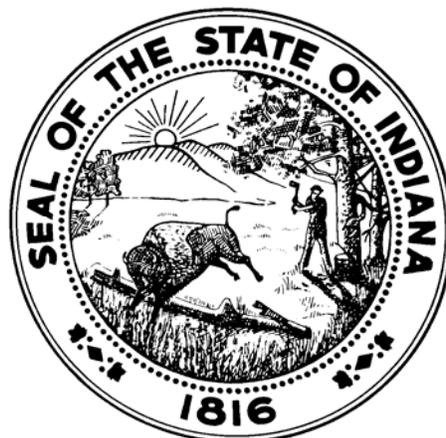


STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

EXAMINATION REPORT
OF
JEFFERSON TOWNSHIP
SWITZERLAND COUNTY, INDIANA
January 1, 2004 to March 16, 2006



FILED
02/05/2007

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Barbara Ray	01-01-03 to 03-16-06
	Carol Ann Sublett (Interim)	03-17-06 to 04-04-06
	Roberta Scudder	04-05-06 to 12-31-06
Chairman of the Township Board	Roberta Scudder	01-01-04 to 04-04-06
	Carol Ann Sublett	04-05-06 to 12-31-06



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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF JEFFERSON TOWNSHIP, SWITZERLAND COUNTY, INDIANA

We have examined the financial information presented herein of Jefferson Township (Township), for the period of January 1, 2004 to March 16, 2006. The Township's management is responsible for the financial information presented herein. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the financial information presented herein and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the financial information referred to above present fairly, in all material respects, the financial information of the Township for the years ended December 31, 2004 and 2005, and the period ended March 16, 2006, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

October 24, 2006

JEFFERSON TOWNSHIP, SWITZERLAND COUNTY
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES
As Of And For The Years Ended December 31, 2004, December 31, 2005,
And For The Period Ended March 16, 2006

	Cash and Investments 01-01-04	Receipts	Disbursements	Cash and Investments 12-31-04
Governmental Funds:				
Township	\$ 15,023	\$ 33,324	\$ 36,660	\$ 11,687
Dog	124	-	-	124
Township Assistance	9,222	32,242	33,253	8,211
Firefighting	21,250	10,837	8,192	23,895
Riverboat	568	43,778	44,943	(597)
Fiduciary Fund:				
Payroll Withholdings	1,397	4,990	5,183	1,204
Totals	<u>\$ 47,584</u>	<u>\$ 125,171</u>	<u>\$ 128,231</u>	<u>\$ 44,524</u>

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds:				
Township	\$ 11,687	\$ 32,723	\$ 81,506	\$ (37,096)
Dog	124	27	-	151
Township Assistance	8,211	34,139	22,985	19,365
Firefighting	23,895	6,865	8,417	22,343
Riverboat	(597)	32,522	21,896	10,029
Fiduciary Fund:				
Payroll Withholdings	1,204	5,481	2,736	3,949
Totals	<u>\$ 44,524</u>	<u>\$ 111,757</u>	<u>\$ 137,540</u>	<u>\$ 18,741</u>

	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 03-16-06
Governmental Funds:				
Township	\$ (37,096)	\$ 13,451	\$ 15,130	\$ (38,775)
Dog	151	-	-	151
Township Assistance	19,365	-	2,210	17,155
Firefighting	22,343	-	7,338	15,005
Riverboat	10,029	9,403	-	19,432
Fiduciary Fund:				
Payroll Withholdings	3,949	-	-	3,949
Totals	<u>\$ 18,741</u>	<u>\$ 22,854</u>	<u>\$ 24,678</u>	<u>\$ 16,917</u>

The accompanying notes are an integral part of the schedules.

JEFFERSON TOWNSHIP, SWITZERLAND COUNTY
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

The Township was established under the laws of the State of Indiana. The Township provides the following services: public safety, health and social services, culture and recreation, and general administrative services.

Note 2. Fund Accounting

The Township uses funds to report on its cash and investments and the results of its operations on a cash basis. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities.

Note 3. Budgets

The operating budget is initially prepared and approved at the local level. In addition, funds for which property taxes are levied are subject to final approval by the Indiana Department of Local Government Finance.

Note 4. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the Township in June and December. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100% of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which become delinquent if not paid by May 10 and November 10, respectively. All property taxes collected by the County Treasurer and available for distribution were distributed to the Township on or prior to December 31 of the year collected.

Note 5. Deposits and Investments

Deposits, made in accordance with Indiana Code 5-13, with financial institutions in the State of Indiana at year end were entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

State statute (IC 5-13-9) authorizes the Township to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

JEFFERSON TOWNSHIP, SWITZERLAND COUNTY
EXAMINATION RESULTS AND COMMENTS

EXCESS SALARY PAYMENTS –TOWNSHIP TRUSTEE

We compared payroll checks made payable to Barbara Ray, former Trustee, for the year 2005 and for the period January 1, 2006 to March 16, 2006, with salaries approved by the Township Board. Our comparison showed excess salary payments in the amount of \$11,214 as follows:

	<u>2005</u>	01-01-06 to 03-16-06	<u>Total</u>
Approved by Township Board	\$ 8,832	\$ 1,899	\$ 10,731
Total Paid	<u>16,205</u>	<u>5,740</u>	<u>21,945</u>
Excess Payments	<u>\$ 7,373</u>	<u>\$ 3,841</u>	<u>\$ 11,214</u>

Mrs. Ray was responsible for issuing payroll checks.

Each governmental unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

Funds misappropriated, diverted or unaccounted for through malfeasance, misfeasance, or non-feasance in office of any officer or employee may be the personal obligation of the responsible officer or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

On October 24, 2006, we requested Barbara Ray to refund \$11,214 to Jefferson Township. (See Summary, page 45)

EXCESS SALARY PAYMENTS – DEPUTY TRUSTEE

We compared payroll checks made payable to William Ray (husband of Barbara Ray), former Deputy Trustee, for the year 2005 and for the period January 1, 2006 to March 16, 2006, with salaries approved by the Township Board. Our comparison showed excess salary payments in the amount of \$6,760.60 as follows:

	<u>2005</u>	01-01-06 to 03-16-06	<u>Total</u>
Approved by Township Board	\$ 8,832.00	\$ 1,899.00	\$ 10,731.00
Total Paid	<u>14,831.60</u>	<u>2,660.00</u>	<u>17,491.60</u>
Excess Payments	<u>\$ 5,999.60</u>	<u>\$ 761.00</u>	<u>\$ 6,760.60</u>

JEFFERSON TOWNSHIP, SWITZERLAND COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

Mr. Ray stated the following in an interview:

1. He was not aware of the salary amount he was being paid as Deputy Trustee.
2. Mrs. Ray took care of all Township business and he never issued any Township checks.
3. Mrs. Ray took care of all family banking/finances and he never saw any checks issued to him as Deputy Trustee.

Barbara Ray, former Trustee, issued all Township checks. Mrs. Ray stated she endorsed all checks made payable to William Ray and that Mr. Ray was unaware of the overpayments.

Each governmental unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

Funds misappropriated, diverted or unaccounted for through malfeasance, misfeasance, or non-feasance in office of any officer or employee may be the personal obligation of the responsible officer or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

On October 24, 2006, we requested Barbara Ray to refund \$6,760.60 to Jefferson Township. (See Summary, page 45)

EXCESS RENT PAYMENTS

The Township Office was maintained in the home of Barbara Ray, former Trustee, during the period January 1, 2005 through March 16, 2006. The amount of rent approved by the Township Board to be paid is documented on Township Trustee's Budget Estimate (Form 1).

We compared checks issued to Barbara Ray during the year 2005 and for the period January 1, 2006 to March 16, 2006, to the amount of office rent approved by the Township Board. Our comparison showed excess payments in the amount of \$10,563.75 as follows:

	<u>2005</u>	01-01-06 to <u>03-16-06</u>	<u>Total</u>
Approved by Township Board	\$ 1,440.00	\$ 296.25	\$ 1,736.25
Paid	<u>6,800.00</u>	<u>5,500.00</u>	<u>12,300.00</u>
 Excess Rent Payments	 <u>\$ 5,360.00</u>	 <u>\$ 5,203.75</u>	 <u>\$ 10,563.75</u>

Barbara Ray stated that the Township Board approved an additional \$4,560 of rent to be paid from the Belterra Fund (Riverboat Fund) for a total of \$6,000 per year. The minutes of September 14, 2004, showed an entry indicating that an additional \$4,560 was approved by the Township Board for the year 2005. There was no similar entry showing Township Board approval for the year 2006. The following information was obtained from interviews with Township Board Members regarding additional rent monies payable from the Riverboat Fund:

JEFFERSON TOWNSHIP, SWITZERLAND COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

1. Township Board Members stated that Barbara Ray was responsible for recording the minutes in the minute book in their presence. The Township Board Members stated that the minute book remained in Mrs. Ray's possession between meetings.
2. Roberta Scudder, President of the Township Board, stated the following in an affidavit:
 - a. "I do not recollect the entry showing the Township Board's approval of additional rent payable from the Township's Belterra Fund in the amount of \$4,560.00 being recorded in the minutes at the time I signed the minutes dated September 14, 2004."
 - b. "I did not approve for Barbara Ray, former Jefferson Township Trustee, to be paid additional rent payments from the Township's Belterra Fund in 2005 or 2006."
 - c. "The only amount of rent I approved to be paid to Barbara Ray, former Jefferson Township Trustee, in 2005 and 2006 was the amount shown on the Township Trustee's Budget Estimate (Form 1)."
3. Carol Ann Sublett, Township Board Member, who did not attend the September 14, 2004, Township Board meeting, stated the following in an affidavit:
 - a. "I was not aware that Barbara Ray, former Jefferson Township Trustee was to be paid \$4,560.00 from the Belterra Fund."
 - b. "I did not approve for Barbara Ray, former Jefferson Township Trustee, to be paid additional rent payments from the Township's Belterra Fund in the amount of \$4,560.00 in 2005 or 2006."
 - c. "The only amount of rent I approved to be paid to Barbara Ray, former Jefferson Township Trustee, in 2005 and 2006 was the amounts shown on the Township Trustees Budget Estimate (Form 1)."
4. Pauline Johnson, Township Board Member and sister of Barbara Ray, who attended the September 14, 2004, Township Board meeting could not recollect whether she approved the additional rent to be paid from the Belterra Fund.
5. Mrs. Ray was responsible for issuing Township checks.

