



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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January 5, 2024

TO: THE OFFICIALS OF FAIRFIELD TOWNSHIP, TIPPECANOE COUNTY, INDIANA

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of Fairfield Township (Township), Tippecanoe 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 REPORT - LATE SUBMISSION

Condition and Context

The Township's Annual Financial Report for 2022 was not filed electronically until July 10, 2023, which was 130 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](#)."

CERTIFICATION ON INTERNAL CONTROL STANDARDS

Condition and Context

The Township certified on the Indiana Gateway for Government Units financial reporting system that all personnel defined by Indiana Code 5-11-1-27(c) had received training concerning the internal control standards adopted by the Township. 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](#)."

TRAINING ON INTERNAL CONTROL STANDARDS

Condition and Context

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 in part:

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

- (2) personnel receive training concerning the internal control standards and procedures adopted by the political subdivision."

CONDITION OF RECORDS

Condition and Context

The Township's fund ledgers for beginning balances, receipts, disbursements, and ending balances did not agree to the Annual Financial Report (AFR) for 2019, 2020, and 2022.

During 2019 and 2020, the Township's fund ledgers did not record beginning balances, receipts, disbursements, or ending balances for the Custodial Account (non township-public funds) Fund. The AFR ending balances of this fund for 2019 was \$42,566, and the fund had been dissolved by the end of 2020.

During 2022, the Township's fund ledgers for receipts and disbursements from Payroll Deductions Fund were less than the AFR, containing differences of \$4,735 and \$5,632, respectively. Additionally, during 2022, the Township's fund ledgers for receipts and ending balances from the Township fund were both \$898 less than the AFR.

Criteria

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)

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 for 2021 and 2022.

Criteria

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)

BANK ACCOUNT RECONCILIATIONS

Condition and Context

Reconciliations of the Township's fund balances to its bank account balances were performed; however, the monthly and year-end reconciliations did not include all depository accounts, including certificates of deposit and/or savings accounts. As a result, reconciled bank accounts did not agree with reported cash and investments as shown in the table below:

<u>Fiscal Year End</u>	<u>Reconciled Bank Accounts</u>	<u>Reported Cash and Investments</u>	<u>Difference</u>
December 31, 2019	\$ 2,384,842	\$ 2,380,808	\$ 4,034
December 31, 2020	2,658,376	2,547,606	110,770
December 31, 2021	2,902,499	2,869,739	32,760

In addition, the Township's year-end outstanding checks were not able to be clearly traced to subsequent statements as being cleared or voided for December 31, 2020, December 31, 2021, and December 31, 2022.

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)

RECORDING DISBURSEMENT TRANSACTIONS

Condition and Context

Documentation was not provided to clearly identify if the disbursement transactions were recorded to the correct funds. Funds such as the Township Fund, Township Assistance, and Rainy Day Fund have specific purposes and uses addressed in Indiana Codes. Furthermore, each of the funds are appropriated by the Township Board and tax rates paid by taxpayers are established based upon the needs of each of those funds as budgeted, with the exception of the Rainy Day Fund. The disbursements of the Rainy Day Fund are expected to comply with the purpose of the Rainy Day Fund as stated in the resolution establishing the fund, and in compliance with the appropriated budget.

Credit Card Transactions

The Trustee used a Township credit card to make purchases from various vendors including Menards, Tony Robbins, Mastermind.com, etc. The disbursements listed on the credit card statements were posted to the following funds:

- Township Fund,
- Township Assistance (Welfare Administration),
- Recreation Fund,
- Rainy Day Fund, and
- Cemetery Fund

The Trustee did not clearly or accurately document how it was determined which invoices, transactions, or items purchased were paid from each fund. Per an interview with the Trustee on August 10, 2022, the Trustee stated that they followed what the prior Trustee did, such as if it were a purchase of fuel she would post to the same fund as the prior trustee used to post the fuel purchases. The Trustee also stated that they followed how a former employee told them that they did it, which included "splitting" between "Township and Welfare Administration" either 50/50 or some other percentage. The Trustee further stated that this former employee did the posting of the credit card transactions until October 2019. After that, the Trustee took over; thus, it could not be determined if the posted transactions, as paid from the credit cards, were in compliance with laws and resolutions governing specific uses of particular funds, such as the Township Assistance fund.

