



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
302 WEST WASHINGTON STREET  
ROOM E418  
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513  
Fax: (317) 232-4711  
Web Site: [www.in.gov/sboa](http://www.in.gov/sboa)

October 25, 2022

TO: THE OFFICIALS OF ETNA TROY TOWNSHIP, WHITLEY COUNTY, INDIANA

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of Etna Troy Township (Township), Whitley County, for the period of January 1, 2018 to December 31, 2021, to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts.

Management is responsible for preparing and maintaining its accounting records and related documents, as well as compliance with applicable state laws and uniform compliance guidelines established by the Indiana State Board of Accounts.

The Township's Annual Financial Reports filed by management can be found on the Gateway Website: [www.gateway.ifionline.org](http://www.gateway.ifionline.org).

The Comments contained herein describe the identified reportable instances of noncompliance found as a result of the procedures performed. Our procedures were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified.

**Comments**

**LATE SUBMISSION OF ANNUAL FINANCIAL REPORT**

*Condition and Context*

The Township's Annual Financial Report for 2019 was not filed electronically until June 30, 2020, which was 121 days past the due date.

*Criteria*

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every audited entity 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 Certified Report of Names, Addresses, Duties and Compensation of Public Employees (Form 100R), for 2020, and 2021, was not filed electronically until March 3, 2021, and March 9, 2022, respectively, which was 31 and 37 days past the due date.

### *Criteria*

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

"Each audited entity 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 the officers, employees, and agents of the audited entity. The report shall indicate the respective duties and compensation of each officer, employee, and agent of the audited entity. The audited entity shall file the 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](#)."

## **CAPITAL ASSETS**

### *Condition and Context*

The Township did not adopt a capital asset policy that detailed the threshold at which an item is considered a capital asset. The Township did not maintain a detailed listing of its capital assets that reflected the acquisition value, nor did the Township complete a physical inventory of its capital assets during the engagement period.

### *Criteria*

Every unit must have a capital assets policy that details the threshold at which an item is considered a capital asset. Every unit must have a complete detail listing of all capital assets owned which reflects their acquisition value. Capital Asset Ledger (Form 369) has been prescribed for this purpose. A complete physical inventory must be taken at least every two years, unless more stringent requirements exist, to verify account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

## **DEPOSITORY RECONCILIATIONS**

### *Condition and Context*

Monthly depository reconciliations of the fund balance to the bank account balances were not conducted during the engagement period. Variances were identified between the adjusted bank balance and the fund balances as of December 31, 2019, 2020, and 2021. For December 31, 2019, the variance indicated a cash long of \$1,130. For December 31, 2020 and 2021, the variance indicated a cash short in the amount of \$444 and \$909, respectively.

### *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."

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)

## **MONTHLY AND ANNUAL UPLOADS**

### *Condition and Context*

The Township did not upload any of the required monthly and annual uploads in the Indiana Gateway for Government Units financial reporting system for the years 2020 and 2021.

### *Criteria*

The following files and governmental unit information are required to be uploaded monthly by Townships:

- Bank Reconcilements, Bank Statements, and Outstanding Check Lists
- Approved Board Minutes, please see the user guide for more information and examples
- Funds Ledger, summarizing total receipts, disbursements, and beginning and ending balances by fund

The following files and governmental unit information are required to be uploaded annually:

- Year-end Investment Statements
- Detail of Receipts for the year
- Detail of Disbursements for the year
- Current year Salary Ordinance (or Schedule) and Amendments
- Annual Vendor History Report
- Annual Payroll History Report, without social security numbers
- Annual Funds Ledger, summarizing year-to-date total receipts, year-to-date disbursements, and beginning and ending balances by fund
- Optional: Excel Data Capture/Data Dump (in lieu of Detail of Receipts and Disbursements) . . .

Exceptions to certain requirements set forth in this Directive, such as for **manual records**, units audited by private CPA firms, and other exceptions, are discussed in the user guide. Contact information for questions and other help, including a "Frequently Asked Questions" section, is also available in the user guide. (Township Bulletin and Uniform Compliance Guidelines, December 2020)

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 BALANCES**

### *Condition and Context*

The Township reported a negative ending cash and investment balance of \$947 in its Payroll Deduction Fund on December 31, 2021.

### *Criteria*

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)

## **ANNUAL FINANCIAL REPORT**

### *Condition and Context*

The Township's financial information was entered into the Gateway for Government Units financial reporting system, which was the source for the Annual Financial Report (AFR) and financial statements.

The Township's receipt classifications reported on the AFR did not agree with those in the ledger or local distribution reports for the engagement period.

### *Criteria*

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every audited entity 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](#)."

## **COMPENSATION**

### *Condition and Context*

A salary resolution (Form 17) was not on file for the years 2018 and 2020.

### *Criteria*

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)

## **PENALTIES, INTEREST, AND OTHER CHARGES**

### *Condition and Context*

The Township did not file its Form 941, Employer's Quarterly Federal Tax Return, for the first, second, and fourth quarter of calendar year 2019. This resulted in penalties and interest assessed to the Township of \$130. The penalties and interest were paid by the Trustee in March of 2022 from personal funds.

### *Criteria*

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)

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)

This report is intended solely for the information and use of management, governance, and others within the organization. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

The Schedule of Cash and Investment Balances - Regulatory Basis, 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.

### SCHEDULE OF CASH AND INVESTMENT BALANCES - REGULATORY BASIS For the Year Ended December 31, 2021

Fund	Cash and Investments 12-31-21
Township General	\$ 33,181
Parks and Recreation	1,961
Township Assistance	16,836
Fire Fighting	81,584
Rainy Day	33,857
Community Building	12,157
Payroll Deductions	<u>(947)</u>
Total	<u>\$ 178,629</u>

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

The contents of this report were communicated to Elaine Western, Trustee; George Dockery, President of the Township Board; Phyliss Wheeler, former Trustee; and Melina Wheeler, incoming Township Board member, on September 21, 2022.

Respectfully,



Beth Kelley, CPA, CFE  
Deputy State Examiner