

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

COMPLIANCE REPORT
OF
GENEVA TOWNSHIP
JENNINGS COUNTY, INDIANA
January 1, 2010 to December 31, 2015



FILED
12/28/2017

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	William R. Foist	01-01-07 to 12-31-10
	Kathryn Wint	01-01-11 to 12-31-18
Chairman of the Township Board	Jerry Carmickle	01-01-10 to 12-31-10
	Mike E.J. Kelley	01-01-11 to 12-31-12
	Bruce Fischvogt	01-01-13 to 12-31-13
	Sandra Wilkerson	01-01-14 to 12-31-14
	Mike E.J. Kelley	01-01-15 to 12-31-15
	Sandra Wilkerson	01-01-16 to 12-31-16
	Mike E.J. Kelley	01-01-17 to 12-31-17



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF GENEVA TOWNSHIP, JENNINGS COUNTY, INDIANA

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of Geneva Township (Township), Jennings County, for the period January 1, 2010 to December 31, 2015, 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 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

February 23, 2017

GENEVA TOWNSHIP, JENNINGS COUNTY
RESULTS AND COMMENTS

BANK ACCOUNT RECONCILIATIONS

Depository reconciliations of the fund balances to the bank account balances were not presented for review for any months in 2010. For 2013, depository reconcilements were not presented for 10 months.

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."

As of December 31, 2015, the depository reconciliation of the Total All Funds cash balance to the bank account balances was reconciled; however, the total of the individual funds' cash balances did not agree with the Total All Funds cash balance. The following schedule shows a difference of \$49,655.26.

Fund	Cash Balance
Total All Funds	\$ 131,915.81
Township	14,737.33
Township Assistance	30,984.76
Firefighting	11,298.08
Cumulative Fire	25,339.62
Fire Debt	3,909.03
Park and Recreation	<u>(4,008.27)</u>
Total Individual Funds	<u>82,260.55</u>
Difference	<u><u>\$ 49,655.26</u></u>

In reviewing the financial transactions in the Township's Ledger, the following errors were noted which accounted for some of the difference:

1. Mathematical errors.
2. Balances not carried forward properly.
3. Receipts not posted to an individual fund.
4. Checks written not posted to an individual fund.
5. Payroll checks and payroll taxes not posted properly.

The individual fund's transactions and cash balance of each individual funds reported on the Gateway Annual Report for each of the years being examined were not corrected due to the individual fund balances not agreeing with the Total All Funds transactions and cash balances on the Township Ledger. As a result of the errors mentioned above, the Gateway Annual Report was not correct and could not be adjusted to the proper amounts.

GENEVA TOWNSHIP, JENNINGS COUNTY
RESULTS AND COMMENTS
(Continued)

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

OPTICAL IMAGE OF CHECKS

The financial institution did not return the actual cancelled checks with the monthly bank statements, but instead returned only an optical image of the front and back side of the checks for 28 months of the examination period. For 44 months of the examination period, the optical image of the checks, front or back side, were not presented.

Indiana Code 5-15-5.1-10(a) states in part:

"Each local government shall:

- (1) Make and preserve records containing adequate and proper documentation of . . . essential transactions of the . . . local government to protect the legal and financial rights of the government . . ."

Indiana Code 26-2-8-111 states in part:

"(a) If a law requires that certain records be retained, that requirement is met by retaining an electronic record of the information in the records that:

- (1) Accurately reflects that information set in the record after it was first generated in its final form as an electronic record or otherwise; and
- (2) Remains accessible for later reference. . . .

(e) If a law requires retention of a check, that requirement is satisfied by retention of an electronic record of the information on the front and back of the check in accordance with subsection (a). . . ."

OVERDRAWN CASH BALANCE

The following funds had overdrawn cash balances at December 31:

Years	Fund	Amount
2011	Cumulative Fire	\$ 17,948.94
2012	Firefighting	11,070.23
2012	Cumulative Fire	14,480.57
2012	Fire Debt	40,999.34
2013	Fire Debt	9,307.98
2015	Park and Recreation	4,008.27

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)

GENEVA TOWNSHIP, JENNINGS COUNTY
RESULTS AND COMMENTS
(Continued)

APPROPRIATIONS

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

Years	Fund	Excess Amount Disbursed
2010	Township	\$ 75,905.48
2010	Cumulative Fire	34.38
2011	Firefighting	578.14
2011	Cumulative Fire	37,892.79
2012	Township Assistance	5,290.30
2012	Fire Debt	40,999.34
2013	Fire Debt	20,571.23
2014	Township	10,324.50
2014	Fire Debt	387.80
2015	Fire Debt	312.12

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 NOT MADE TIMELY

Receipts were deposited later than the first and fifteenth of the month. Seventy county tax distributions were deposited from one day to one hundred and eight days past the required date of deposit.

