

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

COMPLIANCE REPORT
OF
SALT CREEK TOWNSHIP
JACKSON COUNTY, INDIANA
January 1, 2010 to December 31, 2016



FILED
10/16/2017

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Transmittal Letter	3
Results and Comments:	
Misfeasance.....	4
Social Security and Medicare Taxes Not Withheld from Employees' Pay	4
Bank Account Reconciliations	5
Annual Financial Reports	5
Receipts Not Timely Deposited	6
Appropriations.....	6
Compensation.....	6-7
Unsupported Payments to the Internal Revenue Service	7
No Written Contracts for Mowing.....	7
Township Assistance Applications Not Presented	7
Township Assistance Standards Not Established	8
Board Minutes Not Presented	8
Annual Report Not Published	8
Certified Reports Filed After Due Date	9
Official Bond	9
Nepotism Policy.....	9-10
Contracting Policy.....	10
Exit Conference.....	11
Summary of Charges	12

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Rodney M. Hilderbrand (deceased)	01-01-07 to 06-07-10
	Autumn Kinser	06-08-10 to 12-31-14
	Dave Coller	01-01-15 to 01-14-16
	Douglas E. Hanner	01-15-16 to 12-31-18
Chairman of the Township Board	Connie Wayman	01-01-10 to 12-31-10
	Judy Goforth	01-01-11 to 12-31-17



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AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF SALT CREEK TOWNSHIP, JACKSON COUNTY, INDIANA

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of Salt Creek Township (Township), Jackson County, for the period January 1, 2010 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 non-compliance 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 Township Annual Financial Reports filed for years prior to 2011 can be found on the Indiana Transparency Portal website: www.in.gov/itp/annual_reports/. For years 2011 and later, 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 25, 2017

SALT CREEK TOWNSHIP, JACKSON COUNTY
RESULTS AND COMMENTS

MISFEASANCE

Autumn Kinser, former Trustee, received excess salary and office rent and was unable to provide documentation for payments withdrawn from the Township's bank account during the period reviewed. This misfeasance was reported in special investigation Report B48919.

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)

SOCIAL SECURITY AND MEDICARE TAXES NOT WITHHELD FROM EMPLOYEES' PAY

Autumn Kinser was paid her wages for 2010, 2011, 2012, 2013, and 2014 without Social Security and Medicare taxes being withheld. The Township paid the employee's share of Payroll Withholding taxes to the Internal Revenue Service for the Trustee totaling \$776.10. Wilma Hildebrand, Township Clerk; Steve Hanner, Township Board member; Karen S. Kinser, Township Board member; and Judy Goforth, Township Board member, were paid their wages for 2014 without Social Security and Medicare taxes being withheld. The Township paid the employee's share of Payroll Withholding taxes of \$91.80 for the Township Clerk and \$21.04 for each of the Township Board members.

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, resolution, or salary schedule adopted by the governing body unless otherwise authorized by statute. Compensation should be made in a manner that will facilitate compliance with state and federal reporting requirements. (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)

We requested Autumn Kinser, former Trustee, reimburse the Township \$776.10 for Social Security and Medicare taxes not withheld from her pay. Reimbursement of \$776.10 to the Township was made on February 4, 2016. (See Summary of Charges, page 12)

We requested Wilma Hilderbrand, former Township Clerk, reimburse the Township \$91.80 for Social Security and Medicare taxes not withheld from her pay. Reimbursement of \$91.80 to the Township was made on February 4, 2016. (See Summary of Charges, page 12)

We requested Steve Hanner, Township Board member, reimburse the Township \$21.04 for Social Security and Medicare taxes not withheld from his pay. Reimbursement of \$21.04 to the Township was made on December 22, 2015. (See Summary of Charges, page 12)

We requested Karen S. Kinser, Township Board member, reimburse the Township \$21.04 for Social Security and Medicare taxes not withheld from her pay. Reimbursement of \$21.04 to the Township was made on February 4, 2016. (See Summary of Charges, page 12)

We requested Judy Goforth, Township Board member, reimburse the Township \$21.04 for Social Security and Medicare taxes not withheld from her pay. Reimbursement of \$21.04 to the Township was made on December 22, 2015. (See Summary of Charges, page 12)

SALT CREEK TOWNSHIP, JACKSON COUNTY
RESULTS AND COMMENTS
(Continued)

BANK ACCOUNT RECONCILIATIONS

Depository reconciliations of the fund balances to the bank account balances were not presented for 2010, 2011, 2012, 2013, 2014, or 2016. As a result of no reconcilments being presented, we performed year-end reconcilments as of December 31, 2010, 2011, 2012, 2013, 2014, and 2016. Our reconciliation of the fund balances to the bank account balances identified several posting errors, including interest not receipted and ACH payments not posted to the ledger. Depository reconciliations were completed for 2015; however, they contained errors and did not balance to the bank.

