

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

WASHINGTON TOWNSHIP

PORTER COUNTY, INDIANA

January 1, 2010 to December 31, 2015



FILED
05/24/2017

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Transmittal Letter	3
Examination Results and Comments:	
Bank Reconcilements, Cash Necessary to Balance	4
Fire Contract	4
Appropriations.....	4-5
Payroll.....	5
Disbursements.....	6
Exit Conference.....	7

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Lynn Ross	01-01-07 to 12-31-18
Chairman of the Township Board	Dennis Werner Marc Schergen	01-01-10 to 12-31-15 01-01-16 to 12-31-16



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

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

This report is supplemental to our examination report of Washington Township (Township), Porter County, for the period from January 1, 2010 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

September 21, 2016

WASHINGTON TOWNSHIP, PORTER COUNTY
EXAMINATION RESULTS AND COMMENTS

BANK RECONCILEMENTS, CASH NECESSARY TO BALANCE

Monthly depository (bank) reconcilements of the fund balances to the bank account balances have not been prepared for the previous eight years ending December 31, 2015. We performed a cursory bank reconcilment as of December 31, 2015. A cursory bank reconcilment consists of adjusting the bank balance for checks and deposits that cleared the bank in January 2016, but were recorded in the records as of December 31, 2015. We did not make adjustments for any prior outstanding checks which may or may not have cleared the bank or any other error or omissions disclosed in this report.

Below is a comparison of the cursory reconciled bank balance to the ledger balance.

Cursory Bank Balance	\$395,086.62
Ledger Balance	<u>409,556.73</u>
Difference - Cash Short	<u>(\$ 14,470.11)</u>

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."

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance must agree. If the reconciled bank balance is less than the subsidiary or control ledgers, the amount needed to balance may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

Funds misappropriated, diverted or unaccounted for through malfeasance, misfeasance, or nonfeasance in office of any official or employee may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

FIRE CONTRACT

The Township entered into a contract with the Washington Township Fire Department to pay \$95,500 for 2015. The Township paid \$95,000 for 2015, which was \$500 less than the contract.

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

APPROPRIATIONS

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

Year	Fund	Excess Amount Expended
2014	Township Assistance	\$ 577

WASHINGTON TOWNSHIP, PORTER COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

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."

PAYROLL

There were the following exceptions related to the payroll:

1. The Township Board did not set the salary for all Township officials and employees for each year.
2. The part-time Township Clerk did not record the time of the day worked or the number of hours worked.
3. The individual that maintained and cared for the Township Cemetery property was not issued a Form 1099-MISC, Miscellaneous Income or Form W-2, Wage and Tax Statement for 2010, 2011, 2012, 2013, or 2015.

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."

The Federal Fair Labor Standards Act (FLSA) requires that records of wages paid, daily and weekly hours of work, and the time of day and day of week on which the employee's work week begins be kept for all employees. These requirements can be met by use of the following prescribed general forms:

General Form 99A, Employee's Service Record
General Form 99B, Employee's Earnings Record
General Form 99C, Employee's Weekly Earnings Record

General Form 99C is required only for employees who are not exempt from FLSA, are not on a fixed work schedule, and are not paid weekly. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

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)

WASHINGTON TOWNSHIP, PORTER COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

DISBURSEMENTS

The following were noted during the review of the disbursements:

1. Five invoices that included cemetery care and summer baseball leagues were paid, but were not provided for examination.
2. The Township paid for services by the Recreation Director and cemetery caretakers without a contractual agreement.

Sources and uses of funds must be limited to those authorized by the enabling law, ordinance/resolution, or grant agreement. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

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

WASHINGTON TOWNSHIP, PORTER COUNTY
EXIT CONFERENCE

The contents of this report were discussed on September 21, 2016, with Lynn Ross, Trustee.