

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

COMPLIANCE REPORT
OF
WASHINGTON TOWNSHIP
BROWN COUNTY, INDIANA
January 1, 2011 to December 31, 2015



FILED
12/28/2016

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Township Trustee	Bryan Gabriel	01-01-11 to 12-31-14
	(Vacant)	01-01-15 to 01-22-15
	Brandon Magner	01-23-15 to 12-31-18
Chairman of the Township Board	Gerald Miller	01-01-11 to 12-31-15
	Tim Cunningham	01-01-16 to 12-31-16



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF WASHINGTON TOWNSHIP, BROWN COUNTY, INDIANA

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of Washington Township (Township) for the period January 1, 2011 to December 31, 2015, to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts.

The 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.

The Township 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/>.

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

December 22, 2016

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WASHINGTON TOWNSHIP, BROWN COUNTY
RESULTS AND COMMENTS

BANK RECONCILIATIONS

Depository reconciliations of the fund balances to the bank account balances were not completed for any month during the period January 1, 2011 to December 31, 2015. Bank reconciliations completed by SBOA indicated a cash long of \$396.42 at December 31, 2011, 2012, 2013, and 2014. The ledger was adjusted to correct the cash long in 2015.

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."

ANNUAL FINANCIAL REPORT ERRORS

The Annual Financial Reports (AFR) filed on Gateway for 2011, 2012, 2013, and 2015 did not match the Township's records. These errors have been corrected in Gateway. The 2014 AFR was not filed in Gateway until November 2, 2016, which was 612 days late. Differences between the AFR and ledger were as follows:

Years	Fund	Category	Amount per AFR	Amount per Adjusted Township Ledger	Difference
2011	Township	Receipts	\$ 14,727.82	\$ 15,613.34	\$ (885.52)
2011	Township	Disbursements	30,064.43	33,041.90	(2,977.47)
2011	Township	Ending Balance	85,515.68	83,423.73	2,091.95
2011	Township Assistance	Receipts	7,756.59	8,092.01	(335.42)
2011	Township Assistance	Disbursements	20,741.45	21,981.69	(1,240.24)
2011	Township Assistance	Ending Balance	12,916.54	12,011.72	904.82
2011	Fire Fighting	Receipts	23,661.90	25,940.20	(2,278.30)
2011	Fire Fighting	Ending Balance	50,750.87	53,029.17	(2,278.30)
2011	Cumulative Fire	Receipts	20,629.91	32,929.16	(12,299.25)
2011	Cumulative Fire	Ending Balance	8,675.60	20,974.85	(12,299.25)
2012	Township	Beginning Balance	85,515.68	83,423.73	2,091.95
2012	Township	Receipts	14,494.18	26,419.34	(11,925.16)
2012	Township	Disbursements	31,051.10	39,254.78	(8,203.68)
2012	Township	Ending Balance	68,958.76	70,588.29	(1,629.53)
2012	Township Assistance	Beginning Balance	12,916.54	12,011.72	904.82
2012	Township Assistance	Receipts	7,586.22	15,694.48	(8,108.26)
2012	Township Assistance	Disbursements	17,884.33	22,679.25	(4,794.92)
2012	Township Assistance	Ending Balance	2,618.43	5,026.95	(2,408.52)
2012	Fire Fighting	Beginning Balance	50,750.87	53,029.17	(2,278.30)
2012	Fire Fighting	Receipts	30,403.67	42,484.58	(12,080.91)
2012	Fire Fighting	Ending Balance	53,154.54	67,513.75	(14,359.21)
2012	Cumulative Fire	Beginning Balance	8,675.60	20,974.85	(12,299.25)
2012	Cumulative Fire	Receipts	20,540.52	37,504.40	(16,963.88)
2012	Cumulative Fire	Ending Balance	29,216.12	58,479.25	(29,263.13)
2013	Township	Beginning Balance	68,958.76	70,588.29	(1,629.53)
2013	Township	Receipts	29,221.41	31,198.67	(1,977.26)
2013	Township	Disbursements	26,090.09	26,438.05	(347.96)
2013	Township	Ending Balance	72,090.08	75,348.91	(3,258.83)
2013	Township Assistance	Beginning Balance	2,618.43	5,026.95	(2,408.52)
2013	Township Assistance	Receipts	30,934.69	58,027.06	(27,092.37)
2013	Township Assistance	Disbursements	27,765.70	28,334.03	(568.33)
2013	Township Assistance	Ending Balance	5,787.42	34,719.98	(28,932.56)
2013	Fire Fighting	Beginning Balance	53,154.54	67,513.75	(14,359.21)
2013	Fire Fighting	Receipts	27,779.94	18,032.75	9,747.19
2013	Fire Fighting	Ending Balance	52,934.48	57,546.50	(4,612.02)
2013	Cumulative Fire	Beginning Balance	29,216.12	58,479.25	(29,263.13)
2013	Cumulative Fire	Receipts	37,622.25	53,942.05	(16,319.80)
2013	Cumulative Fire	Ending Balance	46,838.37	92,421.30	(45,582.93)

