

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

COMPLIANCE REPORT

OF

COLFAX TOWNSHIP

NEWTON COUNTY, INDIANA

January 1, 2010 to December 31, 2015



FILED
01/19/2018

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	George Sam Hillis Jessica Schleman	01-01-07 to 12-31-10 01-01-11 to 12-31-18
Chairman of the Township Board	(Vacant)	01-01-10 to 12-31-17



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF COLFAX TOWNSHIP, NEWTON COUNTY, INDIANA

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

March 30, 2017

COLFAX TOWNSHIP, NEWTON COUNTY
RESULTS AND COMMENTS

CERTIFIED REPORT OF COMPENSATION

The Certified Report of Names, Addresses, Duties and Compensation of Public Employees (Form 100-R) was inaccurate. The 2012 and 2013 100-R stated the Trustee's total compensation was \$7,200, but the Trustee was actually paid \$6,000 in each year. The \$7,200 reported on the 100-R included \$1,200 in telephone reimbursement.

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.

<u>Years</u>	<u>Due Date</u>	<u>Date Submitted</u>
2010	January 31, 2011	June 6, 2012
2011	January 31, 2012	June 6, 2012
2014	January 31, 2015	February 5, 2015

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

"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. . . ."

BOARD MINUTES

Minutes of the meetings of the Township Board 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."

CHAIRMAN OF THE TOWNSHIP BOARD

The Township Board did not elect a Chairman for all years of the review.

Indiana Code 36-6-6-7(a) states: "The legislative body shall meet at the office of the executive on the first Tuesday after the first Monday in January of each year. At this meeting the legislative body shall elect one (1) member as chairman for that year and one (1) member as secretary for that year."

COLFAX TOWNSHIP, NEWTON COUNTY
RESULTS AND COMMENTS
(Continued)

APPROVAL OF SALARIES

Board minutes were not presented; we were unable to verify that the Township Board approved the salaries of the Trustee, Township Clerk, and Township Board members.

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."

Salaries established for any one position should not have multiple classifications, i.e., a clerk position should not be annual, hourly, and weekly, etc.

Indiana Code 36-6-6-10(c) states in part: ". . . the township legislative body may reduce the salary of an elected or appointed official. . . the official is entitled to a salary that is not less than the salary fixed for the first year of the term of office that immediately preceded the current term of office."

ANNUAL FINANCIAL REPORT

The abstract report was not published in accordance with Indiana Code 36-6-4-13 for all years of the review.

The Township did not have the required meeting to review and adopt the abstract report in accordance with Indiana Code 36-6-6-9 for any of the years examined.

The Annual Financial Reports for 2010 through 2015 were filed late as follows:

<u>Years</u>	<u>Due Date</u>	<u>Date Filed</u>
2010	March 1, 2011	July 13, 2011
2011	March 1, 2012	June 27, 2012
2012	March 1, 2013	May 30, 2013
2013	March 1, 2014	April 21, 2014
2014	March 1, 2015	March 18, 2015
2015	March 1, 2016	April 13, 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."

COLFAX TOWNSHIP, NEWTON COUNTY
RESULTS AND COMMENTS
(Continued)

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."

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 . . ."

PRESCRIBED FORMS

In 2012, the Trustee began using checks which were not prescribed or approved for use by the Indiana State Board of Accounts. The checks used do not indicate the fund to which the disbursement should be posted.

Officials and employees are required to use prescribed and approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

TIMELY DEPOSITS

Collections are not posted until they are deposited. Collections were not posted or deposited timely for the years 2011 through 2015. In 2013, a distribution from CAGIT was not deposited until April 2013. In 2014, collections were deposited in September and December for County Adjusted Gross Income Taxes (CAGIT), property, excise, and financial institution taxes. CAGIT taxes are received monthly and property, excise, and financial institution taxes are received in June and December. In 2015, collections were deposited in June, November, and December.

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. . . ."

CERTIFIED BUDGET

Certified budgets were not presented for 2010 through 2013. Certified budgets are required for the Township, Township Assistance, and Fire Fighting funds.