A similar comment appeared in prior Report B36910.

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."

ANNUAL FINANCIAL REPORTS

The Annual Financial Reports (AFR) filed for 2011, 2012, 2013, and 2016 did not match the records of the Township as shown in the table below:

Years	Fund	Category	Amount per AFR	Amount per Township Ledger	Difference
2011	Township	Beginning Balance	\$ 82,413.05	\$ 57,091.38	\$ 25,321.67
2011	Township	Ending Balance	109,314.80	83,993.13	25,321.67
2012	Township	Beginning Balance	109,314.80	83,993.13	25,321.67
2012	Township Assistance	Receipts	737.75	743.62	(5.87)
2012	Township	Ending Balance	109,355.32	84,033.65	25,321.67
2012	Township Assistance	Ending Balance	7,735.32	7,741.19	(5.87)
2013	Township	Beginning Balance	109,355.32	84,033.65	25,321.67
2013	Township Assistance	Beginning Balance	7,735.32	7,741.19	(5.87)
2013	Township Assistance	Receipts	974.23	968.36	5.87
2013	Township	Ending Balance	108,412.69	83,091.02	25,321.67
2016	Township	Receipts	5,439.87	11,733.03	(6,293.16)
2016	Township Assistance	Receipts	1,520.45	2,091.41	(570.96)
2016	Township	Ending Balance	65,129.72	71,422.88	(6,293.16)
2016	Township Assistance	Ending Balance	11,506.43	12,077.39	(570.96)

These errors have been corrected in the AFRs filed on Gateway.

In addition, the Township did not timely file an AFR with the Indiana State Board of Accounts for years 2010, 2012, or 2013. The reports were filed on June 7, 2011, March 21, 2013, and March 13, 2014, respectively, which were 98, 20, and 12 days past the due dates.

A similar comment appeared in prior Report B36910.

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."

SALT CREEK TOWNSHIP, JACKSON COUNTY
RESULTS AND COMMENTS
(Continued)

RECEIPTS NOT TIMELY DEPOSITED

Receipts were not timely deposited in 2010, 2011, 2012, 2013, 2014, and 2015. Receipts were consistently deposited a month after they were received.

A similar comment appeared in prior Report B36910.

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. . . ."

APPROPRIATIONS

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

Years	Fund	Excess Amount Disbursed
2012	Township	\$ 179
2014	Township	5,023
2014	Township Assistance	1,380
2015	Township	10,722
2015	Township Assistance	151

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."

COMPENSATION

The Township did not fix salaries of Township officers and employees for 2010, 2011, 2012, 2013, or 2014. W-2s were not issued for all employees in in 2010, 2011, 2012, 2013, or 2014.

A similar comment appeared in prior Report B36910.

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

"The township legislative body shall fix the:

- (1) salaries;
- (2) wages;
- (3) rates of hourly pay . . .

of all officers and employees of the township."

SALT CREEK TOWNSHIP, JACKSON COUNTY
RESULTS AND COMMENTS
(Continued)

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)

UNSUPPORTED PAYMENTS TO THE INTERNAL REVENUE SERVICE

Documentation was not presented to support the following payments made to the Internal Revenue Service:

Check Number	Payee	Check Date	Check Amount
2043	Internal Revenue Service	06-21-11	\$ 1,484.44
2144	Internal Revenue Service	07-25-14	468.96
2154	Internal Revenue Service	11-05-14	638.40
Total			<u>\$ 2,591.80</u>

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)

NO WRITTEN CONTRACTS FOR MOWING

Payments made for cemetery mowing in 2010, 2011, 2012, and 2013 were not supported by 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)

TOWNSHIP ASSISTANCE APPLICATIONS NOT PRESENTED

Township Assistance Applications were not provided for any Township Assistance checks issued during 2010, 2011, 2012, and 2013. Without the applications, we were unable to determine if the individuals receiving Township Assistance funds were eligible to receive these funds.

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)

SALT CREEK TOWNSHIP, JACKSON COUNTY
RESULTS AND COMMENTS
(Continued)

TOWNSHIP ASSISTANCE STANDARDS NOT ESTABLISHED

Township Assistance Standards were not established in accordance with Indiana Code 12-20-5.5-1 for 2010, 2011, 2012, 2013, 2014, 2015, and 2016.

Indiana Code 12-20-5.5-1(a) states in part: "The township trustee shall process all applications for township assistance according to uniform written standards . . ."