Furthermore, the check stub detail of amounts by fund did not always agree to the amounts posted by fund to the ledger.

Copies of a check stub and the associated credit card statement were reviewed, which illustrated the lack of accurate and complete documentation as to how transactions were posted to the funds in March 2020.

Disbursements Paid by Check

The Trustee also paid for non-credit card Township disbursements by check, which included payments for the Township's Apple iPhone, Apple watch, mobile use services, and reimbursements to the Trustee. The ledgers indicated that the disbursements were posted to the following funds:

- Township Fund
- Township Assistance (Welfare Administration and Direct Assistance)
- Rainy Day Fund

The Township Assistance fund had two sub funds. The Welfare Administration was budgeted for personal services (salaries and wages for investigators), supplies (office supplies, operating supplies), services and charges (legal services, insurance, utility services, repairs and maintenance, other services, and charges) and office equipment. The Direct Assistance was budgeted for emergency shelter, rent, utilities, food and clothing, healthcare, and burials for Township assistance recipients.

Apple iPhone, Apple Watch, and Mobile Usage Services

On March 21, 2019, The Trustee began paying for mobile phone services including calling, text, and data or internet access through mobile devices, including an Apple tablet that was purchased on February 1, 2019. It was also on March 21, 2019, that the Trustee began making payments for a new Apple iPhone that was purchased from the mobile phone service carrier. On December 9, 2020, prior to paying off the Apple iPhone, the Trustee purchased and began making payments on an Apple watch that was also purchased from the mobile service provider.

The mobile phone service provider included mobile phone numbers for each of the devices; however, we could not determine where any of these mobile phone numbers were provided to the public. As indicated by a sign on the Trustee's office door, when the office was closed due to Covid, it was the office phone number, not any of the mobile phone or mobile device numbers that were provided for those in need of assistance. Thus, there is a lack of support as to the ability to pay for the equipment and related services from the Township Assistance fund.

The vendor invoices provided details as to costs of equipment and services for each device; however, the Trustee posted the transactions based upon the total amounts of each invoice. Between March 21, 2019, and November 1, 2022, disbursements for the Apple iPhone, Apple Watch, and Mobile Usage Services were posted to the Township Fund, Township Assistance - Welfare Administration, Township Assistance - Direct Assistance, and Rainy Day Fund for \$5,507.39, \$923.88, \$510.11, and \$1,444.50, respectively. Of these posted disbursements, allocated amounts for the Apple iPhone and Apple Watch were \$1,449.99 and \$329.99, respectively.

Township Rainy Day Budget

In 2019, the \$39,410.52 recorded as capital outlay - equipment included the purchase of a Ford pickup truck (\$36,511.52) and a trailer (\$2,899). In 2019 and 2020, 27 percent of the disbursements posted to "Other Services and Charges" in the Rainy Day Fund were payments on credit card transactions. In 2021, the percentage decreased to 19 percent. The disbursements for the credit card transactions included charges for various trainings addressed in the Special Investigation Report, in the comment titled *DISBURSEMENTS EITHER LACKING SUPPORTING DOCUMENTATION AND/OR PURCHASES UNRELATED TO A TOWNSHIP PURPOSE.*

Criteria

Indiana Code 36-6-4-3 states in part:

"The executive shall do the following:

- (1) Keep a written record of official proceedings.
- (2) Manage all township property interests. . . .
- (5) Receive and pay out township funds.
- (6) Examine and settle all accounts and demands chargeable against the township.
- (7) Administer township assistance under [IC 12-20](#) and [IC 12-30-4](#). . . .

- (9) Provide and maintain cemeteries under [IC 23-14](#). . . .
- (15) Provide and maintain township parks and community centers under [IC 36-10](#). . . .
- (18) Perform other duties prescribed by statute."

Indiana Code 12-20-4-1 states: "The township trustee may pay out of township assistance money the necessary office expense and clerical or other help necessary to properly administer township assistance."