WASHINGTON TOWNSHIP, BROWN COUNTY
RESULTS AND COMMENTS
(Continued)

Years	Fund	Category	Amount per AFR	Amount per Adjusted Township Ledger	Difference
2014	Township	Beginning Balance	\$ -	\$ 75,348.91	\$ (75,348.91)
2014	Township	Receipts	-	41,567.56	(41,567.56)
2014	Township	Disbursements	-	43,072.09	(43,072.09)
2014	Township	Ending Balance	-	73,844.38	(73,844.38)
2014	Township Assistance	Beginning Balance	-	34,719.98	(34,719.98)
2014	Township Assistance	Receipts	-	25,769.45	(25,769.45)
2014	Township Assistance	Disbursements	-	33,339.43	(33,339.43)
2014	Township Assistance	Ending Balance	-	27,150.00	(27,150.00)
2014	Fire Fighting	Beginning Balance	-	57,546.50	(57,546.50)
2014	Fire Fighting	Receipts	-	8,265.69	(8,265.69)
2014	Fire Fighting	Disbursements	-	28,000.00	(28,000.00)
2014	Fire Fighting	Ending Balance	-	37,512.11	(37,512.11)
2014	Cumulative Fire	Beginning Balance	-	92,421.30	(92,421.30)
2014	Cumulative Fire	Receipts	-	20,513.48	(20,513.48)
2014	Cumulative Fire	Disbursements	-	37,000.00	(37,000.00)
2014	Cumulative Fire	Ending Balance	-	75,934.78	(75,934.78)
2014	Levy Excess	Beginning Balance	-	235.04	(235.04)
2014	Levy Excess	Ending Balance	-	235.04	(235.04)
2014	Rainy Day	Beginning Balance	-	16,645.58	(16,645.58)
2014	Rainy Day	Ending Balance	-	16,645.58	(16,645.58)
2015	Township	Beginning Balance	57,627.94	73,844.38	(16,216.44)
2015	Township	Receipts	38,419.74	48,397.51	(9,977.77)
2015	Township	Disbursements	28,151.69	43,166.65	(15,014.96)
2015	Township	Ending Balance	67,895.99	79,075.24	(11,179.25)
2015	Township Assistance	Beginning Balance	26,928.73	27,150.00	(221.27)
2015	Township Assistance	Receipts	23,531.80	24,956.74	(1,424.94)
2015	Township Assistance	Disbursements	25,319.23	25,890.74	(571.51)
2015	Township Assistance	Ending Balance	25,141.30	26,216.00	(1,074.70)
2015	Fire Fighting	Beginning Balance	40,708.87	37,812.19	2,896.68
2015	Fire Fighting	Receipts	44,505.83	49,204.54	(4,698.71)
2015	Fire Fighting	Ending Balance	53,214.70	55,016.73	(1,802.03)
2015	Cumulative Fire	Beginning Balance	75,627.94	75,934.78	(306.84)
2015	Cumulative Fire	Receipts	54,186.09	54,389.04	(202.95)
2015	Cumulative Fire	Ending Balance	129,814.03	130,323.82	(509.79)

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every municipality and every state or local governmental unit, entity, or instrumentality 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."

SALARY OVERPAYMENTS

In February 2015, 2014 Township board members each received a payment in the amount of \$400 for "catch-up pay" as noted in the unit's records. However, the records indicate that full payment for the board members had been paid. The Trustee was instructed to seek repayment from the 2014 board members.

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 statute. Compensation should be made in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

WASHINGTON TOWNSHIP, BROWN COUNTY
RESULTS AND COMMENTS
(Continued)

Governmental units should collect any overpayments made. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

CONDITION OF RECORDS

Financial records were incomplete and not reflective of the activity of the Township. The records presented contained posting errors, with checks and receipts not recorded for the proper amounts.

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

APPROPRIATIONS

The records presented indicated the following disbursements in excess of budgeted appropriations:

Years	Fund	Excess Amount Disbursed
2011	Cumulative Fire	\$ 131,034
2012	Township	4,755
2013	Township Assistance	3,334
2013	Cumulative Fire	20,000
2014	Township	7,372
2015	Township	6,347
2015	Fire Fighting	7,431

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."

RECEIPTS

Tax distributions were not deposited timely in 2011, 2012, 2013, 2014, and 2015. Receipts were deposited later than the first and fifteen of the month received. During testing, we noted that two 2012 tax distributions had not been deposited in the bank. The Township requested that the County reissue these checks. These checks were deposited in the Township's bank account in 2014.

Indiana Code 5-13-6-1(c) states in part: ". . . public funds collected by township trustees shall be deposited in the designated depository on or before the first and fifteenth day of each month."

