

**STATE BOARD OF ACCOUNTS**  
**302 West Washington Street**  
**Room E418**  
**INDIANAPOLIS, INDIANA 46204-2769**

COMPLIANCE ENGAGEMENT REPORT

OF

SALAMONIE TOWNSHIP

HUNTINGTON COUNTY, INDIANA

January 1, 2019 to December 31, 2022



**FILED**

05/29/2024



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	James D. Asher Julia Glessner Scott Canady	01-01-19 to 09-02-20 09-03-20 to 07-21-21 07-22-21 to 12-31-24
Chair of the Township Board	John Vickrey	01-01-19 to 12-31-24



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
302 WEST WASHINGTON STREET  
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INDIANAPOLIS, INDIANA 46204-2769

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TO: THE OFFICIALS OF SALAMONIE TOWNSHIP, HUNTINGTON COUNTY, INDIANA

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of Salamonie Township (Township), for the period of January 1, 2019 to December 31, 2022. The objective of this engagement was to determine compliance with applicable Indiana laws, regulations, and uniform compliance guidelines (Guidelines) established by the Indiana State Board of Accounts pursuant to Indiana Code 5-11-1-24. The objective of this engagement is not to opine on compliance or financial activity of the Township as this engagement was not conducted in accordance with any standards established by an authoritative standard setting body, and, as such, we do not provide any opinions on compliance or financial activity.

Management is responsible for preparing and maintaining its accounting records and related documents in accordance with applicable Indiana laws, regulations, and Guidelines. Management's responsibility also includes, but is not limited to, complying with other applicable Indiana laws, regulations, and Guidelines concerning how it operates: authorized sources and uses of funds; what reports are required to be prepared and filed; and what depositories and investment types are allowable.

We fulfilled our responsibility as detailed in the first paragraph, using procedures that verified the appropriate accounting for and reporting of cash, receipts, and disbursements; and the appropriate sources and uses of funds in accordance with applicable Indiana laws, regulations, and Guidelines. Expanding the scope and nature of these procedures can and does occur in specific circumstances.

The Comments contained herein, if any, describe the identified reportable instances of noncompliance found during our engagement. Our procedures were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified. Any Official Response to the Comments incorporated within this report was not verified for accuracy.

The Schedule of Officials and Statements of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis (Statements) are informational only. The Statements have not been subjected to any procedures designed to express an opinion or provide any assurance on them, and, accordingly, we do not express an opinion or provide any assurance on them.

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. Reports can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>, and the Township's Annual Financial Reports filed by management can be found on the Indiana Gateway for Government Units financial reporting system website: <http://www.gateway.ifionline.org>.

The contents of this report were communicated to Julia Glessner, former Trustee, on May 20, 2024, via phone call.

The contents of this report were communicated to Scott Canady, Trustee; Adam Jones, Township Board member; and John Vickrey, Chair of the Township Board, on May 21, 2024.



Beth Kelley, CPA, CFE  
Deputy State Examiner

April 24, 2024

SALAMONIE TOWNSHIP, HUNTINGTON COUNTY  
COMMENTS

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

A similar comment also appeared in prior Report B54948, entitled *ADOPTION OF AND TRAINING ON INTERNAL CONTROL STANDARDS*.

*Condition and Context*

Supporting documentation to show the Township had adopted the acceptable minimum level of internal control standards as defined by the Indiana State Board of Accounts could not be provided by the Township.

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

*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."

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. . . ."

**CERTIFICATION ON INTERNAL CONTROL STANDARDS**

A similar comment also appeared in prior Report B54948, entitled *CERTIFICATION ON INTERNAL CONTROL STANDARDS*.

SALAMONIE TOWNSHIP, HUNTINGTON COUNTY  
COMMENTS  
(Continued)

*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 to show the Township had adopted 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 to show 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](#)."

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:

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**COMPENSATION AND BENEFITS**

*Condition and Context*

Internal controls were not in place to ensure the Township was in compliance with laws, regulations, and uniform compliance guidelines associated with payroll. 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.

