

The background features a large, faint watermark of the Indiana State Board of Accounts logo. The logo is circular, with the words "STATE BOARD OF ACCOUNTS" around the perimeter and "INDIANA" in the center. It includes a central figure of a person holding a scale and a sword, surrounded by stars.

# 2024 ITA Conference

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**Government Technical Assistance and Compliance (GTAC) Directors**

**Indiana State Board of Accounts**

## Contact Information



- Website - <https://www.in.gov/sboa/political-subdivisions/townships/>
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# State Examiner Directive 2018-1 Amended October 2023

## State Examiner Directive 2018-1



- Amended October 30, 2023
- Effective beginning with December 2023 Monthly Uploads and 2023 Annual Uploads

## Due Dates



- Monthly Uploads – due the 15<sup>th</sup> of the second following month
  - Ex. July 2024 monthly uploads due September 15<sup>th</sup>, 2024
- Annual Uploads – due March 1<sup>st</sup> of each year unless SBOA establishes a different date

## Monthly Uploads



- No new monthly upload requirements for Townships
- Requirements still include:
  - Bank Reconcilements
  - Bank Statements (all pages)
  - Outstanding Check Lists
  - Approved Board Minutes
  - Funds Ledger summarizing total receipts, disbursements, and beginning and ending balances by fund
    - Template: <https://www.in.gov/sboa/files/Manual-Record-Template-Funds-Ledger-.xlsx>

# Annual Uploads



- Year-End Investment Statements and **Register of Investments, General Form 350**
  - Townships with investments must upload a statement or documentation that shows the balance of the investment
  - Can use an exact replica of General Form 350, or you can use your own form and go through the Form Approval Process
- Excel Data Capture (Data Dump) – **NOW REQUIRED IF AVAILABLE**
  - If unavailable, Detail of Receipts by Fund and Account and Detail of Disbursements by Fund and Account is the required alternative
  - Receipts Minimum: Receipt Number, Date Received, Amount of Receipt, Fund Posted To, Received From
  - Disbursements Minimum: Check Number, Date Disbursed, Amount of Disbursement, Fund Posted to, Vendor/Payee Name
  - An excel file is preferred; a searchable PDF is also acceptable
  - If manual records, no audit exception to leaving Excel Data Capture, Detail of Receipts, and Detail of Disbursements requirements blank

## Annual Uploads (Continued)



- Current Year Salary Ordinance – Form 17
- Annual Vendor History Report
  - Total amount disbursed to each vendor/payee for the year
  - An excel file is preferred; a searchable PDF is also acceptable
  - If manual records, no audit exception to leaving this requirement blank
- Annual Funds Ledger
  - Report showing summary of beginning balance, total receipts, total disbursements, and the ending balance for each fund for the year
  - If you have manual records, a scan or photograph will suffice
  - Template - <https://www.in.gov/sboa/files/Manual-Record-Template-Funds-Ledger-.xlsx>



# Annual Uploads (Continued)



- Annual Payroll History Report
  - Minimum: Date, Employee Name, Gross Wages, Check Number
  - An excel file is preferred; a searchable PDF is also acceptable
  - If manual records, no audit exception to leaving this requirement blank
- **Accounts Payable/Receivable Schedule Support**
  - Documentation supporting the Accounts Payable and Accounts Receivable amounts reported on your AFR
  - If no Accounts Payable nor Accounts Receivable reported on the AFR, this requirement can be left blank
- **Direct Federal Grant Agreements/Award Letters and Amendments Initiated During the Year**
  - Any federal financial assistance that a recipient receives directly from a federal awarding agency
    - Grants, Loans, Loan Guarantees, Non-Cash Contributions, etc.
    - NOT required to upload the grant documentation pertaining to grants passed through the State
  - If no federal financial assistance directly received, this requirement can be left blank

