

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

COMPLIANCE REPORT  
OF  
FAIRMOUNT TOWNSHIP  
GRANT COUNTY, INDIANA  
January 1, 2016 to December 31, 2019



**FILED**  
07/31/2020



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Landon Kellogg	01-01-16 to 07-31-16
	(Vacant)	08-01-16 to 08-10-16
	Sheila Metzger	08-11-16 to 08-09-19
	(Vacant)	08-10-19 to 08-27-19
	Curt Hackney	08-28-19 to 12-31-20
Chair of the Township Board	Morris Kelsay	01-01-16 to 11-30-17
	James Loftin	12-01-17 to 12-31-19
	Cindy Dunlap	01-01-20 to 12-31-20



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF FAIRMOUNT TOWNSHIP, GRANT COUNTY, INDIANA

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of Fairmount Township (Township), Grant County, for the period of January 1, 2016 to December 31, 2019, 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.

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

June 16, 2020

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OTHER INFORMATION - UNAUDITED

The Township's Annual Financial Report information can be found on the Indiana Gateway for Government Units website: <https://gateway.ifionline.org/>.

FAIRMOUNT TOWNSHIP, GRANT COUNTY  
RESULTS AND COMMENTS

**ANNUAL FINANCIAL REPORT**

A similar comment also appeared in prior Report B47149.

*Condition and Context*

The Annual Financial Report amounts for receipts, disbursements, and cash balances for the years 2016, 2017, 2018, and 2019 were not in agreement with the available financial records.

*Criteria*

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](#)."

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 BOARD MINUTES MISSING**

A similar comment also appeared in prior Report B47149.

*Condition and Context*

There were no minutes of meetings of the governing body presented for review for 2017.

*Criteria*

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 chair of the legislative body shall retain the record in the chair's custody."

**BANK ACCOUNT RECONCILIATIONS**

A similar comment also appeared in prior Report B47149.

FAIRMOUNT TOWNSHIP, GRANT COUNTY  
RESULTS AND COMMENTS  
(Continued)

*Condition and Context*

Bank reconcilements at December 31, 2016, 2017, and 2018, were not presented by the former Trustee. The bank reconciliation at December 31, 2019, contained unidentified variances.

*Criteria*

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."

**SALARY RESOLUTION**

*Condition and Context*

Form 17, "Resolution Establishing Salaries of Township Officers and Employees," was not on file for 2016 through 2019 documenting the Township Board approval.

*Criteria*

Indiana Code 36-6-6-10(c) states in part: "The township legislative body shall fix the compensation of all officers and employees of the Township. Compensation shall be established using an annual, monthly, or biweekly salary schedule. . . ."

**COMPENSATION AND BENEFITS**

*Condition and Context*

The former Trustee's income was under-reported by \$1,125.

For 2017, W-2s and other payroll documentation were not available to review.

*Criteria*

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)

Indiana Code 5-15-6-3 states:

"No financial records 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 report 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."

FAIRMOUNT TOWNSHIP, GRANT COUNTY  
RESULTS AND COMMENTS  
(Continued)

**PENALTIES, INTEREST, AND OTHER CHARGES**

*Condition and Context*

On September 2, 2019, the Township received a notice of amount due of \$1,084, including interest charges of \$99, from the Department of Treasury (IRS) for the tax period ending December 31, 2014. No evidence or documentation was provided that this amount had been paid or resolved. In addition, amounts were not withheld and/or paid from Township employees' wages for state and local income taxes during the review period.

*Criteria*

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)

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 STANDARDS**

A similar comment also appeared in prior Report B47149.

*Condition and Context*

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

*Criteria*

Indiana Code 12-20-5.5-1 states:

"(a) The township trustee shall process all applications for township assistance according to uniform written standards and without consideration of the race, creed, nationality, or gender of the applicant or any member of the applicant's household.

(b) 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;

FAIRMOUNT TOWNSHIP, GRANT COUNTY  
RESULTS AND COMMENTS  
(Continued)

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."

**ADOPTION OF AND TRAINING ON INTERNAL CONTROL STANDARDS**

*Condition and Context*

The Township Board did not adopt the minimum level of internal control standards and procedures or ensure that the appropriate personnel were properly trained as required by statute.

*Criteria*

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**

*Condition and Context*

The Trustee certified on the Indiana Gateway for Government Units financial reporting system that the Township Board had adopted internal control standards and appropriate personnel were trained on the internal control standards. However, the Township Board had not formally adopted internal control standards and personnel did not receive the internal control training.

*Criteria*

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](#)."

FAIRMOUNT TOWNSHIP, GRANT COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on June 16, 2020, with Curt Hackney, Trustee; Cindy Dunlap, Chair of the Township Board; and Sheryl Hackney, Township Clerk.