Funds misappropriated, diverted or unaccounted for through malfeasance, misfeasance, or nonfeasance in office of any officer or employee may be the personal obligation of the responsible officer or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

On October, 24, 2006, we requested Barbara Ray to refund \$10,563.75 to Jefferson Township. (See Summary, page 45)

OTHER PAYMENTS TO BARBARA RAY

Barbara Ray, former Trustee, was responsible for issuing Township checks. The following is a schedule of checks issued to Barbara Ray where the purpose of the payment (i.e., salary or rent) was not shown on the checks and no other documentation was presented for examination showing the purpose of the payment:

JEFFERSON TOWNSHIP, SWITZERLAND COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

<u>Date</u>	<u>Check Number</u>	<u>Amount</u>
07-09-05	3788	\$ 4,440
10-02-05	3838	2,000
10-02-05	3839	4,000
10-24-05	3845	3,500
11-02-05	3848	500
11-12-05	3856	365
11-18-05	3862	4,500
12-02-05	3865	2,500
12-21-05	3872	500
12-30-05	3877	600
12-31-05	3878	700
12-31-05	3879	750
01-18-06	3885	500
02-10-06	3829	750
02-27-06	3901	30
03-15-06	3912	711
Total		<u>\$ 26,346</u>

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for examination to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

Funds misappropriated, diverted or unaccounted for through malfeasance, misfeasance, or non-feasance in office of any officer or employee may be the personal obligation of the responsible officer or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

We had requested, during the course of the examination, Barbara Ray to refund monies concerning the above items to the Township. Barbara Ray refunded \$10,000 to Jefferson Township on March 8, 2006. We requested Barbara Ray to refund the balance of \$16,346 to Jefferson Township on October 26, 2006. (See Summary, page 45)

DEPUTY TRUSTEE POSITION

No records were presented for our examination showing a description of duties assigned to William Ray as Deputy Trustee or the specific days or hours worked by William Ray. Mr. Ray stated the following in an affidavit regarding the Deputy Trustee position:

- "1. I was not aware of the salary amounts authorized for the position of Jefferson Township Deputy Trustee for the years 2002, 2003, 2004, 2005 and 2006.
2. I never cashed, deposited, or endorsed any payroll checks made payable to William or Doug Ray for the position of Jefferson Township Deputy Trustee for the years 2002, 2003, 2004, 2005 and 2006.

JEFFERSON TOWNSHIP, SWITZERLAND COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

3. I never saw any payroll checks made payable to William or Doug Ray for the position of Deputy Jefferson Township Trustee for the years 2002, 2003, 2004, 2005 and 2006.
4. I did not know that checks from Jefferson Township were being issued to me until I was advised of this by the Indiana State Board of Accounts on March 16, 2006.
5. Barbara Ray told me in order for her social security benefits not be reduced that she was planning to pay a portion of her salary as Trustee to me as Deputy Trustee. At the time, I did not put any thought into this arrangement and I was not aware that Barbara Ray was going to issue checks to me. I probably should have been aware of this but I just never put any thought into this arrangement on how it was going to be executed.
6. I may have told the Indiana State Police in an interview in 2004 that I was appointed Deputy Trustee because of Barbara Ray being sick; however, I do not recall stating that. Barbara Ray was sick from time to time with pneumonia, but during those times she was sick, I did not perform any additional duties on behalf of the Township. When Barbara Ray was sick, I did not hand out any township assistance applications, however, I would answer the phone only because our home phone and the Township phone are the same telephone number. I would advise persons seeking township assistance to call back when Barbara got out of the hospital. However, my basic recollection was that Barbara Ray told me that she was going to pay a portion of her salary to me so that her social security benefits would not be reduced.
7. Barbara Ray never assigned me any duties as Deputy Trustee.
8. Any work that I performed that benefited Jefferson Township was not performed with the understanding that I was an employee of the Township. I performed these items which included answering the phone and handing out applications and stuffing envelopes for assessment just to help out Barbara Ray as my wife. I did not have an understanding that I was being paid for performing these duties. I never had the understanding that there was an employer/employee relationship between Jefferson Township and myself."

Barbara Ray began making checks payable to William Ray in 2002. However, the Township Board did not establish the position of Deputy Trustee for the year 2002. The Township Board established the position of Deputy Trustee in 2002 for the year 2003. Roberta Scudder, President of the Township Board in the year 2002, stated the following in an affidavit:

"Barbara Ray, Trustee of Jefferson Township, requested a 50% pay cut of her salary in the year 2002 to be paid to her husband as deputy trustee. The Township Board approved the Trustee's request because Barbara Ray stated she did not want her Trustee's salary at the time to affect her social security benefits. The Township Board agreed with the trustee's request as long as the aggregate salaries paid to the Trustee and the Deputy Trustee did not exceed the amount of salary the Township Board would approve for the Trustee assuming there was no Deputy Township Trustee. When we approved the salary for the Deputy Trustee, it was with our understanding that the deputy trustee would be assigned duties to assist the Trustee."

The following is a schedule of payments by year of checks made payable to William Ray as Deputy Trustee. The following amounts do not include any salary overpayments reported in the Examination Result and Comment titled "Excess Salary Payments – Deputy Trustee."

JEFFERSON TOWNSHIP, SWITZERLAND COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

<u>Year</u>	<u>Amount</u>
2002	\$5,523.50
2003	7,800.00
2004	8,403.96
2005	8,832.00
2006	<u>1,899.00</u>
Total	<u>\$ 32,458.46</u>

Indiana Code 35-44-2-4 states in part:

"(a) A public servant who knowingly or intentionally (1) hires an employee for the governmental entity that he serves and (2) fails to assign to the employee any duties, . . . commits ghost employment, a Class D felony . . .

(c) A person employed by a governmental entity who, knowing that he has not been assigned any duties to perform for the entity, accepts property from the entity commits ghost employment, a Class D felony . . .

(e) Any person who accepts property from a governmental entity in violation of this section and any public servant who permits the payment of property in violation of this section are jointly and severally liable to the governmental entity for that property. The attorney general may bring a civil action to recover that property in the county where the governmental entity is located or the person or public servant resides."

Indiana Code 5-11-9-4 (b) states in part: ". . . records be maintained showing which hours were worked each day by officers and employees . . ."

Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

On October 24, 2006, we requested Barbara Ray to refund \$32,458.46 to Jefferson Township. (See Summary, page 45)

RENT PAYMENTS TO LANDLORDS

Checks issued by Barbara Ray, former Trustee, for the period July 25, 2002 to April 13, 2004, showed rent payments being made on behalf of various Township Assistance recipients. The following is a schedule of payments made without supporting documentation being presented for our examination:

JEFFERSON TOWNSHIP, SWITZERLAND COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

<u>Payee/Landord</u>		<u>Check</u>		
<u>Last Name</u>	<u>First Name</u>	<u>Number</u>	<u>Date</u>	<u>Amount</u>
Adams	Vern	3140	11-27-03	\$ 180.00
Allen	Lisa	3252	02-15-04	360.00
Andrew	Judy	2975	09-26-02	325.00
Bennett	George	3097	10-03-03	290.00
Bish	Bobbie	3268	03-01-04	374.00
Browning	Tracy	3191	07-22-03	390.00
Callis	Adam	3127	05-09-03	440.00
Colen	Sallie	3163	12-29-03	225.00
Craford	Stacey	3068	02-24-03	450.00
Crawford	Susan	3260	02-21-04	360.00
Fields	John & Linda	3194	07-26-03	460.00
Iscom	Judy	2983	10-18-02	200.00
Jackson	Elbert	3105	04-17-03	300.00
Jackson	Elbert	3088	09-21-03	290.00
Jackson	Elbert	3107	10-17-03	167.00
Jackson	Emma Sue	3282	03-19-04	279.00
Jackson	William	3304	04-11-04	200.00
Jennings	Pauline	3184	07-16-03	280.00
Johannsen	Pauline	3230	01-30-04	287.00
Johnes	Lewis	3157	06-12-03	330.00
Johnson	Chris	2992	10-29-02	450.00
Johnson	Eugene	3160	06-16-03	390.00
Johnson	Eugene	3255	02-20-04	368.00
Johnson	Eugene	3296	04-01-04	233.00
Johnson	Eugene	2987	10-22-02	450.00
Johnson	Galen	3079	09-09-03	290.00
Johnson	Gary	3193	07-26-03	400.00
Johnson	Grant	3128	11-04-03	248.00
Johnson	Kelly	3152	06-07-03	425.00
Johnson	Kelly	3091	09-22-03	284.00
Johnson	Kelly	3149	12-05-03	185.00
Johnson	Leonard	3199	08-08-03	200.00
Johnson	Tara	3263	02-25-04	378.00
Jones	Elizabeth	3111	04-22-03	425.00
Kenneth	Lucie	3116	10-29-03	240.00

