

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

COMPLIANCE REPORT
OF
TIPPECANOE TOWNSHIP
PULASKI COUNTY, INDIANA
January 1, 2013 to December 31, 2016



FILED
06/15/2017

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Kathleen Keller Martie White	01-01-11 to 04-26-16 04-27-16 to 12-31-18
Chairman of the Township Board	William Bauer	01-01-13 to 12-31-17



STATE OF INDIANA
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TO: THE OFFICIALS OF TIPPECANOE TOWNSHIP, PULASKI COUNTY, INDIANA

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of Tippecanoe Township (Township), Pulaski County, for the period January 1, 2013 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.

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

April 17, 2017

TIPPECANOE TOWNSHIP, PULASKI COUNTY
RESULTS AND COMMENTS

CONDITION OF RECORDS

Kathleen Keller (Keller), Township Trustee from January 1, 2011 to April 26, 2016, failed to post any financial activity to the Township records during the period July 1, 2013 to April 26, 2016. Keller resigned her position effective April 26, 2016. Records for this period were reconstructed by the current Trustee using the bank statements, budgets, and information obtained from other outside sources.

Indiana Code 36-6-4-5 states:

"The executive shall maintain:

- (1) a general account showing the total of all township receipts and expenditures; and
- (2) the financial and appropriation record of the township, which must include an itemized and accurate account of the township's financial affairs."

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)

ANNUAL REPORT ERRORS

The Annual Financial Report (AFR) filed on Gateway for 2013 and 2014 contained a number of errors and 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>
2013	Township	Receipt	\$ 35,656.42	\$ 29,203.70	\$ 6,452.72
2013	Township	Disb.	25,714.71	23,034.88	2,679.83
2013	Township	End Bal	35,578.81	31,805.92	3,772.89
2013	Twp. Assistance	Receipt	3,835.00	3,611.52	223.48
2013	Twp. Assistance	Disb	45,996.28	55,648.38	(9,652.10)
2013	Twp. Assistance	End Bal	9,643.08	(232.50)	9,875.58
2013	Fire Fighting	Receipt	16,186.00	30,844.97	(14,658.97)
2013	Fire Fighting	End Bal	7,543.27	22,202.24	(14,658.97)
2013	Cumulative Fire	Receipt	8,157.82	8,109.80	48.02
2013	Cumulative Fire	End Bal	4,758.00	4,709.98	48.02
2013	Payroll Withholding	Receipt	1,800.00	-	1,800.00
2013	Payroll Withholding	Disb	2,186.30	1,667.85	518.45
2013	Payroll Withholding	End Bal	(1,062.90)	(2,344.45)	1,281.55
2014	Township	Beg Bal	35,578.81	31,805.92	3,772.89
2014	Township	Receipt	41,429.39	27,323.00	14,106.39
2014	Township	Disb	21,120.00	24,474.18	(3,354.18)

TIPPECANOE TOWNSHIP, PULASKI COUNTY
RESULTS AND COMMENTS
(Continued)

Years	Fund	Category	Amount per AFR	Amount per Township Ledger	Difference
2014	Township	End Bal	55,888.20	34,654.74	21,233.46
2014	Twp. Assistance	Beg Bal	9,643.08	(232.50)	9,875.58
2014	Twp. Assistance	Receipt	7,996.12	6,474.12	1,522.00
2014	Twp. Assistance	Disb	17,400.00	51,717.65	(34,317.65)
2014	Twp. Assistance	End Bal	239.20	(45,476.03)	45,715.23
2014	Fire Fighting	Beg Bal	7,543.27	22,202.24	(14,658.97)
2014	Fire Fighting	Receipt	18,239.20	13,375.74	4,863.46
2014	Fire Fighting	Disb	22,174.32	10,000.00	12,174.32
2014	Fire Fighting	End Bal	3,608.15	25,577.98	(21,969.83)
2014	Cumulative Fire	Beg Bal	4,758.00	4,709.98	48.02
2014	Cumulative Fire	Receipt	9,173.25	4,694.55	4,478.70
2014	Cumulative Fire	End Bal	2,707.36	(1,819.36)	4,526.72
2014	Payroll Withholding	Beg Bal	-	(2,344.45)	2,344.45
2014	Payroll Withholding	Receipt	-	340.29	(340.29)
2014	Payroll Withholding	Disb	-	191.77	(191.77)
2014	Payroll Withholding	End Bal	-	(2,195.93)	2,195.93

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)

OVERDRAWN CASH BALANCES

The following funds had overdrawn cash balances at December 31:

Years	Fund	Amount Overdrawn
2013	Township Assistance	\$ 232.50
2013	Payroll Withholding	2,344.45
2014	Township Assistance	45,476.03
2014	Cumulative Fire	1,819.36
2014	Payroll Withholding	2,195.93
2015	Township Assistance	64,040.84
2015	Cumulative Fire	5,880.08
2015	Payroll Withholding	2,195.93
2016	Township Assistance	55,684.03
2016	Cumulative Fire	5,880.08
2016	Payroll Withholding	1,694.01

TIPPECANOE TOWNSHIP, PULASKI COUNTY
RESULTS AND COMMENTS
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The cash balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the unit. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

BANK RECONCILEMENTS

Reconcilements of the fund balances with the depository balances were not completed for the period July 1, 2013 to March 31, 2016. This was due in part by the Trustee's failure to maintain the Township records during this time period. As noted in the previous comment, the Township records were subsequently reconstructed by the current Trustee and proper reconcilements were prepared.

