

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

**Paul D. Joyce, CPA  
State Examiner**

SUPPLEMENTAL COMPLIANCE REPORT

OF

MILL TOWNSHIP

GRANT COUNTY, INDIANA

January 1, 2020 to December 31, 2023



**FILED**  
12/30/2024



TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials .....	2
Transmittal Letter .....	3
Audit Results and Comments:	
Annual Financial Report .....	4-5
Timely Tax Reporting and Penalties, Interest, and Other Charges.....	5
Exit Conference.....	6

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Dennis W. Banks	01-01-20 to 12-31-24
Chair of the Township Board	Charles Armes	01-01-20 to 12-31-24



Paul D. Joyce, CPA  
State Examiner

# INDIANA STATE BOARD OF ACCOUNTS

302 WEST WASHINGTON STREET  
ROOM E418  
INDIANAPOLIS, INDIANA 46204-2769  
Telephone: (317) 232-2513  
Fax: (317) 232-4711  
[www.in.gov/sboa](http://www.in.gov/sboa)

TO: THE OFFICIALS OF MILL TOWNSHIP, GRANT COUNTY, INDIANA

This report is supplemental to the audit report of Mill Township (Township), for the period from January 1, 2020 to December 31, 2023. It has been provided as a separate report so that the reader may easily identify any Audit Results and Comments that pertain to the Township. It should be read in conjunction with the Financial Statements Audit Report of the Township, which provides our opinions on the Township's financial statements. This report may be found at [www.in.gov/sboa/](http://www.in.gov/sboa/).

As authorized under Indiana Code 5-11-1, we performed procedures to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts. The Audit Results and Comments contained herein describe the identified reportable instances of noncompliance found as a result of these procedures. Our tests were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified.

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

Beth Kelley, CPA, CFE  
Deputy State Examiner

December 5, 2024

MILL TOWNSHIP, GRANT COUNTY  
AUDIT RESULTS AND COMMENTS

**ANNUAL FINANCIAL REPORT**

*Condition and Context*

The Township's Annual Financial Report (AFR) is required to be submitted annually via the Indiana Gateway for Government Units financial reporting system. The Township had not established effective internal controls over the information submitted in the AFR, which resulted in the following errors:

*Financial Data*

The Township's financial records reported a Covid 19 Relief Fund with receipts of \$10,146, disbursements of \$9,384, and ending cash balance of \$762 for 2020. However, the Township incorrectly reported this fund on the AFR and included the receipts, disbursements, and ending cash balance in the Fire Debt fund and did not report the Covid 19 Relief Fund.

*Leases and Debt*

The Township did not report the 2023 GO Bond as part of its outstanding debt as of December 31, 2023. This caused the outstanding debt to be understated by \$570,000 and principal due with one year to be understated by \$2,000.

Adjustments were proposed, approved by the Township, and made to the financial information presented in the Financial Statements Audit Report of the Township.

*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 as set forth in the uniform compliance guidelines. 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:

"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. . . .

MILL TOWNSHIP, GRANT COUNTY  
AUDIT RESULTS AND COMMENTS  
(Continued)

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. . . ."

**TIMELY TAX REPORTING AND PENALTIES, INTEREST, AND OTHER CHARGES**

*Condition and context*

Internal controls in place did not ensure timely payments of payroll withholding taxes.

The Township was not paying its payroll taxes timely. The Township only made one quarterly payment to the Internal Revenue Service in 2021. The Township received notices from the Internal Revenue Service regarding outstanding credit balances. During testing, the Township had incurred and paid \$32 in penalties and interest related to late tax payments.

*Criteria*

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Failure to pay claims or remit taxes in a timely manner could be an indicator of serious financial problems which should be investigated by the unit. Additionally, officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the unit. Any penalties, interest, or other charges paid by the unit may be the personal obligation of the responsible official or employee. (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:

"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. . . ."

MILL TOWNSHIP, GRANT COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on December 5, 2024, with Dennis W. Banks, Trustee; Daniel Patton, Township Board member; and Kirk McCollum, Township Board member.