JEFFERSON TOWNSHIP, SWITZERLAND COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

<u>Payee/Landord</u>		<u>Check</u>		<u>Amount</u>
<u>Last Name</u>	<u>First Name</u>	<u>Number</u>	<u>Date</u>	
Leap	Sue	3006	11-11-02	\$ 380.00
Lukie	Earl	3169	07-01-03	290.00
Mathews	Monica	3287	03-22-04	174.00
Miskell	Richard	3232	01-31-04	280.00
Perkins	Sandy	3066	08-20-03	200.00
Perkins	Sandy	3109	10-18-03	230.00
Perkins	Sandy	3130	11-10-03	342.00
Peters	Shawn	3098	10-03-03	230.00
Ramey	Carl	3284	03-20-04	344.00
Ray	Damon	3163	06-24-03	350.00
Richards	Alberta	3272	03-08-04	250.00
Riley	Judy	3286	03-22-04	248.00
Ritchie	Gary	3123	11-03-03	490.00
Ryan	Barbara	2974	09-26-02	150.00
Schular	Kevin	3280	03-15-04	500.00
Shaffer	Walter	3164	06-24-03	380.00
Shaw	Kevin	3181	07-09-03	380.00
Stevens	J. R.	3139	05-31-03	375.00
Stevens	J. R.	3067	08-20-03	200.00
Stewart	Brittanny	3158	12-23-03	225.00
Tanner	Chester	3101	10-09-03	270.00
Tanner	Chester	3132	11-14-03	252.50
Wood	Steve	3246	02-10-04	275.00
Woodfill	Jason	3174	06-07-03	250.00
Workman	Dee	2973	09-25-02	<u>200.00</u>
Total				<u>\$ 18,418.50</u>

The following pertains to the rent payments to Landlords listed above:

1. There were no signed Township Assistance Purchase Orders (Form TA-2) presented for examination to support the above payments.

Indiana Code 12-20-20-1(a) states in part: "If a township trustee, as administrator of township assistance, grants township assistance to an indigent individual or to any other person or agency on a township assistance order as provided by law or obligates the township for an item properly payable from township assistance money, the claim against the township must be:

- (1) itemized and sworn to as provided by law;
- (2) accompanied by the original township assistance order, which must be itemized and signed . . ."

JEFFERSON TOWNSHIP, SWITZERLAND COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

2. There were no Township Applications for Assistance (Form TA-1) presented for examination.

Indiana Code 12-20-6-9 states:

"If an application for township assistance is made to the township trustee as administrator of township assistance, the township trustee, as administrator of township assistance, shall carefully investigate the circumstances of the applicant and each member of the applicant's household to ascertain the following:

- (1) Legal residence.
- (2) Names and ages.
- (3) Physical condition relating to sickness or health.
- (4) Present and previous occupation.
- (5) Ability and capacity to perform labor.
- (6) The cause of the applicant's or household member's condition if the applicant or household member is found to be in need and the cause can be ascertained.
- (7) Whether the applicant or a member of the applicant's household is entitled to income in the immediate future from any source, including the following:
 - (A) Past or present employment.
 - (B) A pending claim or cause of action that may result in a monetary award being received by any member of the applicant's household claiming to be in need.
 - (C) A pending determination for assistance from any other federal or state governmental entity.
- (8) The family relationships of the township assistance applicant.
- (9) Whether the township assistance applicant or members of the applicant's household have relatives able and willing to assist the applicant or a member of the applicant's household."

Other Information regarding the above payments:

1. All of the above checks were cashed with 54 of the 60 checks cashed at Shop Quick, a local merchant.
2. Based on a search of the property tax records by the Switzerland County Auditor's Office, the property tax records did not show any of the above payees/landlords as owning property at the time the payment was made except for Elizabeth Jones.

Elizabeth Jones stated in an affidavit that she did not receive the payment shown in the above schedule.

JEFFERSON TOWNSHIP, SWITZERLAND COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

3. The above schedule shows a payment to "Chris Johnson." Mr. Johnson stated in an affidavit he did not endorse Check Number 2992 and did not receive any cash from Check Number 2992.
4. The above schedule shows a payment to "Leonard Johnson." Barbara Ray has a brother-in-law named Leonard Johnson. Mr. Johnson stated in an affidavit he did not endorse Check Number 3199 and did not receive any cash from Check Number 3199.
5. The Indiana State Police served a search warrant on May 18, 2004, at Barbara Ray's home, which also served as the Township Office. The search warrant was served in connection with their investigation of Township Assistance payments to a local grocery store. Our review of rent payments from May 18, 2004 to March 16, 2006 (after the search warrant was served to the date of Barbara Ray's resignation) showed 38 rent payments made to 15 landlords. All of these payments were to persons that County property tax records showed owned property.
6. We interviewed Roberta Scudder and Carol Ann Sublett, Township Board Members. Mrs. Scudder and Mrs. Sublett stated they did not know and were not familiar with any of the landlords listed in the above schedule.
7. We submitted a list that included the names of the landlords/payees in the above schedule to Michael J. Hensley, attorney for Barbara Ray, and requested that we be provided with address and/or telephone information so we could confirm payment with the payees/landlords. We did not receive a response to our request.
8. Check Number 3163, dated June 24, 2003, and payable to "Damon Ray," showed the names of a Township Assistance recipient and spouse. An Application for Township Assistance on file dated January 15, 2004, requesting medical assistance showed the same names as listed on Check Number 3163. The rental history portion of the Application for Township Assistance showed another person as the recipient's landlord and showed they had rented from this other landlord since December 14, 2002.

We interviewed William Ray, Mrs. Ray's husband, and asked him if he knew or was familiar with Damon Ray. Mr. Ray stated that he did not know and was not familiar with Damon Ray.

9. Check Number 3286, date March 22, 2004, and payable to "Judy Riley," showed the name of a Township Assistance recipient on the check's memo line. We interviewed a Township Assistance recipient with the same name shown on the memo line. The Township Assistance recipient stated the following in an affidavit:
 - a. "I did not rent a house, apartment, or other form of shelter from a Judy Riley on or about March of 2004."
 - b. "I do not know a Judy Riley."

Funds misappropriated, diverted or unaccounted for through malfeasance, misfeasance, or non-feasance in office of any officer or employee may be the personal obligation of the responsible officer or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

On October 28, 2006, we requested Barbara Ray to refund \$18,418.50 to Jefferson Township. (See Summary, page 45)

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EXAMINATION RESULTS AND COMMENTS
(Continued)

CEMETERY CARE PAYMENTS

Between January 1, 2002 and December 31, 2005, a total of \$75,655 of checks issued by Barbara Ray, former Trustee, for cemetery care were either not supported by a contract; the contract was not authentic; the payment was not received by the payee shown on the check; or information was not provided to confirm payment. The results of our examination of cemetery care payments are presented by payee as follows:

Paul Ray

The following is a schedule of checks made payable to "Paul Ray":

<u>Date</u>	<u>Check Number</u>	<u>Amount</u>
09-10-02	2960	\$ 2,000
03-18-03	3087	1,300
08-08-03	3202	600
02-14-04	3247	1,000
01-27-05	3673	<u>3,500</u>
Total		<u>\$ 8,400</u>

The following is additional information regarding the above payments:

1. Paul Ray is a son of Barbara Ray.
2. Check Numbers 3087 and 3673 have a second endorsement of "Barbara Ray."
3. The contracts presented for examination for the years 2004 and 2005 showed they were signed by "Ray Paul" and "Paul Ray," respectively. No contracts for the years 2002 and 2003 were presented for our examination.
4. Paul Ray, son of Barbara Ray, in a written statement, stated he did not endorse the checks listed in the above schedule. Paul Ray stated the signatures on the contracts for the years 2004 and 2005 were not his signatures.
5. An official of First Financial Bank stated in an affidavit the checks in the above schedule were cashed.
6. No Internal Revenue Service (IRS) Form 1099 was issued to "Paul Ray."

Eric Ray

The following is a schedule of checks made payable to "Eric Ray":

JEFFERSON TOWNSHIP, SWITZERLAND COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

<u>Date</u>	<u>Check Number</u>	<u>Amount</u>
01-27-03	3042	\$ 2,500
05-01-04	3321	<u>1,872</u>
Total		<u>\$ 4,372</u>

The following is additional information regarding the above payments:

1. Eric Ray is a son of Barbara Ray.
2. The cemetery contract presented for examination for the year 2004, showed the contract amount as \$1,872. However, the contract was signed by "Eric Rayburn." Barbara Ray stated the payments were to "Eric Rayburn" and not to "Eric Ray."
3. No contract for the year 2003 was presented for our examination.
4. The checks were endorsed by "Eric Ray."
5. Eric Ray in a written statement stated he did not endorse the checks listed in the above schedule and the signature on the contract for the year 2004 was not his signature.
6. An official of First Financial Bank in an affidavit stated the checks in the above schedule were cashed.
7. No Internal Revenue Service (IRS) Form 1099 was issued to "Eric Ray."
8. We requested Barbara Ray to provide us with any of the following information to assist us in locating "Eric Rayburn" in order for us to confirm that "Eric Rayburn" received the payments:
 - a. Current address and telephone number.
 - b. Name, address, telephone number of a relative, landlord, or neighbor if current address and telephone number were not available.

Mrs. Ray did not provide us with the above information.