Indiana Code 12-20-5-1 states:

"(a) The township trustee of each township is ex officio the administrator of township assistance within the township.

(b) The township trustee shall perform all duties with reference to the poor of the township as prescribed by law.

(c) A township trustee, in discharging the duties prescribed by this article, is designated as the administrator of township assistance."

Indiana Code 12-20-5-2 states:

"The township trustee, as administrator of township assistance, in each township is responsible for the oversight and care of all poor individuals in the township as long as the individuals remain in the trustee's charge. The township trustee shall see that the individuals are properly taken care of in the manner required by law."

Indiana Code 12-7-2-20.5 states:

"'Basic necessities', for purposes of [IC 12-20](#), includes those services or items essential to meet the minimum standards of health, safety, and decency, including the following:

- (1) Medical care described in [IC 12-20-16-2](#).
- (2) Clothing and footwear.
- (3) Food.
- (4) Shelter.
- (5) Transportation to seek and accept employment on a reasonable basis.
- (6) Household essentials.
- (7) Essential utility services.
- (8) Other services or items the township trustee determines are necessities."

Indiana Code 36-6-4-8(a) states:

"The executive may use the township's share of state, county, and township tax revenues and federal revenue sharing funds for all categories of community services, if these funds are appropriated for these services by the township legislative body. The executive may use these funds for both operating and capital expenditures."

Indiana Code 36-1-8-5.1 states in part:

"(a) A political subdivision may establish a rainy day fund by the adoption of:

- (1) an ordinance, in the case of a county, city, or town; or
- (2) a resolution, in the case of any other political subdivision.

(b) An ordinance or a resolution adopted under this section must specify the following:

- (1) The purposes of the rainy day fund . . .

(c) The rainy day fund is subject to the same appropriation process as other funds that receive tax money. . . ."

Please be advised Indiana Code 12-20-5.5-3 provides the township trustee shall ensure adequate access to township assistance services, including a published telephone number in the name of the township.

Documentation should be retained to provide evidence that a personal phone number has been provided to the public as the contact number for the Township office. Common examples of acceptable documentation would include: a copy of the listing in a telephone directory, signage at the township office or a public building, listing on a governmental unit's website, etc. Using Township funds to pay for personal use of telephone, cell phone, or internet services without a documented and approved Township policy may be the personal obligation of the responsible official or employee.

(Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 2)

The State Board of Accounts will not take audit exception to reasonable cellular phone expenditures if Township owned cellular telephone(s) exist for which the township has a listing in the telephone directory in the name of the township. The Township must maintain a detailed listing from the cellular service company showing the township business nature of all calls made. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 2)

The State Board of Accounts will not take audit exception to reasonable internet expenditures if the township Internet service is in the name of the township and approved by the township board in accordance with IC 36-6-8-3. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 2)

PURCHASING BONUSES

Condition and Context

The Trustee purchased supplies, such as pens, paper clips, post-it notes, tape, printer toner, facial tissues, copier paper, etc. from Quill. For the years, 2019, 2020, 2021, and 2022 (January 1, 2022 to October 19, 2022), the Township paid Quill \$3,610.39, \$3,146.73, \$3,724.20, and \$2,847.15, respectively.

According to Quill.com website, Quill offers coupons and member exclusive coupons for purchases in excess of \$50, \$100, \$150. Offers include free gifts, which are listed on the invoice with a zero-dollar amount. We reviewed all the Township invoices paid to Quill and determined that the Township received 44 free gifts from Quill. Free gifts included: multiple tote sets, canister sets, bakeware, toiletries, utensil sets, a tabletop game, gaming headphones, Bluetooth speaker, tools, food, and gift cards. Other than the gift cards, the value of the gifts were not included on either the order form, website, or invoice.

On April 21, 2021, the Trustee ordered office supplies totaling \$1,797.90, which included 50 packs of Avery 4x6 white postcards for \$31.99 each totaling \$1,599.60. With this order, the free gifts included: a 2-piece tote and backpack, a wheeled duffel bag, and three 3-piece tote sets.

