



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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January 13, 2023

TO: THE OFFICIALS OF KNOX TOWNSHIP, JAY COUNTY, INDIANA

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of Knox Township (Township), Jay 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 Annual Financial Reports filed by management can be found on the Indiana Gateway for Government Units financial reporting system Website: www.gateway.ifionline.org.

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

Comments

COMPENSATION AND BENEFITS

Condition and Context

The Township did not provide an annual salary resolution or ordinance, Board minutes, or other documentation setting and approving the salaries of Township officers and employees for 2018, 2019, and 2021.

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)

CAPITAL ASSETS

Condition and Context

The Township had not adopted a capital assets policy 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)

BANK ACCOUNT RECONCILIATIONS

Condition and Context

There was no evidence the Township performed monthly reconciliations for one of five months tested.

Depository reconciliations of the fund balances to the bank account balances were conducted; however, the reconciliations did not balance. As a result, the ending cash and investments balances reported in the Indiana Gateway for Government Units financial reporting system were \$2,039, \$976, \$28,803, and \$31,379 more than the adjusted bank balances for December 31, 2018, 2019, 2020, and 2021, 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."

ANNUAL FINANCIAL REPORT

Condition and Context

Annual Financial Reports (AFRs) submitted in the Indiana Gateway for Government Units financial reporting system contained the following errors during the engagement period:

- Beginning fund balances reported did not always agree to the prior period ending balances.
- Beginning balances for 2020 and 2021 were overstated due to entering the beginning cash balances as both a cash balance and an investment balance for each fund in the 2020 AFR which carried to the 2021 AFR.
- Balances reported in the AFR did not always agree to the ledger balances.
- Local distribution receipts reported in the AFR for 2020 and 2021 were not accurate.
- In addition, the Township's AFR for 2021 was not filed electronically until March 23, 2022, which was 21 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](#)."

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	\$ 9,385
Township Assistance	3,873
Fire Fighting	33,222
Rainy Day	<u>2,564</u>
Total	<u>\$ 49,044</u>

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

The contents of this report were communicated to Joseph Gutshall, Trustee, on December 28, 2022; and Jennifer Wagner, Township Board member and Trustee-Elect, on January 3, 2023.

Respectfully,



Beth Kelley, CPA, CFE
Deputy State Examiner