SALAMONIE TOWNSHIP, HUNTINGTON COUNTY  
COMMENTS  
(Continued)

In addition, the Township was reporting the Trustee, Deputy Trustee, and Township Board members, as independent contractors and issued those employees a Form 1099 rather than a Form W-2. Due to the issuance of Form 1099s, the Township did not withhold any payroll withholdings for the Trustee, Deputy Trustee, and Township Board members during our engagement period.

*Criteria*

Indiana Code 36-6-6-10(c) states:

"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. An elected township officer is not required to report hours worked and may not be compensated based on the number of hours worked."

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)

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)

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:

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**ANNUAL FINANCIAL REPORT**

*Condition and Context*

Financial information is required to be entered annually into the Annual Financial Report (AFR) via the Indiana Gateway for Government Units (Gateway) financial reporting system. Internal controls were not in place to ensure activity of the Township was properly reported in the AFR.

SALAMONIE TOWNSHIP, HUNTINGTON COUNTY  
COMMENTS  
(Continued)

- For 2020, receipts were overstated in the amount of \$3,403, and disbursements were overstated in the amount of \$902.
- For 2021, beginning cash and investment balances were overstated in the amount of \$5,209, receipts were overstated in the amount of \$3,061, and disbursements were overstated in the amount of \$36.
- For 2022, receipts were overstated in the amount of \$14,736, and disbursements were overstated in the amount of \$153.
- In addition to these overstatements, the Township's AFR for 2020 was not filed electronically until March 23, 2022, which was 386 days past the due date.

Adjustments were made to the Statements of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis included in this report to correct the errors noted above.

*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)

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SALAMONIE TOWNSHIP, HUNTINGTON COUNTY  
COMMENTS  
(Continued)

**CAPITAL ASSETS**

*Condition and Context*

Internal controls were not in place to ensure capital assets were properly reported and accounted for. As of December 31, 2022, the Township reported \$396,376 in total capital assets on the Schedule of Capital Assets in the Indiana Gateway for Government Units financial reporting system. The Township had not adopted a capital assets policy that detailed the threshold at which an item is considered a capital asset. In addition, the Township had not conducted a physical inventory at least every two years or maintained a complete detailed listing of all capital assets owned which reflects their acquisition value.

*Criteria*

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

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:

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**BOARD MINUTES MISSING**

A similar comment also appeared in prior Report B54948, entitled *BOARD MINUTES MISSING*.

*Condition and Context*

Internal controls were not in place to ensure Township Board meetings were held as required by law and that minutes of the meetings were taken and retained. Minutes of meetings of the Township Board for 2019 and 2020 were not presented for review. In addition, the Township Board did not meet on the first Tuesday after the first Monday in January 2019, 2020, and 2021 to elect one member as chair for that year and one member as secretary for that year.

SALAMONIE TOWNSHIP, HUNTINGTON COUNTY  
COMMENTS  
(Continued)

*Criteria*

Indiana Code 36-6-6-7 states:

"(a) The legislative body shall meet at the office of the executive on the first Tuesday after the first Monday in January of each year. At this meeting the legislative body shall elect one (1) member as chair for that year and one (1) member as secretary for that year.

(b) If a newly elected legislative body holds a special meeting before the first Tuesday after the first Monday in the January following its election, it shall elect a chair and a secretary before conducting any other business. The chair and secretary elected at the special meeting retain those positions until the first Tuesday after the first Monday in January of the year following the special meeting."

Indiana Code 36-6-6-8 states:

"The legislative body shall keep a permanent record of its proceedings in a book furnished by the executive. The secretary of the legislative body shall, under the direction of the legislative body, record the minutes of the proceedings of each meeting in full and shall provide copies of the minutes to each member of the legislative body before the next meeting is convened. After the minutes are approved by the legislative body, the secretary of the legislative body shall place the minutes in the permanent record book. The chair of the legislative body shall retain the record in the chair's custody."