On November 30, 2022, while at the Township office, we located all 50 packs of the Avery 4x6 white postcards. None of the cards had been used. The associated free gifts were not found at any of the Township properties.

Other significant dollar value purchases that were made by the Trustee from Quill, other than office supplies, were reviewed. In December 2019, November 2021, and April 2022, Keurig brand coffee makers were purchased at a cost of \$199.99, \$96.88, and \$82.20. Per the inspection performed on November 30, 2022, we found the \$199.99 Keurig set up for use in the community/conference room of the Township office. The other two Keurigs were the same models. One of the two Keurigs was located in the original unopened packaging in the Township office storage room.

The December 4, 2019, purchases totaling \$1,322.79, including the Keurig purchased for \$199.99, included four free gifts: Terry's toffee classic chocolate, Burt's Bees hand cream trio holiday, a rechargeable power screwdriver, and a Cool Gear Victoria stainless steel bottle.

Per an interview with the Trustee on August 10, 2022, it was stated that the Township would get free gifts from Quill. The Trustee stated the Township received skillets, bowls, pots and pans, silverware sets, and all these gifts were used in the office. We inquired with the Trustee about the following gifts received:

- Live gaming headphones
- Ellie 3-piece tote set (3 each)
- Billboard Bluetooth speaker
- Progressive Prepworks wine opener

The Trustee stated the gaming headphones were for the computer and were used for Zoom calls.

The Trustee stated the Ellie 3-piece tote set was used for the Indiana Township Association (ITA) conference and the luggage was at the Township office; however, there were a total of four Ellie 3-piece tote sets received, one in 2020 and three in 2021. Furthermore, there was a Samantha 3-piece travel set received in 2019. The 2020 ITA conference was held virtually. Additionally, the Trustee stated that since COVID, meetings have been virtual.

The Trustee stated the Bluetooth speaker was hanging in the barn and the wine opener was put in a drawer in the community/conference room of the Township. The Trustee stated that the community/conference room was rented out free of charge and a wine opener was needed.

We could not determine a value for the 41 free gifts received by the Township. In 2022, there were three gift cards for \$10 each ordered by the Trustee to eateries at no cost to the Township. Two of the three gift cards were redeemed as of February 15, 2023. We could not determine if the Trustee used the gift cards solely for her benefit or the benefit of the Township.

Criteria

Any compensation, premium, bonus, or product earned as a result of the purchase of goods or services by the unit becomes the property of the unit. Any amounts received by an official or employee may be the personal obligation of the responsible official or employee. (Uniform Compliance Guidelines Manual for Townships, Chapter 1)

SUPPORTING DOCUMENTATION

Condition and Context

The Township's "Claim/Disbursement/Receipt Report: For Disbursements Only" (Report of Disbursements) reports were reviewed for 2019, 2020, and 2021. The Reports of Disbursements detailed the date, transaction number or check number, vendor name, check amount, fund name, and appropriation code. The report was used to request supporting documentation for all disbursements. Supporting documentation requested included payroll reports, payroll withholding remittance documents, contracts, credit card statements, and vendor invoices, including vendor invoices to support credit card purchases.

Undocumented Vendor and Payroll Invoices - 2019 to 2021

On January 11, 2022, the Indiana State Board of Accounts (SBOA) met with the Trustee, reviewing all documents that were provided to substantiate Township disbursements. After the initial review and comparison, lists of undocumented disbursements paid by either check or electric funds transfers directly to vendors were created, and then this list was provided to the Trustee on March 30, 2022, allowing the Trustee time to locate or contact vendors to obtain supporting documentation. The undocumented payroll invoices included remittances of employer and employee benefits and withholdings. For example, checks written or electronic funds transfers for remittances of employer benefits and employee withholdings to the Internal Revenue Service, the Indiana Department of Revenue, and the Indiana Public Retirement System.

The Trustee would provide documents, many times duplicates of items already provided, and request updated lists. We provided updated lists on May 9, 2022, and September 21, 2022. As of September 21, 2022, there were 84, 47, and 151 undocumented invoices, totaling \$45,033.41, 46,454.32, and 37,516.69, for 2019, 2020, and 2021, respectively.