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."

APPROPRIATIONS

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

Years	Fund	Excess Amount Disbursed
2013	Township	\$ 23,034.88
2013	Township Assistance	55,648.38
2013	Fire Fighting	22,174.42
2013	Cumulative Fire	10,000.00
2014	Township Assistance	51,717.65
2014	Fire Fighting	10,000.00
2014	Cumulative Fire	11,223.89
2015	Township Assistance	4,012.19
2015	Fire Fighting	6,074.42
2016	Fire Fighting	8,448.84

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."

DEPOSITS

Receipts were deposited later than the first and fifteenth of the month. In 2015, the January, February, March, and April Local Option Income Tax distributions were not deposited until May 7, 2015.

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. . . ."

TIPPECANOE TOWNSHIP, PULASKI COUNTY
RESULTS AND COMMENTS
(Continued)

APPROVAL OF SALARIES

The Township Board did not establish the salaries of Township officers and employees for the years 2013 through 2015.

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

"The township legislative body shall fix the:

(1) salaries;

(2) wages . . .

of all officials and employees of the township."

FAILURE TO ISSUE W-2 FORMS

The Township Board members were issued 1099s instead of W-2s for the years 2013 to 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 and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

CONTRACTS

Payments were made for fire protection and mowing for the years 2013 to 2015 without evidence of any written 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 Manual for Townships, Chapter 1)

SUPPORTING DOCUMENTATION

For the years 2013 through 2015, payments were observed which did not contain adequate supporting documentation, such as receipts, invoices, and other public records. No invoices or other documentation were provided for the years 2013 through 2015.

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for audit 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)

Special Investigation Report B47565 issued on January 23, 2017, addressed this issue in more detail.

TIPPECANOE TOWNSHIP, PULASKI COUNTY
RESULTS AND COMMENTS
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TOWNSHIP ASSISTANCE APPLICATIONS

Township Assistance payments were made for which no evidence of a properly completed application for assistance could be found. There were 11 applications inspected for Township Assistance for 2013 and five for 2014. Each of these applications were missing significant amounts of information and were considered incomplete. For 2015, there were no applications presented.

In 2013, the Trustee made 87 payments totaling \$55,648 for 25 different individuals. In 2014, the Trustee made 90 payments totaling \$51,717 for 20 different individuals. In 2015, the Trustee made 41 payments totaling \$23,324 for 13 different individuals.

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)

UNDOCUMENTED TOWNSHIP ASSISTANCE PAYMENTS

Total assistance paid in 2013 was \$55,648.38, as compared to \$5,069.04 in 2012. The amount paid in 2014 was \$51,717.65 and for 2015 the amount of assistance paid was \$23,324. No documentation was presented to support any of these payments. Additionally, many of the checks issues were made out to "cash."

Special Investigation Report B47565 issued on January 23, 2017, addressed this issue in more detail.

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 officials or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

TOWNSHIP ASSISTANCE STANDARDS

Township Assistance Standards were not established in accordance with Indiana Code 12-20-5.5-1 for the years 2013 through 2015.

Indiana Code 12-20-5.5-1(b) states:

"The township's standards for the issuance of the township assistance and the processing of the 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;

TIPPECANOE TOWNSHIP, PULASKI 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."

BOARD MINUTES

Minutes of meetings of the governing body for part of 2014 and 2015 were not presented.

Indiana Code 36-6-6-8 states:

"The legislative body shall keep a permanent record of its proceedings in a book furnished by the executive. The secretary of the legislative body shall, under the direction of the legislative body, record the minutes of the proceedings of each meeting in full and shall provide copies of the minutes to each member of the legislative body before the next meeting is convened. After the minutes are approved by the legislative body, the secretary of the legislative body shall place the minutes in the permanent record book. The chairman of the legislative body shall retain the record in his custody."

REVIEW AND APPROVAL OF ABSTRACT REPORT

The Township did not have the required meeting to review and adopt the Annual Report for 2015.

Indiana Code 36-6-6-9(a) states: "The legislative body shall meet on or before the third Tuesday after the first Monday in February of each year. At this meeting it shall consider and approve, in whole or in part, the annual report of the executive presented under IC 36-6-4-12."

TIMELY FILING OF ABSTRACT REPORT

The Annual Report was not published in a timely manner for 2015. The report was filed 183 days late.

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."

CERTIFIED REPORT (FORM 100-R) NOT FILED

The Township did not file a Certified Report of Names, Addresses, Duties and Compensation of Public Employees (Form 100-R) with the Indiana State Board of Accounts for the years 2014 and 2015.

TIPPECANOE TOWNSHIP, PULASKI COUNTY
RESULTS AND COMMENTS
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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 certified report, correctly and completely showing the names and business 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. . . ."

PAYMENT OF PENALTIES, INTEREST, AND OTHER FEES

The Township paid two late fees of \$60 each to the Hartford Insurance Company and penalties and interest of \$191.77 to the Internal Revenue Service due to late payment of quarterly taxes.

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 governmental unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

Special Investigation Report B47565 issued on January 23, 2017, addressed this issue in more detail.

TIPPECANOE TOWNSHIP, PULASKI COUNTY
EXIT CONFERENCE

The contents of this report were discussed on April 17, 2017, with Martie White, Trustee.