filing requirements concerning reports and other procedural matters of federal and state agencies. Units must file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

APPROPRIATIONS

The same comment also appeared in a management letter addressed to the Township Board and Trustee, on April 29, 2020.

Condition and Context

The following funds had disbursements in excess of budgeted appropriations for the amounts shown below:

<u>Years</u>	<u>Fund</u>	<u>Excess Amount Expended</u>
2019	Township Fund	\$ 33,872
2019	Cumulative FD Building & Equipment Fund	40,741
2019	Recreation Fund	100
2020	Township Fund	9,379
2020	Recreation Fund	100
2021	Rainy Day Fund	7,679
2021	Township Fund	54,498
2021	Fire Fighting Fund	180,243
2021	Recreation Fund	100
2022	Township Fund	91,213

Criteria

Indiana Code 6-1.1-18-4 states in part: ". . . the proper officers of a political subdivision shall appropriate funds in such a manner that the expenditures for a year do not exceed its budget for that year as finally determined under this article."

100R - CERTIFIED REPORT FILED AFTER DUE DATE

Condition and Context

The Township's Certified Report of Names, Addresses, Duties and Compensation of Public Employees (Form 100R), for 2021 and 2022, was not filed electronically until February 2, 2022, and March 14, 2023, which was 2 and 42 days past the due date.

Criteria

Indiana Code 5-11-13-1(b) states:

"Each audited entity shall during the month of January of each year prepare, make, and sign a certified report, correctly and completely showing the names and business addresses of the officers, employees, and agents of the audited entity. The report shall indicate the respective duties and compensation of each officer, employee, and agent of the audited entity. The audited entity shall file the report in the office of the state examiner of the state board of accounts. The report must also indicate whether the political subdivision offers a health plan, a pension, and other benefits to full-time and part-time employees. However, no more than one (1) report covering the same officers, employees, and agents need be made from the state or any county, city, town, township, or school unit in any one year. The certification must be filed electronically in the manner prescribed under [IC 5-14-3.8-7.](#)"

OVERDRAWN CASH BALANCES

The same comment also appeared in a management letter addressed to the Township Board and Trustee, on April 29, 2020.

Condition and Context

The Payroll Deduction Fund had an overdrawn cash balances of \$771, \$6,633, and \$6,024 at December 31, 2019, 2020, and 2022.

Criteria

The cash balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the unit. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

This report is intended solely for the information and use of management, governance, and others within the organization. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

The Schedule of Cash and Investment Balances - Regulatory Basis is presented as other information. It has not been subjected to any auditing procedures, and, accordingly, we do not express an opinion or provide any assurance on it.

SCHEDULE OF CASH AND INVESTMENT
BALANCES - REGULATORY BASIS
As of December 31, 2022

Fund	Cash and Investments 12-31-22
Township Fund	\$ 115,844
Recreation Fund	6,212
Township Assistance	105,716
Fire Fighting Fund	356,827
Rainy Day Fund	43,415
Cumulative FD Building & Equipment Fund	137,677
Payroll Deduction Fund	<u>(6,024)</u>
Total	<u>\$ 759,666</u>

Any Official Response to the Comments, incorporated within this report, was not verified for accuracy.

The contents of this report were communicated to Katherine Weaver, Trustee, on October 20, 2023.

Respectfully,



Beth Kelley, CPA, CFE
Deputy State Examiner