WASHINGTON TOWNSHIP, BROWN COUNTY
RESULTS AND COMMENTS
(Continued)

SALARIES AND WAGES

The Township Board did not fix the salaries of officials and employees in 2011, 2012, 2013, 2014, or 2015.

A similar comment appeared in prior Report B39944.

Indiana Code 36-6-6-10(b) states in part: "The township legislative body shall fix the: (1) salaries; (2) wages; (3) rates of hourly pay . . . of all officers and employees of the township."

ANNUAL REPORT NOT PUBLISHED

The Annual Report was not published in accordance with Indiana Code 36-6-4-13 for 2011, 2012, 2013, 2014, or 2015.

Indiana Code 36-6-4-13 states in part:

"(a) When the executive prepares the annual report required by section 12 of this chapter, the executive shall also prepare, on forms prescribed by the state board of accounts, an abstract of receipts and expenditures . . . (b) Within four (4) weeks after the third Tuesday following the first Monday in February, the executive shall publish the abstract prescribed by subsection (a) in accordance with IC 5-3-1. The abstract must state that a complete and detailed annual report and the accompanying vouchers showing the names of persons paid money by the township have been filed with the county auditor, and that the chairman of the township legislative body has a copy of the report that is available for inspection by any taxpayer of the township. (c) An executive who fails to comply with this section commits a Class C infraction."

NEPOTISM

Each elected officer did not certify in writing that the officer had not violated Indiana Code 36-1-20.2 (Nepotism) by December 31, 2011, 2012, 2013, 2014, or 2015.

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."

CONTRACTING

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, 2011, 2012, 2013, 2014, or 2015.

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."

WASHINGTON TOWNSHIP, BROWN COUNTY
RESULTS AND COMMENTS
(Continued)

ANNUAL FINANCIAL REPORT FILED LATE

The Township did not timely file Annual Financial Reports with the State Board of Accounts for 2012, 2013, 2014, or 2015. The reports were filed as follows:

<u>Years</u>	<u>Due Date</u>	<u>Date Filed</u>	<u>Days Late</u>
2012	03-01-13	06-24-13	115
2013	03-01-14	04-24-14	54
2014	03-01-15	11-02-16	612
2015	03-01-16	06-21-16	112

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every municipality and every state or local governmental unit, entity, or instrumentality 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."

CERTIFIED REPORT

The Township did not timely file the Certified Reports of Names, Addresses, Duties and Compensation of Public Employees (Form 100-R or its equivalent) with the Indiana State Board of Accounts for 2011, 2012, 2013, or 2014. The reports were filed as follows:

<u>Years</u>	<u>Due Date</u>	<u>Date Filed</u>	<u>Days Late</u>
2011	01-31-12	02-29-12	29
2012	01-31-13	03-05-13	33
2013	01-31-14	02-24-14	24
2014	01-31-15	04-19-15	78

Additionally, the Form 100-R did not accurately report the compensation of the officers and employees for 2012, 2013, and 2015. A similar comment appeared in prior Report B39944.

Indiana Code 5-11-13-1(a) states in part:

"Every state, county, city, town, township, or school official . . . shall during the month of January of each year prepare, make, and sign a certified report, correctly and completely showing the names and business addresses of each and all officers, employees, and agents . . . and the respective duties and compensation of each, and shall forthwith file said report in the office of the state examiner of the state board of accounts."

WASHINGTON TOWNSHIP, BROWN COUNTY
RESULTS AND COMMENTS
(Continued)

PENALTIES, INTEREST, AND OTHER CHARGES

The Township paid penalties, interest, and other charges to a vendor because the Township did not remit payments on a timely basis.

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 governmental 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 governmental unit.

Any penalties, interest or other charges paid by the governmental unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

PAYMENTS IN ADVANCE

The Township paid rent and internet reimbursement to the Trustee in advance of the actual date the services were provided.

Compensation and any other payments for goods and services should not be paid in advance of receipt of the goods or services unless specifically authorized by statute. Payments made for goods or services which are not received may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

PAYROLL DEDUCTIONS AND WAGE REPORTING

All employees of the Township were paid without the Township withholding federal, state, and local taxes. Wages were not reported on a 1099 or W-2.

A similar comment appeared in prior Report B39944.

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 statute. Compensation should be made in a manner that will facilitate compliance with state and federal reporting requirements.

Each governmental unit is responsible for compliance with all rules, regulations, guidelines, and directives of the Internal Revenue Service and the Indiana Department of Revenue. All questions concerning taxes should be directed to these agencies. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

CONTRACTS

Payments made for mowing were not supported by written contracts.

Payments made or received for contractual services should be supported by a written contract. Each governmental unit is responsible for complying with the provisions of its contracts. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

WASHINGTON TOWNSHIP, BROWN COUNTY
EXIT CONFERENCE

The contents of this report were discussed on December 23, 2016, with Brandon Magner, Trustee.