William/Doug Ray

The following is a schedule of checks issued to either "William Ray" or "Doug Ray":

JEFFERSON TOWNSHIP, SWITZERLAND COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

<u>Date</u>	<u>Check Number</u>	<u>Amount</u>
09-10-02	2961	\$ 2,000
03-13-03	3086	1,300
08-08-03	3203	500
02-05-04	3241	1,000
08-17-04	3563	<u>560</u>
Total		<u>\$ 5,360</u>

The following is additional information regarding the above payments:

1. William Doug Ray is the husband of Barbara Ray.
2. Barbara Ray stated that she endorsed all checks payable to "William Ray" or "Doug Ray."
3. No cemetery contracts were presented for our examination. The memorandum line of Check Number 2961 shows "Cotton Cemetery." The memorandum line of Check Number 3241 shows "Pleasant Ridge Cemetery."
4. Mr. Ray stated the following in an interview:
 - a. Barbara Ray took care of all Township business and that he never issued any Township checks.
 - b. Barbara Ray took care of family banking/finances and that he never saw any of the checks listed in the above schedule.
 - c. He did not perform any cemetery care work in 2002, 2003, and 2004.
5. An official of First Financial Bank stated in an affidavit the checks in the above schedule were cashed.
6. No Internal Revenue Service (IRS) Form 1099 was issued to "William Ray" or "Doug Ray."

William Gulley

Fifty-six checks were issued to "William Gulley" during 2003, 2004, and 2005. We interviewed William Gulley and showed him checks that were issued to "William Gulley." Mr. Gulley stated in an affidavit that the endorsements on the following checks were not his endorsements and he did not cash or receive the proceeds from these checks:

JEFFERSON TOWNSHIP, SWITZERLAND COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

<u>Date</u>	<u>Check Number</u>	<u>Amount</u>
08-16-03	3208	\$ 250
09-21-03	3084	385
11-23-03	3135	<u>590</u>
Total		<u>\$ 1,225</u>

The following is additional information regarding payments:

1. No contract was presented for examination for the year 2003.
2. Mr. Gulley stated that Barbara Ray asked him to sign blank contracts for the years 2003, 2004, and 2005. The contracts did not show the name of the cemetery or the amount to be paid.
3. Mr. Gulley stated that his verbal arrangement with Barbara Ray was for him to be paid at the rate of \$10 per hour.
4. No invoices were presented for examination showing the cemetery location, dates, and number of hours that William Gulley worked.
5. The check endorsements on the above checks show the checks were cashed at Shop Quick, a local merchant.
6. No Internal Revenue Service (IRS) Form 1099 was issued to "William Gulley."

William Gullion

The following is a schedule of checks issued to "William Gullion" as payee; the amount of cash payments Mr. Gullion stated he was paid; and the resulting amount Mr. Gullion was not paid:

<u>Date</u>	<u>Check Number</u>	<u>Amount</u>
10-27-04	3619	\$ 2,640
11-02-04	3621	250
11-02-04	3637	<u>1,564</u>
Total		4,454
Less Cash Payments		<u>(500)</u>
Amount Not Paid to William Guillion		<u>\$ 3,954</u>

JEFFERSON TOWNSHIP, SWITZERLAND COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

The following is additional information regarding the above payments:

1. Check Number 3637 showed that the second endorsement was obscured. We requested a copy of Check Number 3637 from First Financial Bank. The check copy received from First Financial Bank showed a second endorsement of "Barbara Ray."
2. William E. Gullion stated in an affidavit he did not cash, deposit, or receive the proceeds from Check Numbers 3619 and 3637 and that the endorsements on these checks were not his signatures. Mr. Gullion stated that the endorsement on Check Number 3621 was his signature; however, Barbara Ray cashed Check Number 3621 and then paid Mr. Gullion \$250 in cash. Mr. Gullion stated that he received a total of \$500 in cash payments for his work on a cemetery located on Pleasant View Road.
3. We showed Mr. Gullion a cemetery contract copy dated January 1, 2004, that Barbara Ray presented for our examination. The contract was signed by "William Gullion." After inspecting the contract copy, Mr. Gullion stated the following regarding the contract:
 - a. That the signature on the contract appeared to be his signature.
 - b. Barbara Ray had him sign a document that he presumed to be a contract.
 - c. He did not recall anything being on the contract when he signed it except for his name.
 - d. The date of the contract may have been on the contract he signed; however, the date on the contract is wrong since the work was done in the fall of 2004.
 - e. The amount shown on the contract was not shown on the document he signed.
 - f. He did not sign the document until after he received a second payment from Barbara Ray.
 - g. Barbara Ray did not provide him with a copy of the contract he signed.
4. An official of First Financial Bank stated in an affidavit the checks in the above schedule were cashed.
5. No Internal Revenue Service (IRS) Form 1099 was issued to "William Gullion."

Sandy Gullion

The following schedule was prepared based on an affidavit we received from Sandy Gullion. The schedule shows the checks issued to Mrs. Gullion as payee; the cash payments Mrs. Gullion stated she received; and the resulting amount that was not paid to Mrs. Gullion:

JEFFERSON TOWNSHIP, SWITZERLAND COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

<u>Date</u>	<u>Check Number</u>	<u>Amount</u>	<u>Cash Payment</u>	<u>Amount Not Paid to Sandy Guillion</u>
04-19-05	3722	\$ 2,460	\$ 200	\$ 2,260
05-21-05	3757	250	250	-
06-13-05	3774	2,250	300	1,950
09-16-05	3814	<u>1,885</u>	<u>300</u>	<u>1,585</u>
Totals		<u>\$ 6,845</u>	<u>\$ 1,050</u>	<u>\$ 5,795</u>

The following is additional information regarding the above payments:

1. Sandy Gullion stated in order to receive payment, that Barbara Ray would arrange for Mrs. Gullion to meet Mrs. Ray outside of a bank in Vevay, Indiana. Mrs. Gullion stated that Mrs. Ray would present Mrs. Guillion with the backside of a check and request Mrs. Gullion to endorse the check. Mrs. Gullion would never see the front side of the check showing the payee name and the amount of the check. Mrs. Ray would come out of the bank with a large envelope full of cash and would pay Mrs. Gullion in cash. Mrs. Gullion stated that she only received cash payments in the amounts shown in the above schedule.
2. Mrs. Guillion stated she became suspicious of the manner she was being paid and on the last payment (Check Number 3814); she went to the drive up window where Barbara Ray cashed the check and asked the teller the amount of the check that she had endorsed. Mrs. Gullion stated that the amount of the check was \$1,885 but she received only \$300.

We showed Check Number 3814 to Debra Darbro, Customer Service Representative for Main Source Bank. Mrs. Darbro recollected by observation and conversation that Barbara Ray, Jefferson Township Trustee, had a meeting in the parking lot with another lady signing some papers. Barbara Ray walked up to the drive up window and presented a check to be cashed and apparently Mrs. Ray gave the other lady some money. A short-time after Mrs. Ray left the bank, the other lady came back up to the window and said that a check was just cashed and wanted to know the amount of the check. The teller held up the check up to the window and the other lady stated that she did not get all of the money that the check was written for.

3. We showed Mrs. Gullion a cemetery contract that Mrs. Ray presented for our examination. The contract contained the signature "Sandy Gullion." Mrs. Gullion stated that Mrs. Ray had Mrs. Guillion sign a document. Mrs. Gullion stated she did not know what the document was that she signed and Mrs. Ray did not explain what the document was other than telling Mrs. Gullion that the document was paper work that Mrs. Ray was required to have on file. Mrs. Gullion stated that Mrs. Ray did not provide her with a copy of the document she signed. After inspecting the contract, Mrs. Gullion stated the signature on the contract copy appeared to be her signature. However, the document she signed was blank and did not contain any information regarding the cemetery name or an amount she was to be paid. Mrs. Gullion stated the contract amount of \$6,845 did not represent the verbal arrangement Mrs. Gullion had with Mrs. Ray. Mrs. Gullion stated that the verbal arrangement she had with Mrs. Ray called for Mrs. Gullion to be paid at the rate of \$50 per week on a cemetery located on Pleasant View Road. Mrs. Gullion stated that Mrs. Ray would not pay her timely and that each cash payment she received represented multiple weeks of work.

JEFFERSON TOWNSHIP, SWITZERLAND COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

4. Marsha Patterson, Customer Service Representative for First Financial Bank, stated in an affidavit she recollected Barbara Ray, Jefferson Township Trustee, presenting a check made out to Sandy Gullion in the amount of \$2,460 and that she cashed the check for Mrs. Ray.
5. No Internal Revenue Service (IRS) Form 1099 was issued to "Sandy Guillion."

Township Assistance Recipient

The following check was issued to a person that had also received Township assistance:

<u>Date</u>	<u>Check Check</u>	<u>Amount</u>
09-25-04	3599	<u>\$ 1,864</u>

The following is additional information regarding the above payments:

1. We interviewed a relative of the above Township Assistance Recipient who oversees the Township Assistance Recipient's activities. The relative provided the following information in an affidavit:
 - a. On or about September 25, 2004, Barbara Ray picked up the Township Assistance Recipient to sign papers in regards to Township assistance.
 - b. The signature on the cemetery care contract was not the Township Assistance Recipient's signature.
 - c. The signature on Check Number 3599 was the Township Assistance Recipient's signature; however, the Township Assistance Recipient did not receive any of the proceeds from Check Number 3599.
 - d. The Township Assistance Recipient is not capable of taking care of a cemetery because of a disability.
2. Audrey Bosaw, Customer Service Representative for First Financial Bank, stated in an affidavit she recollected Barbara Ray, Jefferson Township Trustee, presenting Check Number 3599 that was endorsed by the above Township Assistance Recipient. Mrs. Bosaw stated she cashed the check for Barbara Ray.
3. No Internal Revenue Service (IRS) Form 1099 was issued to the Township Assistance Recipient.