## Annual Uploads (Continued)



- **Agreement for Subawards Made to Subrecipients for All Federal Grants Initiated During the Year**
  - Subaward – an award provided by the township to a subrecipient for the purpose of the subrecipient to carry out part of a federal award received by the township
  - Can be provided through any form of legal agreement, including a contract
  - Subawards do not include payments to beneficiaries
  - If no subawards made, this requirement can be left blank
- **Personnel Policy**
  - All townships with employees will be required to upload their Personnel Policy and update in future years if modified
  - Ex. Employee Handbook, Benefit/Leave Time Policies, etc.
  - If no employees or no handbook/applicable policies, this requirement can be left blank
- **Contracts for Mowing and Fire Protection (if applicable)**



# Requirement to Attend State-Called Meetings

IC 5-11-14-1



- Amended by P.L. 58- 2023, SEC. 2
- Subsection (b)(5) – requires SBOA to annually call a conference of township trustees and township trustees elect
- Subsection (c) – must be held at a time and place fixed by the State Examiner
  - May be held by district
  - May not continue for longer than 3 days in one year

## IC 5-11-14-1 (Continued)



- Subsection (f) – provides an elected official, at the direction of the state examiner, may require the attendance of:
  - Each of the official’s appointed and acting chief deputies or chief assistants; and
  - Limited other deputies or assistants employed
    - If less than 3 deputies/assistants, maximum of 1
    - If more than 3 deputies/assistants, maximum of 2
- Subsection (g) – provides allowances while attending a conference
  - Mileage – at a rate determined by the fiscal body of the unit the official represents for each mile traveled to and from using the most expeditious route
    - Cannot include travel from home to office, and vice versa
    - Only one mileage reimbursement allowed if more than one person is transported in the same vehicle
    - Trustees are statutorily set at the state rate – currently \$0.49/mile (IC 36-6-8-3(b))
  - Lodging – at the single room rate for each night preceding conference attendance
    - If a one-day conference, this is only allowed for persons who reside 50+ miles from conference location
    - If a room is shared, each employee can claim half of the single room rate
  - Meals – in an amount determined by board policy for meals purchased while attending a State-Called Meeting



- SBOA Requirements
  - Subsection (h) – SBOA shall certify the number of days of attendance and the mileage for each conference to each official attending a State-Called Meeting
  - Subsection (k) – SBOA shall keep attendance of elected officials at each conference called by the state board of accounts and publish the attendance on the SBOA website



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SBOA / State Called Conference Attendance

## State Called Conference Attendance

IC 5-11-14-1(k) states: "The state board of accounts shall keep attendance of elected officials at each conference called by the state board of accounts and publish the attendance on the state board of accounts' website."

### 2024 Attendance

- [Newly Elected Official Workshop – Clerk-Treasurer/Controller](#)
- [SBOA Annual Training School – Clerk-Treasurers/Controllers](#)
- [County Recorders Annual Conference](#)
- [Township Trustee State-Called Meetings](#)
- [County Auditors Spring Conference](#)
- [County Clerks Annual Conference](#)
- [County Treasurers Annual Conference](#)



Indiana State Board of Accounts

### Social Media





IC 5-11-14-1 (Continued)



- Subsection (l) – Elected officials must attend their applicable State-Called Meeting *at least once every 2 years!*
- Effective January 1, 2024 – started counting during the April meetings



# Volunteer Fire Departments

## Requirement to Provide Fire Protection



- IC 36-8-13-2
- “If a majority of the owners of taxable real property residing within...a township located outside the corporate boundaries of a municipality petition the township executive and legislative body to provide fire protection..., the executive and legislative body shall provide for fire protection.”

# Volunteer Fire Departments as an Option



- IC 36-8-13-3
- “The executive of a township, with approval of legislative body, may...
  - ...(4) Contract with a volunteer fire department that has been organized to fight fires in the township for the use and operation of firefighting apparatus and equipment that has been purchased by the township in order to save the private and public property of the township from destruction by fire, including use of the apparatus and equipment in an adjoining township by the department if the department has made a contract with the executive of the adjoining township for the furnishing of firefighting service within the township.
  - (5) Contract with a volunteer fire department that maintains adequate firefighting service in accordance with IC 36-8-12....”