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:

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**MONTHLY AND ANNUAL ENGAGEMENT UPLOADS**

A similar comment also appeared in a management letter addressed to the Officials of the Township, on March 26, 2020, entitled *MONTHLY ENGAGEMENT UPLOADS*.

SALAMONIE TOWNSHIP, HUNTINGTON COUNTY  
COMMENTS  
(Continued)

*Condition and Context*

Internal controls were not in place to ensure compliance with State Examiner Directive 2018-1. The Township did not upload the required monthly and annual engagement uploads for 2019, 2020, 2021, and 2022, into the Indiana Gateway for Government Units financial reporting system as required by Amended State Examiner Directive 2018-1.

*Criteria*

Beginning with July 2018 files, which will be due September 15, 2018, **all** cities, towns, townships, libraries, and special districts will use the Upload App to upload files containing financial and governmental unit information on Gateway to allow the State Board of Accounts (SBOA) to conduct audit planning and audit processes prior to on-site work at a unit.

All counties, cities, towns, townships, libraries, schools and special districts will use the Engagement Uploads to upload files containing financial and governmental unit information on Gateway to allow the SBOA to conduct audit planning and audit processes prior to on-site work at a unit. This remote process will provide for more efficient data processing and save audit costs for our clients.

(Amended State Examiner Directive 2018-1, updated November 9, 2020, and effective with uploads due February 15, 2021)

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)

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STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CASH  
AND INVESTMENT BALANCES - REGULATORY BASIS

SALAMONIE TOWNSHIP, HUNTINGTON COUNTY  
 STATEMENT OF RECEIPTS, DISBURSEMENTS,  
 AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Years Ended December 31, 2019 and 2020

Fund	Cash and Investments 01-01-19	Receipts	Disbursements	Cash and Investments 12-31-19	Receipts	Disbursements	Cash and Investments 12-31-20
Township	\$ 19,127	\$ 20,907	\$ 14,288	\$ 25,746	\$ 9,492	\$ 9,559	\$ 25,679
Township Assistance	18,758	186	2,487	16,457	-	1,806	14,651
Fire Fighting	8,838	32,898	15,873	25,863	18,759	2,218	42,404
Rainy Day Fund	4,166	-	-	4,166	-	-	4,166
Levy Excess	2	1,000	-	1,002	145	1,000	147
Cumulative Fire	<u>38,560</u>	<u>30,044</u>	<u>4,559</u>	<u>64,045</u>	<u>34,276</u>	<u>3,693</u>	<u>94,628</u>
Totals	<u>\$ 89,451</u>	<u>\$ 85,035</u>	<u>\$ 37,207</u>	<u>\$ 137,279</u>	<u>\$ 62,672</u>	<u>\$ 18,276</u>	<u>\$ 181,675</u>

SALAMONIE TOWNSHIP, HUNTINGTON COUNTY  
 STATEMENT OF RECEIPTS, DISBURSEMENTS,  
 AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Years Ended December 31, 2021 and 2022

Fund	Cash and Investments 01-01-21	Receipts	Disbursements	Cash and Investments 12-31-21	Receipts	Disbursements	Cash and Investments 12-31-22
Township	\$ 25,679	\$ 11,981	\$ 16,750	\$ 20,910	\$ 14,496	\$ 19,146	\$ 16,260
Township Assistance	14,651	-	343	14,308	-	1,665	12,643
Fire Fighting	42,405	14,385	41,987	14,803	14,701	18,865	10,639
Rainy Day Fund	4,166	-	-	4,166	-	-	4,166
Levy Excess	147	-	-	147	-	-	147
Cumulative Fire	<u>94,628</u>	<u>38,742</u>	<u>-</u>	<u>133,370</u>	<u>37,171</u>	<u>16,277</u>	<u>154,264</u>
Totals	<u>\$ 181,676</u>	<u>\$ 65,108</u>	<u>\$ 59,080</u>	<u>\$ 187,704</u>	<u>\$ 66,368</u>	<u>\$ 55,953</u>	<u>\$ 198,119</u>