

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

COMPLIANCE REPORT

OF

MEDINA TOWNSHIP

WARREN COUNTY, INDIANA

January 1, 2012 to December 31, 2016



FILED
05/25/2017

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Dann Keiser	01-01-11 to 12-31-18
Chairman of the Township Board	Keith Lester	01-01-12 to 12-31-12
	Regina Sundqvist	01-01-13 to 12-31-13
	Keith Lester	01-01-14 to 12-31-14
	Joel Fulkerson	01-01-15 to 12-31-15
	Regina Sundqvist	01-01-16 to 12-31-16
	Keith Lester	01-01-17 to 12-31-17



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF MEDINA TOWNSHIP, WARREN COUNTY, INDIANA

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of Medina Township (Township), Warren County, for the period January 1, 2012 to December 31, 2016, 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.

Any Official Response to the Results and Comments, incorporated within this report, was not verified for accuracy.

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

March 15, 2017

MEDINA TOWNSHIP, WARREN COUNTY
RESULTS AND COMMENTS

DEPOSITORY RECONCILIATIONS

Depository reconciliations of the fund balances to the bank account balances were not presented for 2016. The depository reconciliations for 2012 through 2015 included outstanding checks as a lump sum rather than a detailed listing. Other adjustments were included; however, an explanation was excluded.

As of December 31, 2016, a cursory bank reconciliation indicated a cash necessary to balance of \$172.38.

Indiana Code 5-13-6-1(e) states in part: "All local investment officers shall reconcile at least monthly the balance of public depositories."

RECORDS NOT PRESENTED

The following records were not presented:

1. Bank statements and cancelled check images for 2012 and 2013.
2. Bank statements and cancelled check images for February through May 2015, and April and June 2016.
3. Cancelled check images from October 2016.
4. Investment register for 2012 through 2016.

Indiana Code 5-15-6-3 states:

"No financial records or records relating to financial records shall be destroyed until the earlier of the following actions:

- (1) The audit of the records by the state board of accounts had been completed, report filed, and any exceptions set out in the report satisfied.
- (2) The financial record or records have been copied or reproduced in accordance with a retention schedule or with the written consent of the administration."

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for examination to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines for Townships, Chapter 1)

ANNUAL REPORT

Errors on the Annual Financial Report and Electronic Filing

The Annual Financial Report (AFR) filed on the Gateway for 2013 excluded the receipt of stale-dated outstanding checks in the amount of \$6,733, which were reissued in 2014 and excluded from the disbursements reported for 2014 for the Township fund.

MEDINA TOWNSHIP, WARREN COUNTY
RESULTS AND COMMENTS
(Continued)

The AFRs for 2014 and 2015 were not filed electronically until March 5, 2015, and March 15, 2016, respectively, which were 4 and 14 days past the due date.

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."

Publishing the Abstract Report

The abstract reports were not published in accordance with Indiana Code 36-6-4-13.

Indiana Code 36-6-4-13(b) states:

"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."

DEPOSITS NOT MADE TIMELY

Receipts were deposited later than the first and fifteenth of the month for the years 2012 through 2015. The Township received distributions from the County Auditor monthly, but deposited funds from one month to over one year after the distribution date.

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

RECEIPTS

The Trustee did not record the collections in the ledger until the collections were deposited. Taxes distributed by the County Auditor from October 5, 2015 to December 8, 2015, totaling \$9,944.02, were not recorded in the ledger until January 7, 2016, the same date they were deposited. Furthermore, copies of checks totaling \$303.83 issued by the United States Treasury were dated May 6, 2016, and May 24, 2016. These checks were not deposited until July 1, 2016, and were not recorded in the records.

Receipts shall be issued and recorded at the time of the transaction. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

MEDINA TOWNSHIP, WARREN COUNTY
RESULTS AND COMMENTS
(Continued)

DISBURSEMENTS

Township assistance was paid which was not supported by vendor invoices and/or purchase orders signed by the vendor indicating amounts paid or due. When supporting documentation for payment of utilities were available it was not indicated as to the amount paid, as the invoices exceeded the amounts paid. Information provided on applications indicated applicants may have been getting additional assistance from other organizations, and/or the applicant was able to pay a portion of the bill.

Other Township funds were disbursed which were not supported by vendor invoices including additional payments to either of the two fire departments for equipment purchases. The equipment purchases were not addressed in the contracts.

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for examination to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

APPROVAL OF SALARIES

The Township Board did not establish the salaries of Township officers and employees.

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."

COMPENSATION PAID IN ADVANCE

The Trustee was paid twice per year in January and July, except in 2016 he was paid in January and December. The Board was paid once per year in October for the years 2013 through 2016.