## IC 36-8-12



- IC 36-8-12-3
  - A Township may enter into an agreement with one or more volunteer fire departments that maintain adequate firefighting service
- IC 36-8-12-4
  - The contract between the Township and volunteer fire department must provide that the Township pay any amount of money that is negotiated between them. The amount of the contract must include the required insurance premiums, clothing, automobile, and any other allowances
- IC 36-8-12-4.5
  - The contract between the Township and volunteer fire department must be both in writing and for a fixed term.

## IC 36-8-12 (Continued)



- IC 36-8-12-5
  - Unless otherwise provided by the contract, the Township **SHALL** pay
    - Clothing allowance must be at least \$100 per year to each active and participating member of the department
    - Automobile allowance must be at least \$100 per year to each active and participating member of the department for use of their automobile in the line of duty
    - Contract may include fees for membership in a regularly organized volunteer firefighters' association
- IC 36-8-12-6
  - Each Township shall procure insurance on behalf of the volunteer firefighters and emergency medical services personnel. Contract can stipulate that VFD will procure insurance, but the Township must pay the cost
  - If a township fails to procure insurance, the then the Township is liable for the actual expense for a loss event to a firefighter or emergency medical services personnel member that insurance would have covered

## Payments Made to Volunteer Firefighters



- Accountable or Non-Accountable Plan?
- Accountable Plan –
  - Volunteer firefighter provides documentation showing clothes were purchased equal or exceeding the allowance
  - Township would issue 1099s
- Non-Accountable Plan –
  - Volunteer firefighter receives clothing allowance and does not keep documentation
  - Township would withhold taxes and issue W-2s

# Common Contract Provisions



- Definition of Service Area
- Scope of Service
  - What services are provided?
  - Days and hours of service?
  - Adequately trained personnel?
- Terms
  - Beginning and end dates?
  - Contracts beyond a year?
- The Maintaining of Information/Data
- Compensation Amount



# Common Contract Provisions



- Vehicle and Clothing Allowance
  - The township pays unless the contract says otherwise
  - “Shall” statute
    - If the firefighters do not want to accept these, have them sign a binding agreement that they are refusing these allowances
    - Keep this documentation for audit
- Specific Insurance Provisions for Volunteer Fire Departments
  - IC 36-12-8
  - Required coverage includes medical, accidental injury, smoke inhalation, cardiac disease, disability, and death
  - Premiums are required to be paid out of the Township General Fund
  - Premium payments include all of the unit’s liability for volunteer firefighters’ and emergency medical service personnel’s medical treatment, accident, injury, or death

## When Things Go Wrong



- Liability Limited?
- Early Termination Clause?
- Indemnity Clause?

## Upload to Gateway



- IC 5-14-3.8-3.5
  - Amended by HEA 1328
    - Before July 1<sup>st</sup>, 2024, contracts exceeding \$50,000 were required to be uploaded no later than 60 days after execution
    - Effective July 1<sup>st</sup>, 2024, trustee is required to upload all contracts related to the provision of fire services or emergency medical services, or entered into with another unit or entity that provides fire services or emergency medical services ***regardless of cost*** no later than 60 days after execution
  - Township may redact or obscure signatures on a contract
  - Township is solely responsible for redacting information in the contract



## Welcome to the Indiana Gateway for Government Units

As an authorized user, you will have at least one application to use. Each of these applications enables a local unit to submit its required forms, reports or files to the appropriate state agency. Agencies currently include **Department of Local Government Finance**, **State Board of Accounts**, **Indiana Education Employment Relations Board** and **Indiana Gaming Commission**.

