

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

COMPLIANCE REPORT

OF

BUTLER TOWNSHIP

FRANKLIN COUNTY, INDIANA

January 1, 2014 to December 31, 2017



FILED
02/07/2019

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Charles J. Fledderman Ronald Fitzpatrick	01-01-11 to 12-31-14 01-01-15 to 12-31-18
Chairman of the Township Board	Melvin Pulskamp	01-01-14 to 12-31-18



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF BUTLER TOWNSHIP, FRANKLIN COUNTY, INDIANA

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of Butler Township (Township), Franklin County, for the period of January 1, 2014 to December 31, 2017, 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.

The Schedule of Cash and Investment Balances - Regulatory Basis, as listed in the Table of Contents, is presented as other information. It has not been subjected to any auditing procedures and, accordingly, we do not express an opinion or provide any assurance on it.

Any Official Response to the Results and Comments, incorporated within this report, was not verified for accuracy.

Paul D. Joyce
Paul D. Joyce, CPA
State Examiner

December 20, 2018

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OTHER INFORMATION - UNAUDITED

The Township's Annual Financial Reports information can be found on the Indiana Gateway for Government Units (Gateway) website: <https://gateway.ifionline.org/>. The schedule presented herein is presented as other information and is derived from the Township's Annual Financial Reports information and has not been subjected to any audit procedures. No adjustments have been made to the information as reported in Gateway and, as such, balances may differ.

BUTLER TOWNSHIP, FRANKLIN COUNTY
 SCHEDULE OF CASH AND INVESTMENT
 BALANCES - REGULATORY BASIS
 For the Year Ended December 31,2017

<u>Fund</u>	<u>Cash and Investments 12-31-17</u>
Township	\$ 30,052
Township Assistance	4,809
Rainy Day	657
Fire Fighting	987
Levy Excess	<u>31</u>
Total	<u>\$ 36,536</u>

BUTLER TOWNSHIP, FRANKLIN COUNTY
RESULTS AND COMMENTS

BANK ACCOUNT RECONCILIATIONS

A similar comment also appeared in prior Report B44316.

Depository reconciliations of the fund balances to the bank account balances were not provided, and the December 31, 2017 ending cash and investments balance was \$7,268 less than the bank balance; however, review of the January 31, 2018 bank statement identified that there were checks totaling \$2,170 that were written in December but did not clear the bank until January. As a result, the December 31, 2017 ending cash and investments balance was \$5,098 less than the bank balance after including the outstanding checks.

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."

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)

COMPENSATION

A similar comment also appeared in prior Report B44316.

The Township did not provide an annual salary resolution or ordinance, Township Board minutes, or other documentation setting and approving the salaries of Township officers and employees during the engagement period.

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

"The township legislative body shall fix the:

- (1) salaries;
- (2) wages;
- (3) rates of hourly pay; and
- (4) remuneration other than statutory allowances;

of all officers and employees of the township."

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 law. Compensation must be paid in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

BUTLER TOWNSHIP, FRANKLIN COUNTY
RESULTS AND COMMENTS
(Continued)

FEDERAL AND STATE AGENCIES - COMPLIANCE REQUIREMENTS

A similar comment also appeared in prior Report B44316.

Documentation that the Township had withheld Social Security and Medicare taxes from Township employee compensation, that compensation paid to Township employees had been reported to the Internal Revenue Service (IRS) was not provided, or that the Township had remitted payroll withholding taxes to the IRS, either quarterly or annually, was not provided.

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)

LATE SUBMISSION OF CERTIFIED REPORT

A similar comment also appeared in prior Report B44316.

The Township's Certified Report of Names, Addresses, Duties and Compensation of Public Employees (Form 100R) for 2014, 2015, 2016, and 2017 was not filed electronically until March 15, 2015, August 23, 2016, July 31, 2017, and September 4, 2018, respectively, which was 43, 205, 181, and 216 days past the due date.

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

"Every . . . township . . . 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. . . . The certification must be filed electronically in the manner prescribed under [IC 5-14-3.8-7](#)."

LATE SUBMISSION OF ANNUAL FINANCIAL REPORT

The Township's Annual Financial Report for 2014, 2015, 2016, and 2017 was not filed electronically until April 20, 2015, August 25, 2016, June 1, 2017, and March 26, 2018, respectively, which was 50, 178, 92, and 25 days past the due date.

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](#)."

BUTLER TOWNSHIP, FRANKLIN COUNTY
RESULTS AND COMMENTS
(Continued)

ADOPTION OF INTERNAL CONTROL STANDARDS

The Township had not adopted the acceptable minimum level of internal control standards as defined by the Indiana State Board of Accounts.

Indiana Code 5-11-1-27(g) states:

"After June 30, 2016, the legislative body of a political subdivision shall ensure that:

- (1) the internal control standards and procedures developed under subsection (e) are adopted by the political subdivision; and
- (2) personnel receive training concerning the internal control standards and procedures adopted by the political subdivision."

TRAINING ON INTERNAL CONTROL STANDARDS

Township employees whose official duties included receiving, processing, depositing, disbursing, or otherwise having access to funds that belonged to the Township, had not received training over internal control standards that was developed or approved by the Indiana State Board of Accounts.

Indiana Code 5-11-1-27(g) states:

"After June 30, 2016, the legislative body of a political subdivision shall ensure that:

- (1) the internal control standards and procedures developed under subsection (e) are adopted by the political subdivision; and
- (2) personnel receive training concerning the internal control standards and procedures adopted by the political subdivision."

BUTLER TOWNSHIP, FRANKLIN COUNTY
EXIT CONFERENCE

The contents of this report were discussed on December 20, 2018, with Ronald Fitzpatrick, Trustee.