William /Bill Minch

Six checks were issued to "William Minch" or "Bill Minch" during 2001, 2002, and 2003. We interviewed William Minch and showed him checks that were issued to "William Minch" or "Bill Minch." Mr. Minch stated in an affidavit that the first endorsement on the following check, shown as "W. Bill Minch," was not his signature and he did not cash or receive the proceeds from this check:

JEFFERSON TOWNSHIP, SWITZERLAND COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

<u>Date</u>	<u>Check Number</u>	<u>Amount</u>
08-08-03	3205	\$ <u>1,746</u>

The following is additional information regarding the above payment:

1. Check Number 3205 had a second endorsement of "Jefferson Township." This check was not deposited in the Township's depository account. Barbara Ray was unable to provide an explanation as to why Check Number 3205 would have a second endorsement of "Jefferson Township." Mr. Minch stated that he would not have included "Jefferson Township" on a check endorsement.
2. We presented Check Number 3205 to Brandy Brewer, Customer Service Representative for First Financial Bank who processed this check. Mrs. Brewer stated in an affidavit if the endorsement on the check was "Jefferson Township" or similar wording, then she would verify that the individual was a representative of the Township prior to cashing the check.

The only Township Officials, other than Barbara Ray, were William Ray and three Township Board Members. Mr. Ray and the three Township Board Members stated in written statements that they did not cash or endorse Check Number 3205.

3. An official of First Financial Bank stated in an affidavit the check in the above schedule was cashed.
4. No contract was presented for examination for the year 2003. William Minch stated that he did not sign a written contract with Jefferson Township.
5. No Internal Revenue Service (IRS) Form 1099 was issued to "William Minch."

Joey Wainscott

The following check was issued to "Joey Wainscott":

<u>Date</u>	<u>Check Number</u>	<u>Amount</u>
04-01-04	3290	\$ <u>960</u>

The following is additional information regarding the above payment:

1. An official of First Financial Bank stated in an affidavit the check in the above schedule was cashed.
2. We showed Joey Wainscott three checks issued to "Joey Wainscott" in 2003 and 2004. Mr. Wainscott stated he did perform cemetery work but did not believe he cashed Check Number 3290 for the following reasons:

JEFFERSON TOWNSHIP, SWITZERLAND COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

- a. The endorsement on the above check did not look like his signature.
 - b. He banks at Main Source and not at First Financial Bank.
3. Mr. Wainscott stated he never signed a contract for cemetery work. We showed Mr. Wainscott a contract dated May 1, 2004, in the amount of \$1,650 with the signature of "J Wainscott." Mr. Wainscott stated in an affidavit that the signature on the contract was not his signature.
 4. No Internal Revenue Service (IRS) Form 1099 was issued to "Joey Wainscott."

Scott Hunter

The following checks were issued to "Scott Hunter":

<u>Date</u>	<u>Check Number</u>	<u>Amount</u>
04-02-03	3096	\$ 1,380
04-21-03	3109	1,000
09-02-03	3074	843
04-02-04	3298	2,230
08-28-04	3582	<u>3,000</u>
Total		<u>\$ 8,453</u>

The following is additional information regarding the above payments:

1. Check Numbers 3096, 3298, and 3582 in the above schedule have a second endorsement of "Jefferson Township" or similar name. The checks were not deposited in the Township's depository account. Barbara Ray did not provide an explanation as to why these checks would have a second endorsement of "Jefferson Township" or similar name.
2. Check Number 3582 presented for examination was altered so that the second endorsement was obscured. We obtained a copy of the Check Number 3582 from the First Financial Bank. The check copy received from First Financial Bank had a written memorandum on the back of the check stating "Barbara Ray Cashed Check."

Audrey Bosaw, Customer Service Representative for First Financial Bank, stated in an affidavit that she wrote the memorandum "Barbara Ray Cashed Check" on Check Number 3582 and she recollected Barbara Ray cashing Check Number 3582.

3. We presented Check Number 3096 to Brandy Brewer, Customer Service Representative for First Financial Bank who processed this check. Mrs. Brewer stated in an affidavit if the endorsement on the check was "Jefferson Township" or similar wording, then she would verify that the individual was a representative of the Township prior to cashing the check.

The only Township Officials, other than Barbara Ray, were William Ray and three Township Board Members. Mr. Ray and the three Township Board Members stated in written statements that they did not cash or endorse Check Number 3096 and Check Number 3298.

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EXAMINATION RESULTS AND COMMENTS
(Continued)

4. An official of First Financial Bank stated in an affidavit Check Number 3109 and Check Number 3074 were cashed.
5. No contract was presented for examination for the year 2003 and the contract for the year 2004 did not identify a cemetery that "Scott Hunter" was to perform cemetery care work.
6. No Internal Revenue Service (IRS) Form 1099 was issued to "Scott Hunter." Form 1099 contains addresses of contract providers.
7. We requested Barbara Ray to provide us with any of the following information to assist us in locating "Scott Hunter" in order for us to confirm that "Scott Hunter" received the payments:
 - a. Current address and telephone number.
 - b. Name, address, telephone number of a relative, landlord, or neighbor if current address and telephone number were not available.

Mrs. Ray did not provide us with the above information.

Wayne Parker

The following checks were issued to "Wayne Parker":

<u>Date</u>	<u>Check Number</u>	<u>Amount</u>
09-07-03	3080	\$ 1,400
10-11-03	3103	590
10-23-03	3112	220
10-28-03	3114	2,280
03-01-04	3267	850
03-15-04	3279	980
08-17-04	3564	<u>1,480</u>
Total		<u>\$ 7,800</u>

The following is additional information regarding the above payments:

1. Check Numbers 3114, 3279, and 3564 in the above schedule have second endorsements of "Jefferson Township." These checks were not deposited in the Township's depository account. Barbara Ray did not provide an explanation as to why Check Numbers 3114, 3279, and 3564 would have a second endorsement of "Jefferson Township."
2. We presented Check Number 3114 and Check Number 3279 to Brandy Brewer, Customer Service Representative for First Financial Bank who processed these checks. Mrs. Brewer stated in an affidavit that if the endorsement on the check was "Jefferson Township" or similar wording, then she would verify that the individual was a representative of the Township prior to cashing the check.

JEFFERSON TOWNSHIP, SWITZERLAND COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

The only Township Officials, other than Barbara Ray, were William Ray and three Township Board Members. Mr. Ray and the three Township Board Members stated in written statements that they did not cash or endorse Check Number 3114, Check Number 3279 and Check Number 3564.

3. An official of First Financial Bank stated in an affidavit Checks Numbers 3080, 3114, 3267, 3279, and 3564 were cashed.
4. The endorsements on Check Number 3103 and 3112 show they were cashed at Shop Quick, a local merchant.
5. No contracts were presented for examination for the years 2003 or 2004.
6. No Internal Revenue Service (IRS) Form 1099 was issued to "Wayne Parker." Form 1099 contains addresses of contract providers.
7. We requested Barbara Ray to provide us with any of the following information to assist us in locating "Wayne Parker" in order for us to confirm that "Wayne Parker" received the payments:
 - a. Current address and telephone number.
 - b. Name, address, telephone number of a relative, landlord, or neighbor if current address and telephone number were not available.

Barbara Ray stated that "Wayne Parker" had moved to California. Mrs. Ray did not provide any additional information.

Penny Parker

The following check was issued to "Penny Parker":

<u>Date</u>	<u>Check Number</u>	<u>Amount</u>
06-22-05	3777	<u>\$ 2,590</u>

The following is additional information regarding the above payments:

1. The contract presented for examination did not identify the cemetery where the work was to be performed.
2. An official of Main Source Bank stated in an affidavit Check Number 3777 was cashed.
3. No Internal Revenue Service (IRS) Form 1099 was issued to a "Penny Parker." Form 1099 contains addresses of contract providers.
4. We requested Barbara Ray, former Trustee, to provide us with any of the following information to assist us in locating "Penny Parker" in order for us to confirm that "Penny Parker" received the payments:

JEFFERSON TOWNSHIP, SWITZERLAND COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

- a. Current address and telephone number.
- b. Name, address, telephone number of a relative, landlord, or neighbor if current address and telephone number were not available.

Barbara Ray stated that Penny Parker had moved to California with her husband, Wayne Parker (See subsection titled "Wayne Parker"). Mrs. Ray did not provide any additional information.

- 5. Roberta Scudder and Carol Ann Sublett, Township Board Members, stated they were not familiar with a person named "Penny Parker."

James Romans

The following checks were issued to "James or Jim Romans":

<u>Date</u>	<u>Check Number</u>	<u>Amount</u>
03-08-03	3081	\$ 1,440
06-09-03	3156	480
08-29-03	3070	346
02-11-04	3248	<u>2,160</u>
Total		<u>\$ 4,426</u>

The following is additional information regarding the above payments:

- 1. Check Number 3081 that was presented for examination had correction fluid on the backside of the check. The correction fluid obscured the check endorsement. We obtained another copy of Check Number 3081 directly from the bank. The copy provided by the bank showed a second endorsement of "Barbara Ray."
- 2. Check Number 3248 had a second endorsement of "Jefferson Township." This check was not deposited in the Township's depository account. Barbara Ray did not provide an explanation as to why Check Number 3248 would have a second endorsement of "Jefferson Township."