### Select Application

Department of Local Government Finance (DLGF)	Deadline
<a href="#">Additional Appropriations</a>	<a href="#">Details</a>
<a href="#">Abstract</a>	<a href="#">Details</a>
<a href="#">Assessor Reports</a>	Jan 15
<a href="#">Budgets</a>	<a href="#">Details</a>
<a href="#">Data Entry for CNAV and Form 22</a>	<a href="#">Details</a>
<a href="#">Debt Management</a>	<a href="#">Details</a>
<a href="#">Economic Development Reporting</a>	Sep 30
<a href="#">File Transmission</a>	<a href="#">Details</a>
<a href="#">Other Post-Employment Benefits</a>	Mar 1
<a href="#">SB 131 Reporting for SWMDs</a>	Mar 1
<a href="#">TIF Management</a>	Apr 15

State Board of Accounts (SBOA)	Deadline
<a href="#">100R</a>	Jan 31
<a href="#">Annual Financial Report</a>	<a href="#">Details</a>
<a href="#">Monthly and Annual Engagement Uploads</a>	<a href="#">Details</a>
<a href="#">E-1 Entity Annual Report</a>	60 days after entity's fiscal year ends
<a href="#">ECA Risk Report</a>	Aug 29
<a href="#">Conflict of Interest Disclosure</a>	15 days after final action on the contract or purchase
<a href="#">Intergovernmental Agreement</a>	60 days after agreement takes effect
<a href="#">Food and Beverage Tax</a>	March 1st

# Funding



- IC 36-8-13-4
  - Each Township shall establish either...
    - A Township Firefighting and Emergency Services Fund for the payment of costs attributable to providing fire protection or emergency services
    - Two separate funds consisting of
      - A Firefighting Fund for the payment of costs attributable to paying for fire protection, and
      - An Emergency Services Fund for the payment of costs attributable to providing emergency services
  - If a Township transitions from the single fund to the two separate funds, the Township Board shall approve a transfer of the remaining cash balance from the original single fund to the two separate funds.
  - The Township Board shall determine the amounts of the remaining cash attributable to each of the individual funds

## Funding (Continued)



- IC 36-8-14-2
  - The Township Board may provide a Cumulative Building and Equipment Fund for...
    - The purchase, construction, renovation, or addition to buildings, or the purchase of land
    - The purchase of firefighting equipment, including required payments under a lease rental with option to purchase agreement
    - The purchase, construction, renovation, or addition to a building, purchase of land, or purchase of equipment for use of a provider of emergency medical services
  - Expenses for the volunteer fire department serving the unit are allowable out of this fund

## Local Income Tax (LIT) - Accounting



- LIT Certified Shares must be deposited into the Township Fund
  - LIT Memo detailing SBOA audit position – included in [June 2022 Township Bulletin](#)
- We are aware townships have used LIT to fund fire protection services, including contracts with Volunteer Fire Departments
- We will **NOT** take exception to any township expense from the Township Fund if properly budgeted, including fire protection expenses

## Fee for Service vs. Financial Assistance



- Q: What do Townships report in Gateway?
- A: ONLY FINANCIAL ASSISTANCE
  - Fee for service may be reported if you are unsure about the classification. We can assist in correction if needed.



Where to Report in Gateway?



- Navigate into your Gateway Submitter Account
- Annual Financial Report (AFR) Menu
  - Unit Questions - #2
  - Financial Assistance to Non-Governmental Entities

# Gateway Screenshots



**2. Did your unit disburse money for financial assistance to non-governmental entities?**  
Examples include Volunteer Fire Departments, 4H, YMCA, Youth Leagues, Senior Citizen Centers, etc. Do not consider amounts you paid for goods or services in answering this question.

Yes  No

# Financial Assistance to Non Governmental Entities

Save All Work

Return to AFR Main Menu

Enter information on financial assistance your unit has given to non governmental entities during the year. Examples include Volunteer Fire Departments, YMCA, Youth Leagues, Senior Citizen Centers, etc. Do not consider amounts you paid vendors for goods or services in answering this question. For further clarification, see the notes below this entry grid.

Make sure to press the ENTER key on the keyboard after entering a number to make sure it is saved!

