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TO: THE OFFICIALS OF GEORGETOWN TOWNSHIP, FLOYD COUNTY, INDIANA

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of Georgetown Township (Township), for the period of January 1, 2010 to December 31, 2013, to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts.

Our procedures were designed solely to satisfy the requirements of Indiana Code 5-11-1. Because our procedures were not designed to opine on the Township's financial statements, we did not follow *generally accepted auditing standards*. Accordingly, we do not express an opinion on any basic financial statement of the Township.

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 for years prior to 2011 can be found on the Indiana Transparency Portal website: www.in.gov/itp/annual_reports/. For years 2011 and later, the Annual Financial Reports filed by the Township can be found on the Gateway website: https://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.

Current Period Comments

- *The Township uses a computerized financial accounting system in lieu of the prescribed manual accounting system (Form 1C - Financial and Appropriation Record). The computerized financial reports presented for review from the financial accounting system either did not include required financial information or the financial information was not accurate. We noted the following deficiencies in the financial report presented for review:*

  1. *Financial reports included receipts and disbursements for the Total of All Funds; however, the financial activity for individual Township funds was not presented for review. Any reports used for the preparation of the Annual Report were not retained once the report was completed.*

  2. *The monthly financial reports for the Total of All Funds did not always begin with the ending cash and investment balance as reported in the previous month.*

3. *Not all financial transactions were posted consistently in the financial reports. The financial reports typically showed the investment balances in a separate column on the financial reports. The financial activity for investments was not posted correctly during the year 2013 and was not presented properly on the financial reports. For example, the reports showed negative balances for some of the investments.*

- *Depository reconciliations of the fund balances to the bank account balances were conducted; however, the reconcilement contained errors and did not balance. Checks were shown on the outstanding checks lists that were not outstanding. Bank reconcilements did not always properly show the bank balance as shown on the bank statement. Investments on hand were not identified separately on the bank reconcilements.*

- *The financial institution did not return the actual cancelled checks with the monthly bank statements, but instead returned only an optical image of the front side of the checks. The back side or endorsement side of the checks was not returned.*

- *The Annual Financial Report filed on Gateway for 2011, 2012, and 2013 contained a number of errors and did not properly reflect the financial activity of the Township.*

Years	*Fund*	*Category*	*Amount Per Gateway*	*Amount Per Ledger*	*Difference*
2012	*Township*	*Receipts*	*$ 62,071.61*	*$ 60,504.98*	*$ 1,566.63*
2012	*Township*	*Ending Balance*	*43,939.84*	*42,638.72*	*1,301.12*
2013	*Township*	*Beginning Balance*	*43,939.84*	*42,638.72*	*1,301.12*
2013	*Township*	*Receipts*	*46,258.72*	*34,027.61*	*12,231.11*
2013	*Township*	*Disbursements*	*62,748.92*	*32,179.44*	*30,569.48*
2013	*Township*	*Ending Balance*	*27,449.64*	*44,486.89*	*(17,037.25)*
2013	*Township Assistance*	*Receipts*	*79,932.09*	*63,911.09*	*16,021.00*
2013	*Township Assistance*	*Ending Balance*	*21,356.88*	*5,474.84*	*15,882.04*

- *The following funds had overdrawn cash balances at December 31:*

Years	*Fund*	*Amount*
2011	*Township Assistance*	*$ 11,190.13*
2012	*Township Assistance*	*34,820.18*

- *The August 2012 tax distribution in the amount of $39,451.40 was not deposited intact in the Township's bank account. Instead, only $9,451.40 was deposited and the remaining $30,000 was used to purchase a certificate of deposit. The financial reports presented for review did not show the purchase of the investment. We confirmed with the bank that an investment was purchased.*

- *Township Assistance Standards (standards) were not established in accordance with Indiana Code 12-20-5.5-1.*

- *Resolutions establishing salaries of Township officers and employees were not presented for review for 2010, 2011, 2012, and 2013. Form 17 (Resolution Establishing Salaries of Township Officers and Employees) has been prescribed for this purpose.*

- *Employees of the Township were paid without the Township withholding federal, state, and local taxes.*

- *The Township Board members did not certify in writing that the officers had not violated Indiana Code 36-1-20.2 (Nepotism) by December 31, 2012 and 2013. The Trustee did not certify in writing that the officer had not violated Indiana Code 36-1-20.2 (Nepotism) by December 31, 2013.*

- *Each elected officer did not certify in writing that the officer had not violated Indiana Code 36-1-21 (Contracting With a Unit) by December 31, 2012 and 2013.*

- *The Township did not have a credit card and debit card policy approved by the Township Board.*

This letter is intended for the information and use of the governing body and management of the Township. This restriction is not intended to limit the distribution of this letter, which is a matter of public record.

The contents of this letter were discussed on August 18, 2014, with Dennis Roudenbush, Trustee, and David R. Riley, former Trustee.

Paul D. Joyce

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State Examiner