We presented Check Number 3248 to Brandy Brewer, Customer Service Representative for First Financial Bank who processed this check. Brandy Brewer stated in an affidavit that if the endorsement on the check was "Jefferson Township" or similar wording, then she would verify that the individual was a representative of the Township prior to cashing the check.

The only other Township Officials, other than Barbara Ray, were William Ray and three Township Board Members. Mr. Ray and the three Township Board Members stated in separate affidavits that they did not cash or endorse Check Number 3248.

- 3. An official at First Financial Bank stated in an affidavit that Check Numbers 3081, 3156, and 3248 were cashed.

JEFFERSON TOWNSHIP, SWITZERLAND COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

4. The endorsement on Check Number 3070 shows this check was cashed at Shop Quick, a local merchant.
5. A contract for the year 2003 was not presented for examination.
6. No Internal Revenue Service (IRS) Form 1099 was issued to "James or Jim Romans." Form 1099 contains addresses of contract providers.
7. We requested Barbara Ray to provide us with any of the following information to assist us in locating "James or Jim Romans" in order for us to confirm that "James or Jim Romans" received the payments:
 - a. Current address and telephone number.
 - b. Name, address, telephone number of a relative, landlord, or neighbor if current address and telephone number were not available.

Mrs. Ray did not provide us with the above information.

Ryan Cranfield

The following checks were issued to "Ryan Cranfield":

<u>Date</u>	<u>Check Number</u>	<u>Amount</u>
05-16-03	3136	\$ 762
06-16-03	3159	338
07-02-03	3173	300
08-08-03	3204	<u>550</u>
Total		<u>\$ 1,950</u>

The following is additional information regarding the above payments:

1. Check Number 3204 had a second endorsement of "Jefferson Township." This check was not deposited in the Township's depository account. Barbara Ray was unable to provide an explanation as to why Check Number 3204 would have a second endorsement of "Jefferson Township."

The only other Township Officials, other than Barbara Ray, were William Ray and three Township Board Members. Mr. Ray and the three Township Board Members stated in separate affidavits that they did not cash or endorse Check Number 3204.

2. The endorsements on Check Numbers 3159, 3173, and 3204 show these checks were cashed at Shop Quick, a local merchant.
3. An official at First Financial Bank stated in an affidavit Check Number 3136 was cashed.

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EXAMINATION RESULTS AND COMMENTS
(Continued)

4. A contract for the year 2003 was not presented for examination.
5. No Internal Revenue Service (IRS) Form 1099 was issued to "Ryan Cranfield." Form 1099 contains addresses of contract providers.
6. We requested Barbara Ray to provide us with any of the following information to assist us in locating "Ryan Cranfield" in order for us to confirm that "Ryan Cranfield" received the payments:
 - a. Current address and telephone number.
 - b. Name, address, telephone number of a relative, landlord, or neighbor if current address and telephone number were not available.

Mrs. Ray did not provide us with the above information.

Michael Garvey

The following checks were issued to "Michael Garvey":

<u>Date</u>	<u>Check Number</u>	<u>Amount</u>
03-18-03	3088	\$ 1,500
06-02-03	3146	<u>360</u>
Total		<u>\$ 1,860</u>

The following is additional information regarding the above payments:

1. Check Number 3088 presented for examination was altered so that the second endorsement was obscured. We requested a copy of the check from the bank. The check copy received from the bank showed a second endorsement of "Barbara Ray."
2. No contract was presented for examination.
3. No Internal Revenue Service (IRS) Form 1099 was issued to a "Michael Garvey." Form 1099 contains addresses of contract providers.
4. An official of First Financial Bank stated in an affidavit that Check Number 3088 was cashed.

The endorsement on Check Number 3146 shows this check was cashed at Shop Quick, a local merchant.
5. We requested Michael J. Hensley, Attorney for Barbara Ray, to provide us with any of the following information to assist us in locating "Michael Garvey" in order for us to confirm that "Michael Garvey" received the payments.

JEFFERSON TOWNSHIP, SWITZERLAND COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

- a. Current address and telephone number.
- b. Name, address, telephone number of a relative, landlord, or neighbor if current address and telephone number were not available.

Mr. Hensley or Mrs. Ray did not provide us with the above information.

Shawn Ray

The following check was issued to "Shawn Ray":

<u>Date</u>	<u>Check Number</u>	<u>Amount</u>
06-18-05	3776	<u>\$ 2,700</u>

The following is additional information regarding the above payments:

1. The contract presented for examination in the amount of \$2,700 and dated June 18, 2005, was with "Shawn Rayles." However, the check returned from Main Source Bank shows "Shawn Ray" as payee. Check Number 3776 was endorsed by "Shawn Ray."
2. The duplicate for Check Number 3776, which is a carbon copy of the original Check Number 3776, should show the same payee as the original check. However, the payee's name on the duplicate Check Number 3776 was altered with black and blue ink and shows the payee as "Shawn Rayles."
3. The contract presented for examination did not identify the cemetery where the work was to be performed.
4. Tammy Hayes, Customer Service Representative for Main Source Bank, stated in an affidavit that she recollected Barbara Ray, Jefferson Township Trustee, presenting a check payable to "Shawn Ray."
5. No Internal Revenue Service (IRS) Form 1099 was issued to a "Shawn Ray." Form 1099 contains addresses of contract providers.
6. We requested Mrs. Ray to provide us with any of the following information to assist us in locating "Shawn Ray" in order for us to confirm that "Shawn Ray" received the payments:
 - a. Current address and telephone number.
 - b. Name, address, telephone number of a relative, landlord, or neighbor if current address and telephone number were not available.

Mrs. Ray did not provide us with the above information.

7. William Ray, husband of Barbara Ray, stated that he did not know "Shawn Ray."

JEFFERSON TOWNSHIP, SWITZERLAND COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

S. L. Crawford and S. L. Craford

The following checks were made payable to "S. L. Crawford" or "S. L. Craford":

<u>Payee</u>	<u>Date</u>	<u>Check Number</u>	<u>Amount</u>
S. L. Crawford	09-03-02	2954	\$ 2,150.50
S. L. Craford	05-11-04	3327	<u>642.50</u>
Total			<u>\$ 2,793.00</u>

The following is additional information regarding the above payments:

1. No contracts were presented for examination.
2. An official of First Financial Bank stated in an affidavit the checks listed in the above schedule were cashed.
3. Check Number 2954, presented for our examination, showed the check's payee as "Sam L. Crawford." The duplicate for Check Number 2954, which is a carbon copy of the original Check Number 2954, should show the same payee as the original check. However, the payee's name on the duplicate Check Number 2954 was altered with black and blue ink and shows the payee as "Sam & L. Crawford."

We requested a copy of Check Number 2954 from First Financial Bank. The check copy received from First Financial Bank showed Check Number 2954 payable to "S. L. Crawford."

4. Audrey Bosaw, Customer Service Representative for First Financial Bank, stated in an affidavit that she recalled Check Number 3327 being cashed by either Barbara Ray or by Pauline Johnson, Township Board Member. She recollected this because at the time she associated the name "S. L. Craford" with the name "Sherri L. Crawford" who she knew to be the niece of Mrs. Ray and the daughter of Mrs. Johnson.
5. Pauline Johnson, Township Board Member, stated in an affidavit she did not cash Check Number 3327 and she did not endorse Check Number 3327.
6. Sherri L. Crawford stated in an interview that she did not perform any cemetery work for Jefferson Township and did cash or receive the proceeds from the checks listed in the above schedule.
7. No Internal Revenue Service (IRS) Form 1099 was issued to "S. L. Crawford" or "S. L. Craford." Form 1099 contains addresses of contract providers.
8. We requested Barbara Ray, to provide us with any of the following information to assist us in locating "S. L. Crawford" in order for us to confirm that "S. L. Crawford" received the payments.

JEFFERSON TOWNSHIP, SWITZERLAND COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

- a. Current address and telephone number.
- b. Name, address, telephone number of a relative, landlord, or neighbor if current address and telephone number were not available.

Mrs. Ray did not provide us with the above information.

R. J. Rawford

The following checks were issued to "R. J. Rawford":

<u>Date</u>	<u>Check Number</u>	<u>Amount</u>
04-28-03	3116	\$ 936
05-01-03	3124	425
08-27-03	3068	<u>346</u>
Total		<u>\$ 1,707</u>

The following is additional information regarding the above payments:

1. Check Number 3124 presented for our examination had an endorsement similar to payee name (R. J. Rawford) on the check. However, the endorsement had been altered. We obtained a copy of Check Number 3124 directly from the bank and the second endorsement showed a signature "R. A. Crawford."
2. An official of First Financial Bank stated in an affidavit that Check Numbers 3116 and 3124 were cashed.
3. The endorsement on Check Number 3068 shows the check was cashed at Shop Quick, a local merchant.
4. A contract for the year 2003 was not presented for examination.
5. No Internal Revenue Service (IRS) Form 1099 was issued to "R. A. or R. J. Rawford." Form 1099 contains addresses of contract providers.
6. We requested Barbara Ray, to provide us with any of the following information to assist us in locating "R. A. or R. J. Rawford" in order for us to confirm that "R. A. or R. J. Rawford" received the payments.
 - a. Current address and telephone number.
 - b. Name, address, telephone number of a relative, landlord, or neighbor if current address and telephone number were not available.

Mrs. Ray did not provide us with the above information.

7. Roberta Scudder and Carol Ann Sublett, Township Board Members, stated they were not familiar with a person named "R. A. or R. J. Rawford."

