



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
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September 19, 2023

TO: THE OFFICIALS OF NEWCASTLE TOWNSHIP, FULTON COUNTY, INDIANA

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of Newcastle Township (Township), Fulton 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](http://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***

***ADOPTION OF, AND TRAINING ON, INTERNAL CONTROL STANDARDS***

***Condition and Context***

The Township had not adopted the acceptable minimum level of internal control standards as defined by the Indiana State Board of Accounts.

Township employees whose official duties included receiving, processing, depositing, disbursing, or otherwise having access to funds that belonged to the Township, had not received training over internal control standards that was developed or approved by the Indiana State Board of Accounts.

***Criteria***

Indiana Code 5-11-1-27(g) states:

"After June 30, 2016, the legislative body of a political subdivision shall ensure that:

- (1) the internal control standards and procedures developed under subsection (e) are adopted by the political subdivision; and
- (2) personnel receive training concerning the internal control standards and procedures adopted by the political subdivision."

**AMBULANCE AND FIRE CONTRACTS**

The same comment also appeared in prior Report B54249.

*Condition and Context*

Payments made for ambulance and fire protection services throughout the engagement period were not supported by a written contract.

*Criteria*

Payments made or received for contractual services must be supported by a written contract. Each unit is responsible for complying with the provisions of its contracts. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

**APPROPRIATIONS**

The same comment also appeared in a previous Report B48906 and a management letter addressed to the Officials of the Township on December 23, 2019.

*Condition and Context*

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

<u>Fund</u>	<u>Year</u>	<u>Excess Amount Expended</u>
2019	Community Building	\$ 3,650
2020	Community Building	428
2020	Fire Fighting	2,124
2022	Township Fund	20,166
2022	Fire Fighting	12,018

*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."

**BANK ACCOUNT RECONCILIATIONS**

*Condition and Context*

Depository reconciliations of the fund balances to the bank account balances were conducted; however, the December 31, 2019, 2020, 2021, and 2022 reconciliations did not balance. The following is a comparison of the adjusted bank balances to the Annual Financial Reports (AFR) filed on the Indiana Gateway for Government Units:

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Adjusted Bank Balance	\$ 183,324	\$ 196,939	\$ 224,288	\$ 235,160
AFR Balance	<u>181,823</u>	<u>197,533</u>	<u>202,525</u>	<u>214,883</u>
Difference	<u>\$ 1,501</u>	<u>\$ (594)</u>	<u>\$ 21,763</u>	<u>\$ 20,277</u>

*Criteria*

Indiana Code 5-13-6-1(e) states: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance must agree. If the reconciled bank balance is less than the subsidiary or control ledgers, the amount needed to balance may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

**CERTIFICATION ON INTERNAL CONTROL STANDARDS**

*Condition and Context*

The Township certified on the Indiana Gateway for Government Units (Gateway) financial reporting system that it had adopted the minimum internal control standards as required by Indiana Code 5-11-1-27(e); however, during the engagement, the Township could not provide supporting documentation showing the adoption of the minimum internal control standards.

The Township certified on Gateway that all personnel defined by Indiana Code 5-11-1-27(c) had received training concerning the internal control standards adopted by the Township; however, during the engagement, the Township could not provide supporting documentation showing all personnel had received training concerning the internal control standards.

*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](#)."

**COMPENSATION AND BENEFITS**

*Condition and Context*

The Township did not provide an annual salary resolution or ordinance, Township Board minutes, or other documentation setting and approving the salaries of Township officers and employees during the engagement period.

*Criteria*

Indiana Code 36-6-6-10(c) states in part: "The township legislative body shall fix the compensation of all officers and employees of the township. Compensation shall be established using an annual, monthly, or biweekly salary schedule. . . ."

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, resolution, or salary schedule adopted by the governing body unless otherwise authorized by law. Compensation must be paid in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

## **CONDITION OF RECORDS**

The same comment also appeared in prior Report B54249.

