

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

MADISON TOWNSHIP

DUBOIS COUNTY, INDIANA

January 1, 2012 to December 31, 2015



FILED
03/24/2017

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Transmittal Letter	3
Examination Results and Comments:	
Annual Report Errors	4
Appropriations.....	4
Interest on Investments	4
Contracts	5
Inaccurate Form 100-R.....	5
Failure to Withhold Payroll Taxes.....	5
Annual Nepotism Policy Certification.....	6
Annual Contracting Policy Certification	6
Failure to Establish Township Assistance Standards.....	6
Exit Conference.....	7

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Kenneth C. Mundy	01-01-11 to 12-31-14
	Cathy L. Merkley	01-01-15 to 12-31-16
	David Prechtel	01-01-17 to 12-31-18
Chairman of the Township Board	Pat Lichlyter	01-01-12 to 12-31-12
	Anna Mae Schwenk	01-01-13 to 12-31-13
	Alan Small	01-01-14 to 12-31-14
	Pat Lichlyter	01-01-15 to 12-31-15
	Alan Small	01-01-16 to 12-31-16
	Mark Schmitt	01-01-17 to 12-31-17



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE MADISON TOWNSHIP, DUBOIS COUNTY, INDIANA

This report is supplemental to our examination report of the Madison Township (Township), for the period from January 1, 2012 to December 31, 2015. It has been provided as a separate report so that the reader may easily identify any Examination Results and Comments that pertain to the Township. It should be read in conjunction with our Financial Statements Examination Report of the Township, which provides our opinion on the Township's financial statements. This report may be found at 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 Examination 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 Examination Results and Comments, incorporated within this report, was not verified for accuracy.

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

February 7, 2017

MADISON TOWNSHIP, DUBOIS COUNTY
EXAMINATION RESULTS AND COMMENTS

ANNUAL REPORT ERRORS

The Annual Financial Reports (AFRs) filed on Gateway for 2014 and 2015 did not match the Township's records.

<u>Years</u>	<u>Fund</u>	<u>Category</u>	<u>Amount per AFR</u>	<u>Amount per Township Ledger</u>	<u>Difference</u>
2014	Township	Disbursements	\$ 21,506.55	\$ 21,430.70	\$ 75.85
2014	Township	Ending Balance	42,704.95	42,629.10	75.85
2015	Fire Fighting	Disbursements	104,062.52	103,747.54	314.98
2015	Fire Fighting	Ending Balance	364,595.91	364,910.89	(314.98)

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 adjustments in the above schedule were presented and approved by the Trustee. Adjustments were made to Gateway report on February 7, 2017.

APPROPRIATIONS

The records presented indicated Fire Fighting fund expenditures in excess of budgeted appropriations by \$13,061.67 for 2015.

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."

INTEREST ON INVESTMENTS

As reported in the prior Report B42065, interest earned on investments was automatically added to the principal balance and not paid to the Township. Interest earned was posted to the records to the value of the investments, but interest was not actually received. For 2012, 2013, 2014, and 2015, interest earned on investments was automatically added to the principal balance and not paid to the Township.

Interest on investments should not be added automatically to the investment. Instead, interest on investments should be paid to the governmental unit at each maturity date and posted to the appropriate fund. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

MADISON TOWNSHIP, DUBOIS COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

CONTRACTS

Payments made for cemetery mowing in 2012, 2013, and 2015 were not supported by a written contract. Also, a payment made for a youth recreation program in 2015 was not supported by a written contract.

Payments made or received for contractual services should be supported by a written contract. Each unit is responsible for complying with the provisions of its contracts. (Uniform and Compliance Guidelines Manual for Townships, Chapter 1)

INACCURATE FORM 100-R

The Report of Names, Addresses, Duties and Compensation of Public Employees (Form 100-R or its equivalent) was inaccurate. The 2015 100-R stated the Township Clerk's total compensation was \$3,300, but the Township Clerk actually was paid \$3,360 in 2015.

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

"Every state, county, city, town, township, or school official, elective or appointive, who is the head of or in charge of any office, department, board, or commission of the state or of any county, city, town, or township, and every state, county, city, town, or township employee or agent who is the head of, or in charge of, or the executive officer of any department, bureau, board, or commission of the state, county, city, town, or township, and every executive officer by whatever title designated, who is in charge of any state educational institution or of any other state, county, or city institution, 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 in their respective offices, departments, boards, commissions, and institutions, 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. The report must also indicate whether the political subdivision offers a health plan, a pension, and other benefits to full-time and part-time employees. However, no more than one (1) report covering the same officers, employees, and agents need be made from the state or any county, city, town, township, or school unit in any one year. The certification must be filed electronically in the manner prescribed under IC5-14-3.8-7."

FAILURE TO WITHHOLD PAYROLL TAXES

The Trustee, Clerk, and Board members of the Township were paid without the Township withholding state and local taxes for 2012, 2013, 2014, and 2015.

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 Uniform and Compliance Guidelines Manual for Townships, Chapter 1)

MADISON TOWNSHIP, DUBOIS COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

ANNUAL NEPOTISM POLICY CERTIFICATION

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, 2013, and 2014.

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."

ANNUAL CONTRACTING POLICY CERTIFICATION

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, 2013, and 2014.

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."

FAILURE TO ESTABLISH TOWNSHIP ASSISTANCE STANDARDS

The Township Board did not establish Township Assistance Standards.

Indiana Code 12-20-5.5-1 states:

"(a) The township trustee shall process all applications for township assistance according to uniform written standards and without consideration of the race, creed, nationality, or gender of the applicant or any member of the applicant's household.

(b) The township's standards for the issuance of township assistance and the processing of applications must be:

- (1) governed by the requirements of this article;
- (2) proposed by the township trustee, adopted by the township board, and filed with the board of county commissioners;
- (3) reviewed and updated annually to reflect changes in the cost of basic necessities in the township and changes in the law;
- (4) published in a single written document, including addenda attached to the document; and
- (5) posted in a place prominently visible to the public in all offices of the township trustee where township assistance applications are taken or processed."

MADISON TOWNSHIP, DUBOIS COUNTY
EXIT CONFERENCE

The contents of this report were discussed on February 7, 2017, with Cathy L. Merkley, former Trustee; David Prechtel, Trustee; and Alan Small, Board member.