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December 30, 2016

TO: THE OFFICIALS OF ERVIN TOWNSHIP, HOWARD COUNTY, INDIANA

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of Ervin Township Howard County (Township), for the period of January 1, 2011 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/](http://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.

***Unresolved Comments From Prior Report***

- *The Trustee was not depositing Township receipts in a timely manner during the last review. This is still an issue and is addressed again in the "Current Period Comments" section of this report.*
- *The Trustee failed to file the Form 100-R during the prior review. While it was filed during this review it was late for all three years reviewed.*

***Current Period Comments***

- *The Trustee overpaid herself \$1,170 in 2013. Cash Book memos indicated a payment of gross salary for first quarter of \$1,170 on March 28, 2013 check number 884. On July 10, 2013, a gross salary payment of \$2,340 was paid. The Cash Book memo for this payment indicated it was for the 1st half of 2013. On December 20, 2013, a final gross salary payment was made for \$2,340. The Cash Book memo indicated this payment was for the last half of 2013. These payments result in a gross overpayment of salary to the Trustee of \$1,170. We requested the Trustee repay this overpayment. The former Trustee reimbursed the Township \$1,170 for overpayments.*

- The Township did not adopt a resolution establishing salaries of Township officers and employees.
- During the period reviewed the Trustee included the wages paid by the Township as both "Taxable Social Security Wages" and "Taxable Social Security Tips" on all 941's except for the 4th quarter of 2013. This error caused the payroll tax payments to the Internal Revenue Service to be overpaid by \$1,588.79. The following schedule identifies the overpayments by the affected quarter.

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>Total All Years</u>
1st Quarter	\$ -	\$ -	\$ -	\$ -
2nd Quarter	-	-	332.82	332.82
3rd Quarter	284.40	283.40	-	567.80
4th Quarter	<u>416.00</u>	<u>272.17</u>	<u>-</u>	<u>688.17</u>
 Total Overpayments	 <u>\$ 700.40</u>	 <u>\$ 555.57</u>	 <u>\$ 332.82</u>	 <u>\$ 1,588.79</u>

We suggested the Trustee to file the appropriate amended form 941c to obtain refunds of these overpayments.

- Depository reconciliations of the fund balances to the bank account balances for 2013 were not conducted.
- The Township financial ledger was not properly maintained. Transactions for 2013 were not extended to the fund or expenditure column. Five distributions for 2013, totaling \$30,624.96 from the Howard County Auditor had not been posted to the record nor deposited as of August 20, 2014. An additional seven more distributions from the Howard County Auditor related to 2014 had not been deposited to the bank as of August 20, 2014.
- The Trustee only made 2 deposits per year for each year except 2013. In 2013, only the spring tax distributions were deposited. As of August 20, 2014, the fall distribution has neither been deposited nor posted to the record.
- All local tax distributions were classified as "local distribution" without classifying them in their proper revenue category.
- No supporting documentation was presented to support payments made during the review period. Examples of required documentation would include receipts, invoices, and other public records.
- The Annual Reports for 2011, 2012, and 2013 were not filed electronically until March 20, 2012, July 17, 2013, and June 3, 2014, respectively, which were 20 days, 138 days, and 94 days past the due date.
- The Township did not timely file a 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 2012 or 2013. The reports were filed on July 11, 2013, and February 25, 2014, respectively, which is 161 and 25 days respectively, past the due date.

- 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.