Add Row

Delete	Name	Federal Tax ID ##-#####	Street Address	Suite No.	City	State Abr.	County	Operating Of Name
X	Name 1	12-3456789	123 Street	A	Indy	IN	Marion Co., IN	Don't Know
X	Name 2	09-9876543	321 Street	B	North Pole	AL	Out of State	Santa
X	<i>Required</i>						<i>Required</i>	

## Financial Assistance – Additional Characteristics



- Amount paid provides a service to the public on behalf of the Township
- Service provided often not easily measured
- Relationship between Township and entity more like a partnership or joint venture with a shared purpose rather than vendor/vendee relationship
- Each party heavily dependent on the other for success and continuation of program or objective

## Fee for Service vs. Financial Assistance



- Fee for Service
  - Amount paid is predetermined per unit of service performed
  - Claims for payment submitted after service performed with units of service provided documented
  - Total amount paid in contract period not subject to adjustment is actual cost of providing service is different from agreed upon price
- Financial Assistance
  - Claims for payments are scheduled when provided or assistance is provided in advance potentially with additional reporting requirements
  - Total amount paid in contract period can vary subject to any maximums stipulated or other funding mechanisms agreed upon

## Employer Identification Number (EIN)



- Do not let other entities use the Township's EIN
- They should have their own EIN and should be registered with the IRS and Indiana Secretary of State's Office

## Procured Audit Services



- IC 5-11-1-4 requires annual financial reports from entities
- IC 5-11-1-9 defines “entities” and requires audits if the disbursement level of public funds meet statutory thresholds
- Thresholds requiring an audit:
  - \$750,000 of governmental funds disbursed, AND
  - 50% of entity’s total disbursements being government funds
- These include:
  - For-profit corporations
  - Non-profit corporations
  - Unincorporated Associations, Organizations, and Individuals

## Procured Audit Services - Responsibilities



- IC 5-11-1-7 allows the State Examiner to authorize or designate an independent public accountant to perform the engagement that is the responsibility of the SBOA
- Currently Independent Public Accountants perform audits for the following:
  - Housing Authorities
  - Military Reuse Authorities
  - Certain Quasi Agencies
  - Non-Governmental Entities



Your Responsibility  
Provide the Information Below!



- The Entity (E-1) filing requirement established by IC 5-11-1-4 and the audit requirement established by IC 5-11-1-9
- The source(s) of the funding provided:
  - State funds (in the case of subsidies, contributions, or general aid)
  - Federal grants passed through a State agency
    - Including the formal name of the program and the ALN
  - Fee for service arrangements

Your Responsibility  
Provide the Information Below!



- The State Board of Accounts may request documentation to support the categorization of the financial assistance
- The E-1 is not to be confused with the Secretary of State's Business Entity report
- The entity may obtain additional information from the State Board of Accounts at [notforprofit@sboa.in.gov](mailto:notforprofit@sboa.in.gov)



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<a href="#">E-1 Entity Annual Report</a>	60 days after entity's fiscal year ends
<a href="#">ECA Risk Report</a>	Aug 29
<a href="#">Conflict of Interest Disclosure</a>	15 days after



# Most Common Audit Findings

# Adoption of and Training on Internal Controls



- IC 5-11-1-27(e)
  - SBOA shall define the acceptable minimum level of internal control standards for internal control systems of political subdivisions including...
    - Control Environment
    - Risk Assessment
    - Control Activities
    - Information and Communication
    - Monitoring
- In response, SBOA developed the Uniform Internal Control Standards for Indiana Political Subdivisions Manual
  - Contains the acceptable minimum level of internal control standards

## Adoption of and Training on Internal Controls (Continued)



- IC 5-11-1-27(g)
  - Each Township Board must adopt the minimum internal control standards as defined
  - The Township Board must ensure that personnel receive training concerning the internal control standards and procedures adopted by the Township.
- IC 5-11-1-27(c)
  - “Personnel” – an officer or employee of a political subdivision whose official duties include receiving, processing, depositing, disbursing, or otherwise having access to funds that belong to the federal government, state government, a political subdivision, or another governmental entity....”

## Adoption of and Training on Internal Controls (Continued)



- IC 5-11-1-27(f)
  - Requires the SBOA to develop or designate approved personnel training materials concerning internal controls
- In response, the SBOA developed a [webinar](#) to supplement the manual
- Once each required employee has taken the training, they are to fill out a [Certification Form](#)
  - **NOT** required to upload completed certification onto Gateway
  - Certification is to be kept on file at the Township for audit

## Bank Account Reconciliations



- IC 5-13-6-1(e)
  - All local investment officers are required to reconcile the balance of public funds at least monthly, as disclosed by the records of local officers, with the balance statements provided by the respective depositories.



