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

COMPLIANCE REPORT

OF

NEW CASTLE TOWNSHIP

FULTON COUNTY, INDIANA

January 1, 2012 to December 31, 2016

FILED
10/12/2017

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SCHEDULE OF OFFICIALS

Office	Official	Term
Trustee	Linda Erp	01-01-11 to 12-31-18
Chairman of the Township Board	Virgil Biddinger	01-01-12 to 12-31-13
	Teri Adamson	01-01-14 to 12-31-14
	Melissa Wagoner	01-01-15 to 12-31-15
	Virgil Biddinger	01-01-16 to 12-31-16
	Melissa Wagoner	01-01-17 to 12-31-17

STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF NEW CASTLE TOWNSHIP, FULTON COUNTY, INDIANA

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of New Castle Township (Township), Fulton 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

July 5, 2017

RECORDS RETENTION

Many of the records for 2012 through 2016 were not retained and available for examination, because of water damage from a flooded basement where the records were stored. This included bank statements, bank reconciliations, duplicate deposit slips, cancelled checks, payroll records, claims for payment, receipts, invoices, supporting documentation, and some Applications for Township Assistance. However, we were provided with the ledgers and limited records of duplicate checks, invoices, contracts, and Applications for Township Assistance that were not destroyed by the water damage. Our review was based on the limited records available.

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 has 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."

OVERPAYMENT OF TRUSTEE SALARY

Linda Erp (Erp), Trustee, paid herself an additional $400 a year for maintaining and managing the community building. The additional compensation was not included in the salary resolution approved by the Township Board. The total overpayment to the Trustee for the years 2013 through 2016 totaled $1,600.

The Township Board did not establish the salaries of the Township officials and employees for the years 2013 through 2014.

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

"The township legislative body shall fix the:

(1) salaries;

(2) wages; . . .

of all officers and employees of the township."

Units must collect any overpayments made. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

We requested that Erp reimburse the Township $1,600 for overpayment of approved salary. (See Summary of Charges, page 11)

BOND INFORMATION

The Township obtained official bond coverage for Linda Erp, Trustee, with American States Insurance Company for $30,000.

DEPOSITORY RECONCILIATIONS

The Township provided the reconcilement for December 2016 that did not balance to the ledgers because the reconcilement did not include the investment accounts. We requested a bank confirmation that included the balances on the checking accounts and investments. Comparing the bank balances to the ledgers of the bank revealed that cash was long by $3,802.23.

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 balance statements provided by the respective depositories."

INTEREST ON INVESTMENTS

Interest earned on some investments was automatically added to the principal and not recorded in the records in some instances. This caused underreporting of interest revenue and investments.

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

PENALTIES, INTEREST, AND OTHER CHARGES

The Township paid penalties, interest, and other charges to the U.S. Department of the Treasury in the amount of $22.68 in 2016 because the Township did not remit payments on a timely basis.

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 Manual for Townships, Chapter 1)

ANNUAL FINANCIAL REPORT

The Annual Financial Reports (AFR) filed on Gateway for 2012 through 2016 did not match the Township's records.

Years	Fund	Category	Amount per AFR	Amount per Township Ledger	Difference
2012	Township	Beg. Bal.	$ 63,158.35	$ 31,512.75	$ 31,645.60
2012	Township Assistance	Beg. Bal.	11,326.42	5,663.21	5,663.21
2012	Fire Fighting	Beg. Bal.	32,228.09	25,835.86	6,392.23
2012	Cumulative Fire	Beg. Bal.	80,995.74	40,497.87	40,497.87
2012	Fire Debt	Beg. Bal.	3,114.84	1,557.42	1,557.42
2012	Community Bldg	Beg. Bal.	14,460.42	7,230.21	7,230.21
2012	Township	End Bal.	60,644.25	28,998.65	31,645.60
2012	Township Assistance	End Bal.	10,982.61	5,319.40	5,663.21
2012	Fire Fighting	End Bal.	33,875.16	27,482.93	6,392.23
2012	Cumulative Fire	End Bal.	83,538.21	43,040.34	40,497.87
2012	Fire Debt	End Bal.	1,557.42	-	1,557.42
2012	Community Bldg	End Bal.	11,773.56	4,543.35	7,230.21
2013	Township	Beg. Bal.	57,997.30	28,798.43	29,198.87
2013	Township Assistance	Beg. Bal.	10,982.61	5,319.40	5,663.21
2013	Cumulative Fire	Beg. Bal.	83,538.21	43,040.34	40,497.87
2013	Fire Debt	Beg. Bal.	1,557.42	-	1,557.42
2013	Community Bldg	Beg. Bal.	9,086.70	4,543.35	4,543.35
2013	Township	End Bal.	54,014.58	24,815.71	29,198.87
2013	Township Assistance	End Bal.	11,819.00	6,155.79	5,663.21
2013	Cumulative Fire	End Bal.	86,272.81	45,774.94	40,497.87
2013	Fire Debt	End Bal.	1,557.42	-	1,557.42
2013	Community Bldg	End Bal.	8,058.84	3,515.49	4,543.35
2014	Township	Beg. Bal.	54,014.58	25,015.93	28,998.65
2014	Township Assistance	Beg. Bal.	11,819.00	6,155.79	5,663.21
2014	Cumulative Fire	Beg. Bal.	86,272.81	45,774.94	40,497.87
2014	Fire Debt	Beg. Bal.	1,557.42	-	1,557.42
2014	Community Bldg	Beg. Bal.	8,058.84	3,515.49	4,543.35
2014	Township	End Bal.	49,958.46	20,959.81	28,998.65
2014	Township Assistance	End Bal.	13,946.00	8,282.79	5,663.21
2014	Cumulative Fire	End Bal.	89,363.39	48,865.52	40,497.87
2014	Fire Debt	End Bal.	1,557.42	-	1,557.42
2014	Community Bldg	End Bal.	8,291.72	3,748.37	4,543.35
2015	Township	Beg. Bal.	49,958.46	20,959.81	28,998.65
2015	Township Assistance	Beg. Bal.	13,946.00	8,282.79	5,663.21
2015	Cumulative Fire	Beg. Bal.	89,363.39	48,865.52	40,497.87
2015	Fire Debt	Beg. Bal.	1,557.42	-	1,557.42
2015	Community Bldg	Beg. Bal.	8,291.72	3,748.37	4,543.35
2015	Township	End Bal.	47,734.47	18,735.82	28,998.65
2015	Township Assistance	End Bal.	15,678.28	10,015.07	5,663.21
2015	Cumulative Fire	End Bal.	94,019.39	53,521.52	40,497.87
2015	Fire Debt	End Bal.	1,557.42	-	1,557.42
2015	Community Bldg	End Bal.	8,803.61	4,260.26	4,543.35
2016	Township	Beg. Bal.	37,471.64	18,735.82	18,735.82
2016	Fire Fighting	Beg. Bal.	87,469.36	43,734.68	43,734.68
2016	Community Host	Beg. Bal.	8,399.16	4,199.58	4,199.58
2016	Township	Disb.	20,884.44	20,859.76	24.68
2016	Township	End Bal.	35,664.70	16,953.56	18,711.14
2016	Fire Fighting	End Bal.	95,135.63	51,400.95	43,734.68
2016	Community Host	End Bal.	7,641.28	3,441.70	4,199.58