JEFFERSON TOWNSHIP, SWITZERLAND COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

Other Payees

The following checks were issued to other payees that we have been unable to locate:

<u>Payee</u>	<u>Date</u>	<u>Check Number</u>	<u>Amount</u>
Harvey Johnson	03-01-02	3072	\$ 980
James Lawrence	04-25-02	2888	2,000
Chris Stevens	06-27-02	2920	1,960
Nelson Bates	10-03-02	2980	<u>1,760</u>
 Total			 <u>\$ 6,700</u>

The following is additional information regarding the above payments:

1. An official of First Financial Bank stated in an affidavit that Check Numbers 3072, 2888, 2920, and 2980 were cashed.
2. Contracts for the above payments were not presented for our examination.
3. No Internal Revenue Service (IRS) Form 1099 was issued to the above payees. Form 1099 contains addresses of contract providers.
4. We requested Michael J. Hensley, Attorney for Barbara Ray, to provide us with any of the following information to assist us in confirming payments made to the above payees:
 - a. Current address and telephone number.
 - b. Name, address, telephone number of a relative, landlord, or neighbor if current address and telephone number were not available.

Mr. Hensley or Mrs. Ray did not provide us with the above information.

5. Roberta Scudder and Carol Ann Sublett, Township Board Members, stated in an interview they were not familiar with the names listed in the above schedule.

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for examination to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

Funds misappropriated, diverted or unaccounted for through malfeasance, misfeasance, or non-feasance in office of any officer or employee may be the personal obligation of the responsible officer or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

The following is a summary of cemetery payments that were either not supported by a contract; the contract was not authentic; the payment was not received by the payee shown on the check:

JEFFERSON TOWNSHIP, SWITZERLAND COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

Payee	Amount
Paul Ray	\$ 8,400
Eric Ray	4,372
William/Doug Ray	5,360
William Gulley	1,225
William Gullion	3,954
Sandy Guillion	5,795
Township Assistance Recipient Number 1	1,864
William/Bill Minch	1,746
Joey Wainscott	960
Scott Hunter	8,453
Wayne Parker	7,800
Penny Parker	2,590
James Romans	4,426
Ryan Cranfield	1,950
Michael Garvey	1,860
Shawn Ray	2,700
S. L. Crawford and S. L. Craford	2,793
R. J. Rawford	1,707
Other Payees	6,700
Total	\$ 74,655

On October 26, 2006, we requested Barbara Ray to refund \$74,655 to Jefferson Township. (See Summary, page 45)

PAYMENT TO "BARBARA PAYTON"

The following check presented for our examination showed "Barbara Payton" as the payee:

Date	Check Number	Amount
01-17-05	3665	\$ 420

The following is information regarding the above payment:

1. The endorsement on Check Number 3665 presented had the name "Barbara Payton"; however, the endorsement had been altered.

We requested a copy of Check Number 3665 from First Financial Bank. The check copy provided by First Financial Bank showed "Barbara Ray" as the payee and "Barbara Ray" as endorsing the check.

JEFFERSON TOWNSHIP, SWITZERLAND COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

2. The endorsement on the back of check shows that Check Number 3665 was cashed at Shop Quick, a local merchant.
3. There was no supporting documentation such as an invoice presented for our examination.
4. The duplicate check copy for Check Number 3665 showed the payee as "Barbara Payton"; however, the payee name had been altered.

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for examination to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

Funds misappropriated, diverted or unaccounted for through malfeasance, misfeasance, or non-feasance in office of any officer or employee may be the personal obligation of the responsible officer or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

On October 24, 2006, we requested Barbara Ray to refund \$420 to Jefferson Township. (See Summary, page 45)

PAYMENT TO SHOP QUICK

The following check was issued to "Shop Quick":

<u>Date</u>	<u>Check Number</u>	<u>Amount</u>
11-12-05	3857	<u>\$ 550</u>

The following is information regarding the above payment:

1. Check Number 3857 presented for our examination shows on the memorandum line of the check that the check was for "Barbara Ray." A copy of Check Number 3857 obtained from Main Source Bank did not show "Barbara Ray" on the memorandum line of the check.
2. The endorsement on the back of check shows that Check Number 3857 was cashed at Shop Quick, a local merchant.
3. There was no supporting documentation such as an invoice presented for our examination showing the purpose of the expenditure.

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for examination to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

JEFFERSON TOWNSHIP, SWITZERLAND COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

Funds misappropriated, diverted or unaccounted for through malfeasance, misfeasance, or non-feasance in office of any officer or employee may be the personal obligation of the responsible officer or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

On October 24, 2006, we requested Barbara Ray to refund \$550 to Jefferson Township. (See Summary, page 45)

TOWNSHIP ASSISTANCE PAYMENTS

Our examination showed that the name of the Township Assistance recipient appeared on the memorandum line of Township Assistance checks. The following are checks cashed by local merchants that showed names on the memorandum line of the check:

<u>Payee</u>	<u>Date</u>	<u>Check Number</u>	<u>Amount</u>
Talberts	02-05-04	3242	\$ 200
Shop Quick	02-25-04	3262	170
Shell	10-06-05	3825	480
River Valley Express	11-10-05	3852	<u>250</u>
Total			<u>\$ 1,100</u>

The following is information regarding the above payments:

1. The entry on the memo lines of Check Numbers 3825 and 3852 presented for examination appeared to be altered. We requested copies of the original checks from Main Source Bank. The check copies received from the Main Source Bank do not have any names on the check's memorandum line.
2. Check Numbers 3262, 3825, and 3852 show they were cashed by the respective local merchants.
3. There was no supporting documentation such as an invoice or a Township Assistance Purchase Order (Form TA-2) presented for our examination showing the purpose of the above payments.
4. There were no Applications for Township Assistance (Form TA-1) presented for examination for the recipients named on the check.

Indiana Code 12-20-6-1(a) states: "A township trustee may not extend aid to an individual or a household unless an application and affidavit setting forth the personal condition of the individual or household has been filed with the trustee within one hundred eighty (180) days before the date aid is extended."

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for examination to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

JEFFERSON TOWNSHIP, SWITZERLAND COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

Funds misappropriated, diverted or unaccounted for through malfeasance, misfeasance, or nonfeasance in office of any officer or employee may be the personal obligation of the responsible officer or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

On October 24, 2006, we requested Barbara Ray to refund \$1,100 to Jefferson Township. (See Summary, page 45)

CHECKS FOR SUPPLIES

The following checks were issued to Barbara Ray, former Trustee:

<u>Date</u>	<u>Check Number</u>	<u>Amount</u>
11-02-04	3622	\$ 111.62
09-18-05	3816	<u>331.20</u>
Total		<u>\$ 442.82</u>

The following is information regarding the above payments:

1. The memo line on each of the above checks shows the payments were for "supplies."
2. There was no supporting documentation such as an invoice presented for our examination itemizing the supplies purchased.
3. The endorsements on the back of the above checks show they were cashed at Shop Quick, a local merchant.

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for examination to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

Funds misappropriated, diverted or unaccounted for through malfeasance, misfeasance, or nonfeasance in office of any officer or employee may be the personal obligation of the responsible officer or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

On October 24, 2006, we requested Barbara Ray to refund \$442.82 to Jefferson Township. (See Summary, page 45)

JEFFERSON TOWNSHIP, SWITZERLAND COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

SALARY OVERPAYMENT - BOOKKEEPER

Betty Lucas, Bookkeeper, was paid \$502 in 2004 in excess of the amount approved by the Township Board as shown in the following schedule:

	2004
Approved by Township Board	\$ 6,024
Total Paid	6,526
Salary Overpayment	\$ 502

Each governmental unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

Upon our request, Betty Lucas refunded \$502 to Jefferson Township on December 31, 2005. (See Summary, page 45)

SALARY OVERPAYMENT – TOWNSHIP BOARD MEMBER

Pauline Johnson, Township Board Member, was paid \$254 in 2004 in excess of the amount approved by the Township Board as shown in the following schedule:

	2004
Approved by Township Board	\$ 1,188
Total Paid	1,442
Salary Overpayment	\$ 254

Each governmental unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

Upon our request, Pauline Johnson refunded \$254 to Jefferson Township on December 30, 2005. (See Summary, page 45)

EXAMINATION COSTS - MISSING FUNDS

Jefferson Township incurred additional examination costs in the amount of \$7,911 in the investigation of missing funds.

Costs incurred because of theft or shortage may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

On October 24, 2006, we requested Barbara Ray to refund \$7,911 to Jefferson Township. (See Summary, page 45)

JEFFERSON TOWNSHIP, SWITZERLAND COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

CONFLICT OF INTEREST

Checks were issue to William Doug Ray, spouse of Barbara Ray, former Trustee, as Deputy Trustee and for cemetery care. Uniform Conflict of Interest Disclosure Statements were not presented for examination and were not filed with the Switzerland County Clerk of the Circuit Court.

Indiana Code 35-44-1-3 states in part:

"(a) A public servant who knowingly or intentionally: (1) has a pecuniary interest in; or (2) derives a profit from; a contract or purchase connected with an action by the governmental entity served by the public servant commits conflict of interest, a Class D felony. . . ."

"(c) This section does not prohibit a public servant from having a pecuniary interest in or deriving a profit from a contract or purchase connected with the governmental entity served . . . (3) if the public servant; (A) is an elected public servant . . . and (B) makes a disclosure under subsection (d)(1) through (d)(6). . . ."