Compensation and any other payments for goods and services must not be paid in advance of receipts of the goods or services unless specifically authorized by law. 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 Guideline Manual for Townships, Chapter 1)

MEDINA TOWNSHIP, WARREN COUNTY
RESULTS AND COMMENTS
(Continued)

PAYROLL TAXES, REPORTS, AND REMITTANCES

Withholdings and Reports of Withholdings

The Trustee only withheld Social Security and Medicare from his second pay check.

Based upon correspondence from the Internal Revenue Service (IRS), prior to 2015, the Township reported wages and withholdings to the Federal Government using Federal Form 944, Employer's Annual Federal Tax Return. The Township remitted the withholdings with the filing of the Federal Form 944; however, these forms were not presented.

In 2015, the Township reported wages and withholdings on Federal Form 941 Employer's Quarterly Federal Tax Return. Only the fourth quarter 2015 report was presented.

Errors in Remittances Due

The wages reported and used to compute the Social Security and Medicare due were incorrect. The wages reported were the net wages, not the gross wages. The following is calculation of amounts due:

<u>Years</u>	<u>Social Security and Medicare Due</u>	<u>Social Security and Medicare Paid</u>	<u>Balance Due</u>
2012	\$ 581.21	\$ 514.71	\$ 66.50
2013	668.61	647.71	20.90
2014	668.61	668.61	-
2015	706.86	652.78	54.08
2016	668.61	652.78	15.83
Totals	<u>\$ 3,293.90</u>	<u>\$ 3,136.59</u>	<u>\$ 157.31</u>

Federal Unemployment Taxes

The Township remitted payments to the IRS for Federal Unemployment taxes for the years 2015 and 2016 in the amount of \$255.99 each year (total of \$511.98). However, Townships are exempt from Federal Unemployment taxes.

The Township received a refund of \$303.83. The balance was applied to other taxes owed.

The Township was notified by the IRS that the Township owed taxes, penalties, and interest of \$241.84 related to 941's filed for the tax years 2011 and 2013. On July 31, 2014, the Township remitted \$241.84 in taxes, penalties, and interest to the IRS.

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 for Townships, Chapter 1)

MEDINA TOWNSHIP, WARREN COUNTY
RESULTS AND COMMENTS
(Continued)

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 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 unit. Any penalties, interest, or other charges paid by the unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines for Townships, Chapter 1)

CONTRACTS

The Trustee did not provide the contracts for fire protection for the years 2013, 2014, and 2016; therefore, we were unable to determine if payments were made in accordance with the written contract.

In 2012 and 2013, payments were made to the Library resident library access fees which were less than the amounts stipulated in the contracts.

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 for Townships, Chapter 1)

TOWNSHIP ASSISTANCE APPLICATIONS

In 2015 and 2016, Township assistance payments were made without an Application for Township Assistance on file.

Application for Township Assistance is to be completed by each person who applies for township assistance. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 7)

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;

MEDINA TOWNSHIP, WARREN COUNTY
RESULTS AND COMMENTS
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- (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."

OFFICIAL BOND

The Trustee's individual Surety Bond in the amount of \$20,000 was insufficient per Indiana Code.

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

". . . 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. . . ."

FILING FORM 100-R

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 years 2012, 2013, and 2015. The reports were filed on February 25, 2013; February 5, 2014; and February 10, 2016; which were 25, 5, and 10 days, respectively, past the due date.

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

"Every . . . township . . . 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. . . ."

NEPOTISM POLICY AND CERTIFICATION

The Township did not have a Nepotism Policy for 2012 and 2013. The Township adopted a nepotism policy on November 25, 2014.

Each elected officer did not annually certify in writing that the officer had not violated Indiana Code 36-1-20.2 (Nepotism) by December 31, 2014, 2015, and 2016.

Indiana Code 36-1-20.2-9(a) states in part: "This chapter establishes minimum requirements regarding employment of relatives. The legislative body of the unit shall adopt a policy that includes, at a minimum, the requirements set forth in this chapter. . . ."

MEDINA TOWNSHIP, WARREN COUNTY
RESULTS AND COMMENTS
(Continued)

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 POLICY AND CERTIFICATION

The Township do not have a Contracting Policy for 2012 and 2013. The Township adopted a contracting policy on November 25, 2014.

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, 2014, 2015, and 2016.

Indiana Code 36-1-21-4(a) states in part: "This chapter establishes minimum requirements regarding contracting with a unit. The legislative body of the unit shall adopt a policy that includes, at a minimum, the requirements set forth in this chapter. . . ."

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."

MEDINA TOWNSHIP, WARREN COUNTY
EXIT CONFERENCE

The contents of this report were discussed on March 15, 2017, with Dann Keiser, Trustee.