

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

COMPLIANCE REPORT

OF

KEYSER TOWNSHIP

DEKALB COUNTY, INDIANA

January 1, 2016 to December 31, 2018



**FILED**

08/14/2020



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Clinton Lay	01-01-16 to 12-31-18
	Michael J. Lilly	01-01-19 to 12-31-20
Chair of the Township Board	Suzanne Hurd	01-01-16 to 12-31-18
	Donald C. Chaffin	01-01-19 to 12-31-20



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF KEYSER TOWNSHIP, DEKALB COUNTY, INDIANA

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of Keyser Township (Township), DeKalb County, for the period of January 1, 2016 to December 31, 2018, 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.

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

June 30, 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 (Gateway) website: <https://gateway.ifionline.org/>. The schedule presented herein is presented as other information and is derived from the Township's Annual Financial Report 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.

KEYSER TOWNSHIP, DEKALB COUNTY  
 SCHEDULE OF CASH AND INVESTMENT  
 BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2018

Fund	Cash and Investments 12-31-18
Township	\$ 5,826
Township Assistance	4,617
Rainy Day	708
Levy Excess	<u>65</u>
Total	<u>\$ 11,216</u>

KEYSER TOWNSHIP, DEKALB COUNTY  
RESULTS AND COMMENTS

**ANNUAL FINANCIAL REPORT**

*Condition and Context*

The Township reported its financial activity into the Indiana Gateway for Government Units financial reporting system, which was the source of the Annual Financial Report (AFR) and financial statements. The records presented for review did not reconcile with the AFR and financial statements. The Township provided ledgers that were incomplete and did not provide sufficient information to verify receipts, disbursements, and cash and investment balances for 2016 through 2018.

In addition, the Township's 2017 AFR was not filed electronically until February 20, 2019, which was 356 days past the due date.

*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](#)."

**LATE SUBMISSION OF CERTIFIED REPORT**

*Condition and Context*

The Township's 2016 Certified Report of Names, Addresses, Duties and Compensation of Public Employees (Form 100R) was not filed electronically until January 31, 2018, which was 365 days past the due date.

*Criteria*

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](#)."

**TOWNSHIP BOARD MINUTES MISSING**

*Condition and Context*

Township Board minutes were not available for review for January 1, 2016 through December 31, 2018.

KEYSER TOWNSHIP, DEKALB COUNTY  
RESULTS AND COMMENTS  
(Continued)

*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."

**PRESCRIBED FORMS**

*Condition and Context*

The Trustee did not use the Indiana State Board of Accounts prescribed Financial and Appropriation Record form to record the Township's financial transactions for 2016 through 2018. The electronic spreadsheet used for 2016 did not record any transactions after June 13, 2016.

*Criteria*

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)

**BANK ACCOUNT RECONCILIATIONS**

*Condition and Context*

Depository reconciliations of the fund balances to the bank account balances were not presented by the former Trustee for December 31, 2016, 2017, and 2018.

*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."

**PENALTIES, INTEREST, AND OTHER CHARGES**

*Condition and Context*

The Township paid \$128 for overdraft fees to Garrett State Bank in 2017.

KEYSER TOWNSHIP, DEKALB COUNTY  
RESULTS AND COMMENTS  
(Continued)

*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)

**APPROPRIATIONS**

*Condition and Context*

The Township did not have a 2018 budget approved by the Department of Local Government Finance. This was attributable to the untimely submission of the 2017 Annual Financial Report to the Indiana State Board of Accounts. The Township did not receive any additional appropriations in 2018, and therefore, operated with no approved budget in 2018.

*Criteria*

Indiana Code 6-1.1-18-4 states in part: ". . . 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."

**SALARY RESOLUTION**

*Condition and Context*

No forms were presented to document that the Township Board adopted a resolution establishing salaries of Township officers and employees for 2016 through 2018. A Form 17, Resolution Establishing Salaries of Township Officers and Employees, was not on file for each year, nor were Township Board minutes available for this period indicating 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. . . ."

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)

KEYSER TOWNSHIP, DEKALB COUNTY  
RESULTS AND COMMENTS  
(Continued)

**TIMELY RECORDING**

*Condition and Context*

Vendor invoices for office supplies in the amount of \$347, dated April 6, 2016, and \$139, dated April 14, 2016, were not paid until December 21, 2018. The vendor submitted three statements in 2016, and one in 2017, requesting payment from the Township.

*Criteria*

All documents and entries to records must be made in a timely manner to ensure that accurate financial information is available to allow the unit to make informed management decisions and to help ensure compliance with IC 5-15-1-1. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

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

*Condition and Context*

The Township did not adopt the minimum level of internal control standards and procedures as defined by the Indiana State Board of Accounts, or ensure that the appropriate personnel were properly trained during the years 2016, 2017, and 2018.

*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 Township's Annual Financial Report certification on the adoption and training on internal control standards was made incorrectly. The Township certified that the acceptable minimum level of internal control standards had been adopted for the years 2016, 2017, and 2018; however, they had not been adopted. The Township also certified that personnel received the training that was developed or approved by the Indiana State Board of Accounts; however, personnel had not received training and no training certifications were provided for review for 2016, 2017, and 2018.

KEYSER TOWNSHIP, DEKALB COUNTY  
RESULTS AND COMMENTS  
(Continued)

*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](#)."

**CELLULAR PHONE POLICY**

*Condition and Context*

The Township paid 100 percent of two personal cellular phone bills for the year 2018 without a cellular phone reimbursement policy approved by the Township Board in place.

*Criteria*

Documentation should be retained to provide evidence that the personal phone number has been provided to the public as the contact number for the Township office. Common examples of acceptable documentation would include: a copy of the listing in a telephone directory, signage at the township office or a public building, listing on a governmental unit's website, etc. Using Township funds to pay for personal use of telephone, cell phone, or internet services without a documented and approved Township policy may be the personal obligation of the responsible official or employee. (The Township Bulletin and Uniform Compliance Guidelines, December 2017)

KEYSER TOWNSHIP, DEKALB COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on June 30, 2020, with Michael J. Lilly, Trustee, and Donald C. Chaffin, Chair of the Township Board.

On June 30, 2020, we attempted to meet with Clinton Lay, former Trustee; however, he did not respond to our requests for a meeting.