"(d) A disclosure required by this section must: (1) be in writing; (2) describe the contract or purchase to be made by the governmental entity; (3) describe the pecuniary interest that the public servant has in the contract or purchase; (4) be affirmed under penalty of perjury; (5) be submitted to the governmental entity and be accepted by the governmental entity in a public meeting of the governmental entity prior to final action on the contract or purchase; (6) be filed within fifteen (15) days after final action on the contract or purchase with: (A) the state board of accounts; and (B) . . . the clerk of the circuit court in the county where the governmental entity takes final action on the contract or purchase . . ."

"(g) A public servant has a pecuniary interest in a contract or purchase if the contract or purchase will result or is intended to result in an ascertainable increase in the income or net worth of: (1) the public servant; or (2) a dependent of the public servant who: (A) is under the direct or indirect administrative control of the public servant; or (B) receives a contract or purchase order that is reviewed, approved, or directly or indirectly administered by the public servant."

"(k) As used in this section, 'dependent' means any of the following: (1) The spouse of a public servant. . . ."

RETENTION OF PUBLIC RECORDS

The following is a summary of public records not presented for examination:

1. Cemetery contracts applicable for the period January 1, 2002 to December 31, 2005.
2. Township Assistance Purchase Order (Form TA-2) and Township Application for Assistance (Form TA-1) for the period January 1, 2002 to April 11, 2004, in relation to rent payments.

Barbara Ray, former Trustee, stated that the missing records may have been obtained by the Indiana State Police on May 18, 2004, in connection with their investigation of Township Assistance payments to a local grocery store.

However, the listing of records taken by the Indiana State Police (ISP) on May 18, 2004, did not list any cemetery contracts and did not list any township purchase orders and township assistance applications for assistance in relation to rent payments.

JEFFERSON TOWNSHIP, SWITZERLAND COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

The ISP in the Supplement Case Report inquired as to why there were not many Township Assistance applications on file. According to the report, Mrs. Ray's response was that: "She throws them away after a certain period of time."

Indiana Code 5-15-6-3(f) concerning destruction of public records, states in part: "Original records may be disposed of only with the approval of the commission according to guidelines established by the commission."

Barbara Ray filed a Notice of Destruction of Public Records for records dated from January 1, 1990 to December 31, 1998, and received approval to destroy these records on July 25, 2001. However, no Notice of Destruction of Public Records was on file covering records dated after 1998.

Indiana Code 5-15-6-8 states:

"A public official or other person who recklessly, knowingly, or intentionally destroys or damages any public record commits a Class D felony unless:

- (1) the commission shall have given its approval in writing that the public records may be destroyed;
- (2) the commission shall have entered its approval for destruction of the public records on its own minutes; or
- (3) authority for destruction of the records is granted by an approved retention schedule established under this chapter."

MINUTES OF TOWNSHIP BOARD

Township Board Members stated the Township Board allowed Barbara Ray, former Trustee, to record the minutes and to maintain the minute book in her possession between Township Board meetings.

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 chairman of the legislative body shall retain the record in his custody."

OFFICIAL BOND

Barbara Ray, former Trustee, has official bonds with the State Farm Fire and Casualty Company, as surety. The bonds were in the amount of \$15,000 each for the following terms:

1. January 1, 1999 to December 31, 2002
2. January 1, 2003 to December 31, 2006

JEFFERSON TOWNSHIP, SWITZERLAND COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

CONDITION OF RECORDS

We found the following deficiencies with the Township financial records:

1. The Financial and Appropriation Record (Form 1C) is the prescribed form used to record receipts, disbursements, cash balances of individual funds, and to monitor compliance with appropriations approved by the Township Board. However, Form 1C was not posted on a current basis, but was posted every six months.
2. Reconcilements of record balances to depository balances were not performed on current basis due to the practice of the Township to post their Financial and Appropriation Record every six months.

According to Betty Lucas, Bookkeeper, Barbara Ray, former Trustee, did not submit financial information (duplicate checks, deposit information and bank statements) to her timely so the records could be posted and reconciled on a timely basis.

All documents and entries to records should be done in a timely manner to ensure that accurate financial information is available to allow the governmental unit to make informed management decisions and to help ensure compliance with IC 5-15-1-1 et seq., commonly referred to as the Public Records Law. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

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 should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

OVERDRAWN APPROPRIATIONS

The records presented for examination indicated the following expenditures in excess of budgeted appropriations:

<u>Fund</u>	<u>Year 2004</u>	<u>Year 2005</u>
Township General	\$ 2,874	\$ 45,478
Township Assistance	1,753	-

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."

JEFFERSON TOWNSHIP, SWITZERLAND COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

OVERDRAWN CASH BALANCES

The cash and investment balance of the General Fund was overdrawn in the amount of \$38,775 at March 16, 2006.

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 governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

PAYROLL TAXES NOT REMITTED

Quarterly federal and state tax returns were not filed for the 2nd, 3rd or 4th quarters of 2005 and for the 1st quarter of 2006. As a result, payroll taxes for these quarters were not remitted. Since these quarterly reports have not been filed and payroll taxes have not been remitted, the Township could be assessed penalties and interest.

According to Betty Lucas, Bookkeeper, Barbara Ray, former Trustee, did not submit payroll information (canceled and duplicate payroll checks) to her timely so these returns could be filed and payroll taxes could be remitted.

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. 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 governmental unit. Any penalties, interest or other charges paid by the governmental unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

FIREFIGHTING CONTRACTS

We found the following deficiencies regarding payments for fire protection:

1. A payment in the amount of \$1,000.00 in 2004 to East Enterprise Volunteer Fire Department was not substantiated by a contract or other supporting documentation.
2. The 2005 contract for the Jefferson Craig Volunteer Fire Department, stipulated that Jefferson Township was to pay for the cost of insurance up to a maximum of \$7,183.40. However, the Township paid \$8,427.20 for the insurance coverage. No amendment to the contract was presented for examination.

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for audit to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

Payments made or received for contractual services should be supported by a written contract. Each governmental unit is responsible for complying with the provisions of its contracts. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

JEFFERSON TOWNSHIP, SWITZERLAND COUNTY
EXIT CONFERENCE

The contents of this report were discussed on October 24, 2006, with Barbara Ray, former Trustee; and Michael J. Hensley, Attorney. The official response has been made a part of this report and may be found on page 44.

The contents of this report were discussed on October 24, 2006, with Roberta Scudder, former Township Board Member and current Trustee.

The contents of this report were discussed on October 26, 2006, in separate conferences, with Carol Ann Sublett, Chairman of the Township Board; and with Pauline Johnson, Township Board Member.

KEMPER, COLLINS & HENSLEY

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RETIRED

January 29, 2007

Paul D. Joyce, CPA
Deputy State Examiner
302 W. Washington Street
Room E418
Indianapolis, IN 46204

Re: Barbara Ray
66 Campbell Road
Vevay, IN 47043

Dear Mr. Joyce:

My client, Barbara Ray denies that she is indebted to the public treasury in the amount set out in the Notice of Result of Examination dated January 17, 2007.

Yours truly,
KEMPER, COLLINS & HENSLEY



Michael J. Hensley

MJH:db

JEFFERSON TOWNSHIP, SWITZERLAND COUNTY
SUMMARY

	<u>Charges</u>	<u>Credits</u>	<u>Balance Due</u>
Barbara Ray, former Trustee:			
Excess Salary Payments - Township Trustee, page 6	\$ 11,214.00	\$ -	\$ 11,214.00
Excess Salary Payments - Deputy Trustee, pages 6 and 7	6,760.60	-	6,760.60
Excess Rent Payments, page 7 and 8	10,563.75	-	10,563.75
Other Payments to Barbara Ray, pages 8 and 9 Paid March 8, 2006	26,346.00	10,000.00	16,346.00
Deputy Trustee Position, pages 9 through 11	32,458.46	-	32,458.46
Rent Payments to Landlords, pages 11 through 15	18,418.50	-	18,418.50
Cemetery Care Payments, pages 16 through 34	74,655.00	-	74,655.00
Payment to "Barbara Payton," pages 34 and 35	420.00	-	420.00
Payment to Shop Quick, pages 35 and 36	550.00	-	550.00
Township Assistance Payments, pages 36 and 37	1,100.00	-	1,100.00
Checks for Supplies, page 37	442.82	-	442.82
Examination Costs - Missing Funds, page 38	<u>7,911.00</u>	-	<u>7,911.00</u>
 Total - Barbara Ray	 <u>190,840.13</u>	 <u>10,000.00</u>	 <u>180,840.13</u>
 Betty Lucas, Bookkeeper:			
Salary Overpayment - Bookkeeper, page 38 Paid December 31, 2005	502.00	502.00	-
 Total - Betty Lucas	 <u>502.00</u>	 <u>502.00</u>	 <u>-</u>
 Pauline Johnson, Township Board Member:			
Salary Overpayment - Township Board Member, page 38 Paid December 31, 2005	254.00	254.00	-
 Total - Pauline Johnson	 <u>254.00</u>	 <u>254.00</u>	 <u>-</u>
 Totals	 <u>\$ 191,596.13</u>	 <u>\$ 10,756.00</u>	 <u>\$ 180,840.13</u>

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AFFIDAVIT

STATE OF INDIANA)

Jefferson COUNTY)

We, K. Stephen Illingworth and Ronald L. Robertson, Field Examiners, being duly sworn on our oaths, state that the foregoing report based on the official records of Jefferson Township, Switzerland County, Indiana, for the period from January 1, 2004 to March 16, 2006, is true and correct to the best of our knowledge and belief.

K. Stephen Illingworth

Ronald L. Robertson
Field Examiners

Subscribed and sworn to before me this 24 day of January, 2007

Kim Smith
Clerk of the Circuit Court