# Bank Account Reconciliations



- Issues we have observed:
  - Reconcilements not being completed at all
  - Reconcilements not including all public funds
    - Investment accounts ***ARE TO BE INCLUDED***
  - Unexplained variance between the adjusted bank balance and the ledger balance
    - Normal, explained variances happen
      - Outstanding Checks
      - Deposits in Transit
      - Bank/Recording Errors

## Bank Account Reconciliations (Continued)



- There is no prescribed methodology for completing the bank reconciliation
  - Back of the Bank Statement
  - Reconciliation Report through the Township's Accounting Software
  - Computer Application Programs
- Make sure to include **ALL** public funds
- If struggling to reconcile due to a past error...
  - Go back to the last time the township truly reconciled
  - Work from that point to the present to find the error

## Capital Assets



- [Chapter 1 of the Accounting and Uniform Compliance Guidelines Manual for Townships](#)
  - Each Township must have a capital asset policy that details the threshold at which an item is considered a capital asset.
    - Threshold is a **MANAGEMENT DECISION**
  - Each Township must keep a detailed listing (Form 369) of all capital assets owned which reflects their acquisition value
  - A complete inventory is required every two years
    - If Township policy requires a more frequent inventory, we will audit to the more stringent requirement

# Supporting Documentation



- [Chapter 1 of the Accounting and Uniform Compliance Guidelines Manual for Townships](#)
  - Supporting documentation MUST be available for examination to provide supporting information for the validity and accountability of monies disbursed
    - Receipts
    - Canceled Checks
    - Tickets
    - Invoices
    - Bills
    - Contracts
    - Other Public Records
  - Payments made without supporting documentation may be the personal obligation of the responsible official or employee.
  - Most issues pertain to the documentation not being available for audit

# Township Assistance



- IC 12-20-6-8
  - A Township Trustee shall promptly notify in writing each applicant for township assistance of action taken upon a completed application for township assistance
    - Must mail or provide personal notice not later than 72 hours excluding weekends and legal holidays
    - Notice must include the following:
      - The type and amount of assistance granted
      - The type and amount of assistance denied or partially granted
      - Specific reasons for denying all or part of the assistance requested
      - Information advising the applicant of the procedures for appeal to the Board of Commissioners
  - A copy of the notice must be filed with the recipient's application and affidavit in the trustee's office

## Township Assistance (Continued)



- SBOA has prescribed the Form TA-1A for the purpose of IC 12-20-6-8
- Issues:
  - TA-1A is either not being completed, or is not available for inspection during audit
  - No purchase order being completed
  - No documentation of appeals

## Payroll



- [Chapter 1 of the Accounting and Uniform Compliance Guidelines Manual for Townships](#)
- Compensation and benefits paid to officials 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 local federal reporting requirements

## Payroll (Continued)



- IC 36-6-6-10
  - Compensation means all money paid to an elected township officer for performing duties as a township officer
    - Includes benefits such as life insurance, health insurance, disability insurance, retirement benefits, and pension benefits
    - Does **NOT** include payment of an insurance premium, longevity payments, payments in recognition of professional certifications, and payments in recognition of education advancements **SEPARATELY IDENTIFIED ON A SALARY ORDINANCE OR RESOLUTION**
  - Compensation must be established by the Township Board using an annual, monthly, or biweekly salary schedule
  - Township Board may not alter the salaries of elected or appointed officers during the year for which they are fixed, but it may add or eliminate any other position and change the salary of any other employee, if the necessary funds and appropriations are available



## Payroll (Continued)



- Issues:
  - Employees are not being treated as employees for tax purposes
    - Some townships are issuing everyone 1099s
    - Some townships are not withholding proper taxes from employee gross pay
  - Not all employees/positions included on the Form 17
  - The Form 17 is not filled out annually/available for audit



QUESTIONS?