### *Condition and Context*

The Township's funds ledgers for 2019, 2020, 2021, and 2022 were not provided for review; therefore, we could not verify if the Annual Financial Reports filed on the Indiana Gateway for Government Units financial reporting system were accurate.

### *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)

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance must agree. If the reconciled bank balance is less than the subsidiary or control ledgers, the amount needed to balance may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

## **CONTRACTS**

The same comment also appeared in prior Report B54249.

### *Condition and Context*

Payments made for contractual services performed for the Township during the engagement period were not supported by a written contract.

### *Criteria*

Payments made or received for contractual services must be supported by a written contract. Each unit is responsible for complying with the provisions of its contracts. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

## **FAILURE TO WITHHOLD PAYROLL TAXES**

The same comment also appeared in prior Reports B48906 and B54249.

### *Condition and Context*

Form W-2s or 1099s were not provided for review; therefore, we could not verify if the Township was properly withholding federal, state, and local taxes from the compensation paid to Township employees and Township Board members during our engagement period.

### *Criteria*

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)

## **LATE SUBMISSION OF ANNUAL FINANCIAL REPORT**

The same comment also appeared in prior Report B54249.

### *Condition and Context*

The Township's Annual Financial Report for 2019, 2020, and 2021 was not filed electronically until September 18, 2020, March 4, 2021, and March 10, 2022, which was 201, 2, and 8 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)

## **NEPOTISM - ANNUAL CERTIFICATIONS**

Similar comments also appeared in prior Reports B48906 and B54249, entitled *NEPOTISM CERTIFICATIONS* and *CONTRACTING WITH A UNIT CERTIFICATION*.

### *Condition and Context*

Each elected officer did not certify in writing that they had not violated Indiana Code 36-1-20.2 (Nepotism) by December 31 of 2019, 2020, 2021, and 2022.

Each elected officer did not certify in writing that they had not violated Indiana Code 36-1-21 (Contracting with a Unit) by December 31 of 2019, 2020, 2021, and 2022.

*Criteria*

Indiana Code 36-1-20.2-16 states: "Each elected officer of the unit shall annually certify in writing, subject to the penalties for perjury, that the officer has not violated this chapter. An officer shall submit the certification to the executive of the unit not later than December 31 of each year."

Indiana Code 36-1-21-6 states: "Each elected officer of the unit shall annually certify in writing, subject to the penalties for perjury, that the officer is in compliance with this chapter. An officer shall submit the certification to the executive of the unit not later than December 31 of each year."

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	\$ 61,777
Township Assistance	5,441
Fire Fighting	52,656
Rainy Day	6,166
Cumulative Fire	49,820
Community Building	33,521
Community Host	<u>5,502</u>
Total	<u>\$ 214,883</u>

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

The contents of this report were communicated to Megihann Leininger, Trustee, and Don Craig, Chair of the Township Board, on August 28, 2023.

Respectfully,



Beth Kelley, CPA, CFE  
Deputy State Examiner

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# Newcastle Township

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September 6, 2023

6126 N 825 E  
Mentone, IN 46539

Dear SBOA:

The Newcastle Township Board and Trustee, want to ensure we are following all state guidance, and that our township is doing its due diligence to make sure all findings from the audit are corrected in the period allotted. We have already adopted a capital asset policy, completed a salary resolution, an internal control policy, taken internal control training, have written fire and ambulance contracts, mowing contracts, completed form 100-R, completed nepotism training, and completed annual nepotism certifications.

As we move forward this year, the township will complete additional appropriations as needed. We will work over the next 12-24 months to find all accounting errors and reconcile those as discovered. We will keep a current bank reconciliation and provide fund ledgers for audits moving forward. There will be payroll taxes withheld and a W2 or 1099 will be provided. The Newcastle township annual report will be submitted timely for 2023.

We look forward to moving forward and meeting all the expectations for this wonderful township in Fulton County!!

Sincerely,

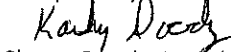
Meghann Leininger, Trustee



Don Craig, Board Member



Kathy Doody, Board Member



Shawn Doody, Board Member