In 2015, the records presented indicated the following disbursements in excess of budget appropriations:

<u>Year</u>	<u>Fund</u>	<u>Excess Amount Disbursed</u>
2015	Fire Fighting	\$ (10,000)

Indiana Code 6-1.1-18-4 states: "Except as otherwise provided in this chapter, 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."

COLFAX TOWNSHIP, NEWTON COUNTY
RESULTS AND COMMENTS
(Continued)

PENALTIES, INTEREST, AND OTHER CHARGES

Penalties, interest, and other charges were paid to the Internal Revenue Service (IRS) and various vendors. On March 13, 2010, the Township paid penalties of \$133.10 and interest of \$24.44 to the IRS for late remittance of payroll taxes from 2008. The Township also incurred late fees to various vendors including Waste Management. Records also indicated that the Township did not remit payroll taxes for 2010 until January 3, 2012, and the payroll taxes for 2011 were not remitted until March 23, 2012.

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)

SUPPORTING DOCUMENTATION

Several payments were observed which were not supported by vendor invoices, including payments made for consulting services, flowers, insurance, internet service, and office supplies. Payments are being made for office supplies electronically, so checks are not issued to support the disbursement of funds. In addition, it was noted that the Township was paying for a Township Board member's internet; however, the invoice was not presented.

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)

PAYROLL

The Township is not withholding state and local taxes from the salaries and wages of the elected officials and employees.

The wages reported on the W-2 issued for 2014 did not agree with the actual amount paid to the Trustee.

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)

TOWNSHIP ASSISTANCE

The Township Assistance Standards were not established in accordance with Indiana Code 12-20-5.5-1.

COLFAX TOWNSHIP, NEWTON COUNTY
RESULTS AND COMMENTS
(Continued)

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."

Four Township Assistance payments were made in 2013. An application could not be located to support three of the four payments made. The check was issued to a utility company on June 28, 2013, for an invoice that was from September 2012. Two Township Assistance payments were made in 2014; however, no supporting documentation was provided for these payments. One payment was for rent and the other payment was made to the Trustee for a gas reimbursement. In 2015, two Township Assistance payments were made to a utility company. Applications and invoices could not be located to support these payments.

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)

OFFICIAL BOND

The Trustee had an official bond from Western Surety Company covering the years 2013, 2014, 2015, and 2016.

The Trustee was bonded for \$15,000, which is insufficient per the Indiana Code.

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

". . . (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) 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. . . ."

COLFAX TOWNSHIP, NEWTON COUNTY
RESULTS AND COMMENTS
(Continued)

CONTRACTS

Contracts were not provided to support payments made to the Volunteer Fire Department for the years examined.

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)

DONATIONS

Funds received as part of the "Good Neighbor Agreement" entered into on April 16, 2001, with the Newton County Landfill Partnership and Newton County, are used for various projects, including donations to various civic groups and student scholarships.

The majority of the donations and scholarships provided were not based upon a reciprocal agreement to address a benefit to be received by the Township in exchange for the monetary gift to the beneficiary.

A letter dated May 9, 2001, from the General Manager of the Newton County Landfill Partnership stated, "These funds will not be appropriated or controlled by anyone other than your board, and will enable the Township to fund important projects for which funding has not been available in the past."

Public funds cannot be donated or given to other organizations or individuals unless specifically authorized by law. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

NEPOTISM IN EMPLOYMENT

The Township did not have a Nepotism Policy for 2012, 2013, 2014, or 2015 for employment.

The elected officials did not certify in writing that the officer had not violated Indiana Code 36-1-20.2 (Nepotism) by December 31, 2012, 2013, 2014, and 2015.

Indiana Code 36-1-20.2-9 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. . . ."

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."

NEPOTISM IN CONTRACTING

The Township did not have a Nepotism Policy regarding contracting with units for 2012, 2013, 2014, or 2015.

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

COLFAX TOWNSHIP, NEWTON COUNTY
RESULTS AND COMMENTS
(Continued)

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."

COLFAX TOWNSHIP, NEWTON COUNTY
EXIT CONFERENCE

A certified letter with a copy of our comments was sent on March 30, 2017, to Jessica Schleman, Trustee. A written response has not been received from Jessica Schleman, Trustee.