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 POSTED INCORRECTLY

Receipts were not properly posted to the Township Ledger. In 2012 and 2013, county tax distributions for various taxes were not allocated to the proper Township funds.

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)

APPROVAL OF SALARIES

The Township Board did not establish the salaries of the Township officials and employees for the years 2010, 2011, 2012, 2013, 2014, and 2015.

GENEVA TOWNSHIP, JENNINGS COUNTY
RESULTS AND COMMENTS
(Continued)

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."

CONTRACTS

Payments made in 2010 for fire protection services 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

Payments made in 2014 for maintaining the recreation area did not comply with the amount in the 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)

SUPPORTING DOCUMENTATION

Twelve payments paid for 2012 through 2015 were observed which did not contain adequate supporting documentation, such as receipts, invoices, and other public records. Based on the vendor and past history with the Township, expenses noted were normal Township expenses; however, supporting documentation is required for all expenses.

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. (Uniform and Compliance Guidelines Manual for Townships, Chapter 1)

GENEVA TOWNSHIP, JENNINGS COUNTY
RESULTS AND COMMENTS
(Continued)

FAILURE TO OBTAIN TOWNSHIP ASSISTANCE APPLICATION

During the years 2010, 2011, 2012, 2013, 2014, and 2015, the Township paid a total of \$28,638.06 to various community service organizations and vendors from the Township Assistance Fund. These expenditures were paid for emergency assistance; such as, food, clothing, housing, and utility expenses for needy citizens of the Township. Township assistance guidelines for expenditures from the Township Assistance Fund are very specific on what the funds may be used for. Disbursements must be on behalf of individuals applying for assistance. No documentation was provided for review that identified actual recipients that benefitted from these disbursements.

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)

RECORDS NOT PRESENTED

The following financial records were not presented for review for the years 2010, 2014, and 2015:

1. January through December 2010 bank statements.
2. Any supporting documentation, such as receipts, invoices, and other public records, for payments of expenses for 2010.

Indiana Code 5-15-6-3 states:

"No financial record 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 record 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."

NEPOTISM POLICY

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

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. . . ."

NEPOTISM POLICY CERTIFICATION

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, and 2015.

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."

GENEVA TOWNSHIP, JENNINGS COUNTY
RESULTS AND COMMENTS
(Continued)

CONTRACTING WITH A UNIT POLICY

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

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. . . ."

CONTRACTING WITH A UNIT POLICY CERTIFICATION

Each elected officer did not certify in writing that the officer had not violated the Indiana Code 36-1-21 (Contracting With a Unit) by December 31, 2012, 2013, 2014, and 2015.

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."

TIMELY FILING OF THE ANNUAL FINANCIAL REPORT

The Annual Financial Reports (AFR) for 2011 and 2014 were not filed electronically until March 2, 2012, and March 13, 2015, which were 1 and 12 days, respectively, past the due date.

Indiana Code 5-11-1-4(a) states in part:

"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 . . ."

LATE FILING OF 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 2010, 2011, and 2014. The reports were filed on February 7, 2011, May 1, 2012, and March 7, 2015, which are 7 days, 90 days, and 45 days, respectively, past the due date.

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. . . ."

GENEVA TOWNSHIP, JENNINGS COUNTY
RESULTS AND COMMENTS
(Continued)

INACCURATE FORM 100-R

The Form 100-R was inaccurate. The 2012 Form 100-R and the 2013 Form 100-R omitted one of the Township Board members whose wages were \$850 and \$875, respectively. The 2014 Form 100-R stated that the three Township Board member's compensation was \$950 each, but the actual wages paid was \$876 for each Township Board member in 2014.

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. . . ."

GENEVA TOWNSHIP, JENNINGS COUNTY
EXIT CONFERENCE

The contents of this report were discussed on February 23, 2017, with Kathryn Wint, Trustee.