

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

COMPLIANCE REPORT

OF

MILTON TOWNSHIP

JEFFERSON COUNTY, INDIANA

January 1, 2014 to December 31, 2017



**FILED**  
02/20/2019



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SCHEDULE OF OFFICIALS

| <u>Office</u>                     | <u>Official</u>        | <u>Term</u>          |
|-----------------------------------|------------------------|----------------------|
| Trustee                           | Tammy Stewart          | 01-01-11 to 03-25-14 |
|                                   | (Vacant)               | 03-26-14 to 04-07-14 |
|                                   | Karen Shuler (interim) | 04-08-14 to 11-03-14 |
|                                   | Shannon Tilley         | 11-04-14 to 12-31-18 |
| Chairman of the<br>Township Board | Robert Jacobson        | 01-01-14 to 12-31-14 |
|                                   | Karen Shuler           | 01-01-15 to 12-31-18 |



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF MILTON TOWNSHIP, JEFFERSON COUNTY, INDIANA

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of Milton Township (Township), Jefferson 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 23, 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.

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

| Fund                | Cash and<br>Investments<br>12-31-17 |
|---------------------|-------------------------------------|
| Township            | \$ 17,568                           |
| Township Assistance | 3,620                               |
| Fire Fighting       | <u>11,065</u>                       |
| Total               | <u>\$ 32,253</u>                    |

MILTON TOWNSHIP, JEFFERSON COUNTY  
RESULTS AND COMMENTS

**BANK ACCOUNT RECONCILIATIONS**

A similar comment also appeared in prior Report B44927.

Depository reconciliations of the fund balances to the bank account balances were not provided and we were unable to complete alternate procedures, as of the date of this report, to determine the accuracy of the cash and investment balance reported in this report and in the Indiana Gateway for Government Units financial reporting system (Gateway) Annual Financial Report.

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)

**BOARD MINUTES**

A similar comment also appeared in prior Report B44927.

We requested Township Board minutes from June 1, 2017 to December 31, 2017, in order to follow up on a prior comment; however, those Township Board minutes were not provided.

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."

The secretary of the township board shall under the direction of the board record the minutes of the proceedings of each meeting in full and provide copies of the minutes to each member of the township board before the next meeting is convened. After the minutes are approved by the township board, the secretary of the township board shall place the minutes in the permanent record book. Any meeting may adjourn from day to day until the business is completed. IC 36-6-6-5, IC 36-6-6-8 (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 6)

**COMPENSATION**

A similar comment also appeared in prior Report B44927.

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.

MILTON TOWNSHIP, JEFFERSON COUNTY  
RESULTS AND COMMENTS  
(Continued)

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)

#### ***CONDITION OF RECORDS***

A similar comment also appeared in prior Report B44927.

The Annual Financial Report for 2015 and 2016 contained errors due to incorrect recording of receipts and disbursements. As a result, the ending cash and investments balance was understated by \$1,254. Adjustments were made to the December 31, 2017 balances reported in this report; however, as of the date of this report, the corrections have not been made to the Annual Financial Report in Gateway.

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)

#### ***FEDERAL AND STATE AGENCIES - COMPLIANCE REQUIREMENTS***

A similar comment also appeared in prior Report B44927.

Documentation that the Township had withheld Social Security and Medicare taxes from Township employee compensation, or that compensation paid to Township employees was reported to the Internal Revenue Service 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)

MILTON TOWNSHIP, JEFFERSON COUNTY  
RESULTS AND COMMENTS  
(Continued)

***ADOPTION OF INTERNAL CONTROL STANDARDS***

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

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***

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

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."

***CERTIFICATION ON INTERNAL CONTROL STANDARDS***

The Township certified on Gateway that it had adopted the minimum internal control standards as required by Indiana Code 5-11-1-27(e) and that all personnel defined by Indiana Code 5-11-1-27(c) had received training concerning the internal control standards adopted by the Township; however, documentation that the Township had adopted the minimum internal control standards and that all personnel had received training concerning the internal control standards was not provided.

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

"After June 30, 2016, the fiscal officer of a political subdivision shall certify in writing that:

- (1) the minimum internal control standards and procedures defined under subsection (e) have been adopted by the political subdivision; and
- (2) personnel, who are not otherwise on leave status, have received training as required by subsection (g)(2).

MILTON TOWNSHIP, JEFFERSON COUNTY  
RESULTS AND COMMENTS  
(Continued)

The certification shall be filed with the state board of accounts at the same time as the annual financial report required by section 4(a) of this chapter is filed. The certification shall be filed electronically in the manner prescribed under [IC 5-14-3.8-7.](#)"

MILTON TOWNSHIP, JEFFERSON COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on December 23, 2018, with Shannon Tilley, Trustee.