



**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)

July 14, 2023

TO: THE OFFICIALS OF HUDSON TOWNSHIP, LAPORTE COUNTY, INDIANA

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of Hudson Township (Township), LaPorte 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 we performed. Our procedures were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified.

***Comments***

**OVERDRAWN CASH BALANCES**

*Condition and Context*

At December 31, 2021, the Fire Fighting and Payroll Deductions funds had overdrawn cash and investment balances of \$35,312 and \$628, respectively.

*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)

## **BANK ACCOUNT RECONCILIATIONS**

### *Condition and Context*

Depository reconciliations of the Township's fund balances to its bank account balances were conducted monthly. However, the Township did not ensure that the December reconcilments tied to the ledger or to the financial information entered annually into the Annual Financial Report (AFR) reported ending cash and investment balances. At December 31, 2019 and 2020, each year-end adjusted bank balance was less than the ledger balances by \$1,108 and less than the AFR reported balances by \$978. At December 30, 2021, the adjusted bank balance was greater than the ledger balance by \$199 but less than the AFR reported balance by \$675.

### *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)

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

### *Condition and Context*

The Trustee was responsible for the timely submission of payroll withholding tax payments. The Township paid \$222 in penalties and interest to the Indiana Department of Revenue for late payment of state and local payroll withholding taxes for the years 2019, 2020, and 2021.

### *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)

## **COMPENSATION AND BENEFITS**

### *Condition and Context*

The Township did not provide an annual salary resolution or schedule, Township Board minutes, or other documentation setting and approving the salaries of Township officers and employees during the engagement period.

### *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)

## **TRAINING ON INTERNAL CONTROL STANDARDS**

### *Condition and Context*

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

### *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 certified on the Indiana Gateway for Government Units (Gateway) financial reporting system 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, during the engagement, the Trustee indicated that all personnel had not received training concerning the internal control standards.

### *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  
As of December 31, 2021

Fund	Cash and Investments 12-31-21
Township Fund	\$ 62,202
RIVERBOAT FUND	6,801
Township Assistance	6,370
Fire Fighting	(35,312)
Rainy Day	48,418
Cumulative Fire	66,513
EMERGENCY FIRE LOAN	11,717
Payroll Deductions	<u>(628)</u>
Total	<u>\$ 166,081</u>

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

The contents of this report were communicated to Brian Gray, Trustee, and Austin Kosinki, Township Board member, on June 26, 2023.

Respectfully,



Beth Kelley, CPA, CFE  
Deputy State Examiner