After the Trustee's resignation, additional vendor and payroll invoices were located, provided, and examined. As of January 31, 2023, 48 additional vendor and payroll invoices were examined totaling \$43,085.86, leaving 104 undocumented vendor and payroll invoices totaling \$85,918.56. (Undocumented payroll invoices account for only 10 of the undocumented invoices totaling \$13,844.79.)

Undocumented Vendor and Payroll Invoices - 2022

The Report of Disbursements for 2022 was also requested and received from the Trustee, which included the period from January 1, 2022 to August 10, 2022. After the Trustee's resignation, the Report of Disbursements was requested and received for the period from January 1, 2022 to November 19, 2022, from the current Trustee.

Using the Report of Disbursements for January 1, 2022 to November 19, 2022, it was determined that, as of January 31, 2023, there were 28 and 23 undocumented vendor and payroll invoices, respectively, totaling \$62,398.41. All were paid prior to the Trustee's resignation on October 19, 2022, including one payment on October 19, 2022, to the Indiana Department of Revenue.

Credit Card Disbursements - 2019 to 2021

In addition to the undocumented vendor and payroll disbursements made directly to vendors by check or electric funds transfers, payments were made on charges to the Township's credit card solely based upon the charges documented on the credit card statements. Vendor invoices were not retained to support the charges made as required.

Supporting documentation for invoices were requested on March 3, 2022, and May 9, 2022, for the 2019 year, which included a charge or purchase in the amount of \$1,899.99 for a charge made on December 31, 2019, from Rural King. In 2020, there was a credit or return amount of \$1,899.99 from Rural King which is also recorded in the schedule above. Supporting documentation for these two transactions was provided by the front desk on August 2, 2022. These two transactions were removed from the list requested from the Trustee on September 21, 2022; thus, due to this credit or refunded transaction documentation being provided, an increase, as opposed to a reduction to the dollar amount, is reflected for the year 2020 for the date requested September 21, 2022.

As of January 31, 2023, supporting documentation for credit card disbursements were found in the Trustee's office and reviewed by the SBOA. After review, there were 222 remaining undocumented credit card disbursements totaling \$22,069.78 for January 1, 2019 to December 31, 2021.

Credit Card Disbursements - 2022

As of January 31, 2023, there were 79 undocumented credit card charges made in 2022 that did not have supporting documentation totaling \$10,371.80.

Criteria

Indiana Code 5-11-10-1(b) states: "No warrant or check shall be drawn by a disbursing officer in payment of any claim unless the same has been fully itemized and its correctness properly certified to by the claimant or some authorized person in the claimant's behalf, and filed and allowed as provided by law."

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for examination to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

All claims, invoices, receipts, accounts payable vouchers, including those presented to the governing body for approval in accordance with IC 5-11-10, must contain adequate detailed documentation. All claims, invoices, receipts, and accounts payable vouchers regarding reimbursement for meals and expenses for individuals must have specific detailed information of the names of all individuals for which amounts are claimed, including the nature, name, and purpose of the business meeting, to enable the governing body to authorize payment. Payments which do not have proper itemization showing the business nature of the claim may be the personal obligation of the responsible official, employee or another person for whom the claim is made. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 11)

CONTRACTUAL PAYMENTS

Condition and Context

For the years 2019, 2020, and 2021, payments were made to two individuals for services; however, the Trustee did not have contracts to document the services to be provided and the compensation for the services, as stated in an interview on August 10, 2022.

In 2019, 2020, and 2021, the Trustee paid \$4,250.13, \$2,454.73, and \$5,053, respectively, to an individual for various services. In 2020, they were not issued a Federal Form 1099-Misc. to report to the federal government the compensation he received. In 2021, the Federal Form 1099-Misc. excluded \$396 of the compensation they received in 2021 based upon cancelled checks.

In 2021, the Trustee paid a separate individual \$21,596.67 for various services; however, none of this compensation was reported on a Federal Form 1099-Misc.

Furthermore, in 2020 and 2021, neither of these individuals had any withholdings withheld and were not issued Federal Form Wage and Tax Statements (Federal Form W-2's).