BOARD MINUTES NOT PRESENTED

Township Board minutes were not presented for 2010, 2011, 2012, 2013, or 2014. As a result of no Board minutes being presented, we were unable to determine if the Township Board had the required meetings to review and adopt the annual reports each year.

Indiana Code 5-14-1.5-4 states in part:

". . . (b) As the meeting progresses, the following memoranda shall be kept:

- (1) The date, time, and place of the meeting.
- (2) The members of the governing body recorded as either present or absent.
- (3) The general substance of all matters proposed, discussed, or decided.
- (4) A record of all votes taken, by individual members if there is a roll call.
- (5) Any additional information required under IC 5-1.5-2-2.5.

(c) The memoranda are to be available within a reasonable period of time after the meeting for the purpose of informing the public of the governing body's proceedings. The minutes, if any, are to be open for public inspection and copying."

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."

ANNUAL REPORT NOT PUBLISHED

The Annual Report was not published in accordance with Indiana Code 36-6-4-13 for 2010, 2011, 2012, 2013, 2015, or 2016.

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."

SALT CREEK TOWNSHIP, JACKSON COUNTY
RESULTS AND COMMENTS
(Continued)

CERTIFIED REPORTS FILED AFTER DUE DATE

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 2010, 2011, 2012, 2013, and 2016. The reports were filed on May 23, 2011, April 24, 2012, February 28, 2013, February 18, 2014, and March 28, 2017, respectively, which were 112, 84, 28, 18, and 56 days past the due dates.

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. . . ."

OFFICIAL BOND

There was no evidence that an official bond was obtained for the Trustee for the following periods:

01-01-10 to 12-31-10
01-01-11 to 12-31-11
01-01-12 to 03-28-12
01-01-15 to 03-02-15

A similar comment appeared in prior Report B36910.

Indiana Code 5-4-1-18 states in part:

". . . the following individuals shall file and maintain in place an individual surety bond during each year that the individual serves as an officer, employee or contractor: . . .

(4) Township trustees. . . ."

NEPOTISM

The Township did not have a Nepotism Policy for 2012, 2013, 2014, 2015, and 2016.

Additionally, each elected officer did not certify in writing that the officer had not violated Indiana Code 36-1-20.2 by December 31, 2012, 2013, 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. However, the policy may:

(1) include requirements that are more stringent or detailed than any provision in this chapter; and

SALT CREEK TOWNSHIP, JACKSON COUNTY
RESULTS AND COMMENTS
(Continued)

- (2) apply to individuals who are exempted or excluded from the application of this chapter. The unit may prohibit the employment of a relative that is not otherwise prohibited by this chapter. . . ."

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

The Township did not have a Contracting Policy for 2012, 2013, 2014, 2015, and 2016.

Additionally, each elected officer did not certify in writing that the officer had not violated Indiana Code 36-1-21 by December 31, 2012, 2013, 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. However, the policy may:

- (1) include requirements that are more stringent or detailed than any provision in this chapter; and
- (2) apply to individuals who are exempted or excluded from the application of this chapter. The unit may prohibit or restrict an individual from entering into a contract with the unit that is not otherwise prohibited or restricted by 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."

SALT CREEK TOWNSHIP, JACKSON COUNTY
EXIT CONFERENCE

The contents of this report were discussed on July 25, 2017, with Douglas E. Hanner, Trustee; Judy Goforth, Chairman of the Township Board; Trina Hanner, Township Board member; and Stephen Hanner, Township Board member.

A copy of the Results and Comments was sent to Autumn Kinser, former Trustee, on July 24, 2017.

SALT CREEK TOWNSHIP, JACKSON COUNTY
SUMMARY OF CHARGES
(Due to Malfeasance, Misfeasance, or Nonfeasance)

	<u>Charges</u>	<u>Credits</u>	<u>Balance Due</u>
Autumn Kinser, former Trustee:			
Social Security and Medicare Taxes Not Withheld from Employees' Pay, page 4	\$ 776.10	\$ 776.10	\$ -
Wilma Hilderbrand, former Township Clerk:			
Social Security and Medicare Taxes Not Withheld from Employees' Pay, page 4	91.80	91.80	-
Steve Hanner, Township Board member:			
Social Security and Medicare Taxes Not Withheld from Employees' Pay, page 4	21.04	21.04	-
Karen S. Kinser, former Township Board member:			
Social Security and Medicare Taxes Not Withheld from Employees' Pay, page 4	21.04	21.04	-
Judy Goforth, Township Board member:			
Social Security and Medicare Taxes Not Withheld from Employees' Pay, page 4	<u>21.04</u>	<u>21.04</u>	<u>-</u>
Totals	<u>\$ 931.02</u>	<u>\$ 931.02</u>	<u>\$ -</u>

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