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)

APPROPRIATIONS

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

Year	Fund	Excess Amount Disbursed
2012	Township	$ 619.27
2012	Fire Fighting	249.85
2012	Community Bldg	942.21

Indiana Code 6-1.1-18-4 states in part: ". . . 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."

FAILURE TO WITHHOLD PAYROLL TAXES

Federal, state, and local taxes were not withheld from the compensation paid to the Township Board members.

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 made for ambulance service for 2012 through 2016 were not supported by a written contract. Payments made for fire protection for 2013, 2014, and 2016 were not supported by a written 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)

PAYMENTS NOT IN ACCORDANCE WITH CONTRACT

The mowing contract entered into with James Erp included the mowing of various cemeteries. However, additional payments were made to James Erp for mowing services at the Township community building. These additional services and amount of compensation were not included in the mowing contract for the years 2012, 2013, 2014, 2015, and 2016.

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)

BOARD MINUTES

The minutes of the Township Board, were vague and did not include relevant information. The minutes did not include evidence of subsequent approval, dates of the meetings, and did not indicate the election of the Chairman of the Board.

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 Board did not have the required meeting to review and adopt the Annual Report for 2013 and 2014.

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."

NEPOTISM CERTIFICATION

Each elected officer did not certify in writing that the officers had not violated Indiana Code 36-1-20.2 (Nepotism) by December 31, 2012 through 2016.

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 WITH A UNIT CERTIFICATION

Each elected officer did not certify in writing that the officers had not violated Indiana Code 36-1-21 (Contracting With a Unit) by December 31, 2012 through 2016.

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."

INACCURATE FORM 100-R

The Certified Report of Names, Addresses, Duties and Compensation of Public Employees (Form 100-R) for 2012 did not include the compensation paid to the Township Board members, Township Clerk, or the Trustee. The 100-R for the years 2013 and 2014 did not include compensation paid to the Township Board members. The 100-R for the year 2016 did not include the compensation paid to the Trustee.

Indiana Code 5-11-13-1 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. . . ."

TOWNSHIP ASSISTANCE STANDARDS

The Township Board did not establish Township Assistance Standards in accordance with Indiana Code 12-20-5.5-1.

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

> "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."

NEW CASTLE TOWNSHIP, FULTON COUNTY
EXIT CONFERENCE

The contents of this report were discussed on July 5, 2017, with Linda Erp, Trustee.

NEW CASTLE TOWNSHIP, FULTON COUNTY
SUMMARY OF CHARGES
(Due to Malfeasance, Misfeasance, or Nonfeasance)

	Charges	Credits	Balance Due
Linda Erp, Trustee:			
Overpayment of Trustee Salary, page 4	$ 1,600	$ -	$ 1,600

This report was forwarded to the Office of the Indiana Attorney General.

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AFFIDAVIT

STATE OF INDIANA)
NEWTON COUNTY)

I, Karen Tetrault, Field Examiner, being duly sworn on my oath, state that the foregoing report based on the official records of New Castle Township, Fulton County, Indiana, for the period from January 1, 2012 to December 31, 2016, is true and correct to the best of my knowledge and belief.

Karen Tetrault
Field Examiner

Subscribed and sworn to before me this 12 day of September 2017

Maryeileen Madison
Notary Public

My Commission Expires: 1-4-2024

County of Residence: NEWTON

MARYEILEEN MADISON
Seal
Notary Public - State of Indiana
Newton County
My Commission Expires Jan 4, 2024