

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

COMPLIANCE REPORT
OF
BEARCREEK TOWNSHIP
JAY COUNTY, INDIANA
January 1, 2014 to December 31, 2017



FILED
02/14/2019

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Alice Miller Katina Miller	01-01-11 to 12-31-14 01-01-15 to 12-31-18
Chairman of the Township Board	James Spade Mark McKinley	01-01-14 to 12-31-15 01-01-16 to 12-31-18



STATE OF INDIANA
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TO: THE OFFICIALS OF BEARCREEK TOWNSHIP, JAY COUNTY, INDIANA

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

Due to the exceptions in the comment entitled *FAILURE TO PROVIDE RECORDS*, we were unable to satisfactorily complete all necessary procedures.

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 27, 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.

BEARCREEK TOWNSHIP, JAY COUNTY
 STATEMENT OF CASH AND INVESTMENT
 BALANCES - REGULATORY BASIS
 For the Years Ended December 31, 2016 and 2017

Fund	Cash and Investments 12-31-17
Township General Fund	\$ 120,467
Township Assistance	353
Firefighting Fund	(15,872)
Payroll Withholdings Fund	<u>56</u>
Total	<u>\$ 105,004</u>

BEARCREEK TOWNSHIP, JAY COUNTY
RESULTS AND COMMENTS

FAILURE TO PROVIDE RECORDS

Multiple attempts were made to obtain additional records from the Trustee to satisfy our compliance procedures. However, as of the date of this report, these additional records had not been presented. The records requested which were not presented were the following:

- Annual Financial Report (AFR) activity for 2015.
 - Financial activity for 2015 was not reported in the AFR, which was to be submitted in Gateway. We attempted without success to schedule a meeting with the Trustee to assist in getting financial information reported on the AFR, or to provide the Township's financial ledger, in which we could review and recommend adjustments for AFR reporting
- The December 2017 bank statement and reconciliation.
- The January 2018 bank statement.
- The 2017 Internal Revenue Service (IRS) Employer's Quarterly Federal Tax Return (Form 941) or IRS Employer's Annual Federal Tax Return (Forms 944).
- Township Assistance Applications.
- Any information regarding penalties, interest, and other charges that were paid during the engagement period.

Additional Results and Comments are included below, which provide more information on the compliance areas we were unable to sufficiently examine due to the above records not being presented.

Indiana Code 5-11-1-10 states:

"A public officer who:

- (1) fails to make, verify, and file with the state examiner any report required by this chapter;
- (2) fails to follow the directions of the state examiner in keeping the accounts of the officer's office;
- (3) refuses the state examiner, deputy examiner, field examiner, or private examiner access to the books, accounts, papers, documents, cash drawer, or cash of the officer's office; or
- (4) interferes with an examiner in the discharge of the examiner's official duties; commits a Class B infraction and forfeits office."

BANK ACCOUNT RECONCILIATIONS

A similar comment appeared in prior Report B44006.

The December 31, 2017 bank statement and depository reconciliations of the fund balances to the bank account balances were not presented for review. As a result, we could not determine if the Township performed depository reconciliations or that the fund balances agreed to the bank account balances.

BEARCREEK TOWNSHIP, JAY COUNTY
RESULTS AND COMMENTS
(Continued)

Additionally, the January 2018 bank statement was requested and not presented; therefore, we were unable to determine if there were any outstanding items as of December 31, 2017.

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)

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)

ANNUAL FINANCIAL REPORT

The AFR for 2015 was not submitted in Gateway. The AFR, which would have been the source of the 2015 financial statements, could not be tested against the Township's accounting ledgers. Additionally, without the financial activity in the AFR, we were unable to complete sufficient analytical procedures that would identify areas that needed additional testing.

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](#)."

SUPPORTING DOCUMENTATION

A similar comment appeared in prior Report B44006.

Township Assistance applications were requested; however, no applications or other documentation was presented. Since the Township Assistance applications were not provided, we could not determine if they were completed.

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)

FEDERAL AND STATE AGENCIES - COMPLIANCE REQUIREMENTS

A similar comment appeared in prior Report B44006.

BEARCREEK TOWNSHIP, JAY COUNTY
RESULTS AND COMMENTS
(Continued)

As noted in the comment entitled *FAILURE TO PROVIDE RECORDS*, IRS Forms 941 and 944 were not presented. As a result, we could not determine if payroll taxes withheld were properly remitted to the IRS and the Indiana Department of Revenue.

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)

OVERDRAWN CASH BALANCE

A similar comment also appeared in prior Report B44006.

Based on the AFR submitted for 2017, the Firefighting Fund had an overdrawn cash balance of \$15,872 at December 31, 2017.

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)

BEARCREEK TOWNSHIP, JAY COUNTY
EXIT CONFERENCE

The contents of this report were discussed on December 27, 2018, with Katina Miller, Trustee, through her legal counsel.