

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

COMPLIANCE REPORT

OF

DAVIS TOWNSHIP

STARKE COUNTY, INDIANA

January 1, 2012 to December 31, 2015



FILED

04/04/2017

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Robin Latimer	01-01-11 to 12-31-18
Chairman of the Township Board	Larry Jernas	01-01-12 to 12-31-14
	Rebecca Pflugshaupt	01-01-15 to 12-31-16
	Robert Ferch	01-01-17 to 12-31-17



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF DAVIS TOWNSHIP, STARKE COUNTY, INDIANA

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of Davis Township (Township), Starke County, for the period January 1, 2012 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 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

January 5, 2017

DAVIS TOWNSHIP, STARKE COUNTY
RESULTS AND COMMENTS

PAYROLL

The Township Board did not fix salaries and wages for Township officers and employees.

The Township did not withhold state and local income taxes from the wages of the Trustee and Township Clerk.

Township Board members were not issued W-2's.

Wages reported on the W-2's were higher than the actual wages paid as follows:

<u>Years</u>	<u>Position</u>	<u>Actual Wages</u>	<u>Budgeted Salary and Reported on W-2's</u>	<u>Difference</u>
2012	Trustee	\$ 4,950.00	\$ 5,000.00	\$ (50.00)
2012	Clerk	2,078.99	2,100.00	(21.01)
2013	Trustee	4,617.50	5,000.00	(382.50)
2013	Clerk	1,939.35	2,100.00	(160.65)
2014	Trustee	4,617.50	5,000.00	(382.50)
2014	Clerk	1,939.35	2,100.00	(160.65)
2015	Trustee	4,617.50	5,000.00	(382.50)
2015	Clerk	1,939.35	2,100.00	(160.65)

In addition, the Certified Report of Names, Addresses, Duties and Compensation of Public Employees (Form 100-R) was inaccurate. The 100-R stated the Trustee's and Township Clerk's budgeted salary instead of the actual compensation that was paid.

The Township did not timely file a Certified Report of Names, Addresses, Duties and Compensation of Public Employees (Form 100-R) with the Indiana State Board of Accounts for 2015. The report was filed on February 6, 2016, which was six days past the due date.

Indiana Code 36-6-6-10(b) states:

"The township legislative body shall fix the:

- (1) salaries;
- (2) wages;
- (3) rates of hourly pay; and
- (4) remuneration other than statutory allowances; of all officers and employees of the township."

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)

DAVIS TOWNSHIP, STARKE COUNTY
RESULTS AND COMMENTS
(Continued)

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 written or printed certified report, correctly and completely showing the names and 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 . . ."

APPROPRIATIONS

The records presented for examination indicated the following expenditures in excess of budgeted appropriations:

<u>Fund</u>	<u>Years</u>	<u>Excess Amount Expended</u>
Fire Debt	2012	\$ 439.99
Township	2014	335.74
Cumulative Fire	2014	29,333.41 *
Township	2015	26,892.22 *

*This was due to expenses that were later reimbursed from the building corporation for the construction of the fire station and community center.

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."

TOWNSHIP ASSISTANCE STANDARDS

Township Assistance Standards were not established in accordance with Indiana Code 12-20-5.5.1.

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 members of the applicant's household.

(b) The township's standards for 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 cost of basic necessities in the township changes in the law;

DAVIS TOWNSHIP, STARKE COUNTY
RESULTS AND COMMENTS
(Continued)

- (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 and processed."

OFFICIAL BOND

The Township Trustee's Surety Bond of \$15,000 was insufficient per the Indiana Code.

Indiana Code 5-4-1-18(e) states in part:

"Except as provided in subsections (k) and (l), the fiscal bodies of the respective units shall fix the amount of the bond of . . . township trustees . . . as follows:

- (1) The amount must equal thirty thousand dollars (\$30,000) for each one million dollars (\$1,000,000) of receipts of the officer's office during the last complete fiscal year before the purchase of the bond, subject to subdivision (2).
- (2) The amount may not be less than thirty thousand dollars (\$30,000) nor more than three hundred thousand dollars (\$300,000) unless the fiscal body approves a greater amount for the officer or employee."

NEPOTISM AND CONTRACTING POLICY

Each elected officer did not certify in writing that the officer had not violated Indiana Code 36-1-20.2 (Nepotism) or Indiana Code 36-1-21 (Contracting With a Unit) by December 31, 2013 and 2014.

Indiana Code 36-20.2-16 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."

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."

DAVIS TOWNSHIP, STARKE COUNTY
EXIT CONFERENCE

The contents of this report were discussed on January 7, 2017, with Robin Latimer, Trustee.