<u>Years</u>	<u>Fund</u>	<u>(Beg Bal, Receipt, Disb, End Bal) Category</u>	<u>Amount Per Gateway</u>	<u>Amount Per Township Ledger</u>	<u>Difference</u>
2011	Township Assistance	Receipts	\$ 9,788.50	\$ 7,711.94	\$ 2,076.56
2011	Fire Fighting	Receipts	93,942.95	94,050.56	(107.61)
2011	Rainy Day	Receipts	-	2,076.56	(2,076.56)
2011	Township	Disbursements	9,928.60	10,197.23	(268.63)
2011	Fire Fighting	Disbursements	54,300.00	50,300.00	4,000.00
2011	Township	Ending Balance	69,473.22	69,204.59	268.63
2011	Township Assistance	Ending Balance	28,544.75	26,468.19	2,076.56
2011	Fire Fighting	Ending Balance	63,266.73	56,972.54	6,294.19
2011	Rainy Day	Ending Balance	1,649.40	3,725.96	(2,076.56)
2012	Township	Beginning Balance	52,586.25	69,204.59	(16,618.34)
2012	Township Assistance	Beginning Balance	28,544.75	26,468.19	2,076.56
2012	Fire Fighting	Beginning Balance	56,972.54	67,374.34	(10,401.80)
2012	Rainy Day	Beginning Balance	1,649.40	3,725.96	(2,076.56)
2012	Township	Receipts	17,895.27	6,963.71	10,931.56
2012	Fire Fighting	Receipts	76,446.70	58,789.16	17,657.54
2012	Township	Disbursements	9,215.17	8,951.03	264.14
2012	Township	Ending Balance	61,266.35	67,217.27	(5,950.92)
2012	Township Assistance	Ending Balance	35,990.15	33,913.59	2,076.56
2012	Fire Fighting	Ending Balance	83,519.24	76,263.50	7,255.74
2012	Rainy Day	Ending Balance	1,649.40	3,725.96	(2,076.56)
2013	Township	Beginning Balance	61,266.35	67,217.27	(5,950.92)
2013	Township Assistance	Beginning Balance	35,990.15	33,913.59	2,076.56
2013	Fire Fighting	Beginning Balance	83,519.24	76,263.50	7,255.74
2013	Rainy Day	Beginning Balance	1,649.40	3,725.96	(2,076.56)
2013	Township	Receipts	13,235.06	8,720.66	4,514.40
2013	Township Assistance	Receipts	3,620.11	3,861.74	(241.63)
2013	Fire Fighting	Receipts	50,843.98	27,102.43	23,741.55
2013	Township	Disbursements	9,353.28	8,998.56	354.72
2013	Township	Ending Balance	65,148.13	66,939.37	(1,791.24)
2013	Township Assistance	Ending Balance	39,243.71	37,408.78	1,834.93
2013	Fire Fighting	Ending Balance	84,113.22	53,115.93	30,997.29
2013	Rainy Day	Ending Balance	1,649.40	-	1,649.40

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

<u>Year</u>	<u>Fund</u>	<u>Excess Amount Disbursed</u>
2013	Township	\$ <u>2,196</u>

- The Trustee did not obtain an individual Surety Bond for 2013.
- The Township did not have a Nepotism Policy for 2012 or 2013.
- Each elected officer did not certify in writing that the officer had not violated Indiana Code 36-1-20.2 (Nepotism) by December 31, 2012 and 2013.
- The Township did not have a Contracting Policy for 2012 or 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 Trustee had three notices from taxing agencies related to her payroll tax filings. No information was provided that indicated these issues had been resolved as of August 20, 2014. The schedule below identifies information related to these notices:

<u>Taxing Agency</u>	<u>Date of Notice</u>	<u>Tax Period Addressed</u>	<u>Amount Due</u>			<u>Totals</u>
			<u>Tax</u>	<u>Interest</u>	<u>Penalty</u>	
Indiana Department of Revenue	05-13-14	Feb-14	\$ 700.00	\$ 6.04	\$ 70.00	\$ 776.04
Internal Revenue Service	11-19-12	12-31-10	176.31	5.17	-	181.48
Internal Revenue Service	11-19-12	Sep-10	191.53	3.76	-	195.29
<b>Totals</b>			<u>\$ 1,067.84</u>	<u>\$ 14.97</u>	<u>\$ 70.00</u>	<u>\$ 1,152.81</u>

The former Trustee reimbursed the Township \$84.97 for interest and penalties.

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 October 21, 2014, with Connie Longshore, Trustee.

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