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)

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)

CAPITAL ASSETS

Condition and Context

The Township did not have a capital asset policy which addressed a dollar amount and/or other thresholds for determining items to be recorded as capital assets on a capital asset record. The Trustee did not maintain a record or listing of any capital assets.

Criteria

The governing body of a unit must have a written policy concerning capital assets that includes at a minimum, the threshold at which an item is considered a capital asset. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

Every unit must have a capital assets policy that details the threshold at which an item is considered a capital asset. Every unit must have a complete detail listing of all capital assets owned which reflects their acquisition value. Capital Asset Ledger (Form 369) has been prescribed for this purpose. A complete physical inventory must be taken at least every two years, unless more stringent requirements exist, to verify account balances carried in the accounting records.

The list of capital assets should include the following categories:

Land

The records of each unit must include a description of land owned by the unit, its location, amount of acreage (if relevant), its acquisition date and the purchase price. If the purchase price is not available, appraised value may be used.

Infrastructure

A capital asset account for the cost of infrastructure must reflect the location and brief description identifying each road, bridge, tunnel, drainage system, storm water system, dam, or lighting system owned by the unit.

Buildings

A capital asset account for buildings must reflect the location of each building and the purchase price or construction cost and the cost of improvements, if applicable. If a building is acquired by gift, the account must reflect its appraised value at the time of acquisition.

Improvements Other than Buildings

A capital asset account must reflect the acquisition value of permanent improvements, other than buildings, which have been added to the land. Examples of such improvements are fences, retaining walls, sidewalks, and gutters. The improvements must be valued at the purchase or construction cost.

Equipment

Tangible property of a permanent nature (other than land, buildings, and improvements) must be inventoried. Examples include machinery, trucks, cars, furniture, office equipment including but not limited to computers and data processing equipment, and desks, safes, cabinets, books, cellphones, etc. The value of such items must be carried in the inventory at the purchase cost.

Construction Work in Progress

Where construction work has not been completed in the current reporting fiscal year, the cost of the project must be carried as "construction work in progress." When the project is completed, it must be placed on the inventory applicable to the assigned asset account.

(Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

INTERNAL CONTROLS

Condition and Context

There were no internal controls evident, such as oversight, review, or approval processes, over the Township Funds, including disbursements. The Trustee was the sole person responsible for all financial processes of the Township, including:

- writing, issuing, and posting checks for disbursements;
- obtaining and maintaining supporting documents (invoices) for vendor disbursements;
- approving disbursements and ensuring compliance with budget;
- reconciliation of the bank accounts;
- preparation of the Township budget; and
- preparation of the financial statements.

There was no oversight of Township financial activity on an ongoing basis by another individual. The failure to establish these internal controls enabled misstatements or irregularities to go undetected.

Adoption of the Township Budget

The Township budgets for 2021 and 2022 were not submitted or approved by the Township Board.

Criteria

The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate control activities. According to this manual:

"Control activities are the actions and tools established through policies and procedures that help to detect, prevent, or reduce the identified risks that interfere with the achievement of objectives. Detection activities are designed to identify unfavorable events in a timely manner whereas prevention activities are designed to deter the occurrence of an unfavorable event. Examples of these activities include reconciliations, authorizations, approval processes, performance reviews, and verification processes.

An integral part of the control activity component is segregation of duties. . . .

There is an expectation of segregation of duties. If compensating controls are necessary, documentation should exist to identify both the areas where segregation of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. . . ."

For additional information pertaining to this Township, please refer to Special Investigation Report 000000334I.

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	\$ 1,107,176
RECREATION FUND	37,003
TOWNSHIP ASSISTANCE	275,118
FIRE FIGHTING FUND	307,626
RAINY DAY FUND	747,402
EXCESS LEVY	144
CEMETERY FUND	7,792
PAYROLL DEDUCTIONS	4,003
Total	\$ 2,486,264

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

The contents of this report were communicated to Monica Casanova, Trustee, and Perry Schnarr, Chair of the Township Board, on December 18, 2023.

Respectfully,



Beth Kelley, CPA, CFE
Deputy State Examiner