



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

B44581

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

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

December 10, 2014

TO: THE OFFICIALS OF RAY TOWNSHIP, FRANKLIN COUNTY, INDIANA

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of Ray Township (Township), for the period of January 1, 2010 to December 31, 2013, to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts.

Our procedures were designed solely to satisfy the requirements of Indiana Code 5-11-1. Because our procedures were not designed to opine on the Township's financial statements, we did not follow *generally accepted auditing standards*. Accordingly, we do not express an opinion on any basic financial statement of the Township.

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

The Township's Annual Financial Reports filed for years prior to 2011 can be found on the Indiana Transparency Portal website: www.in.gov/itp/annual_reports/. For years 2011 and later, the Annual Financial Reports filed by the Township can be found on the Gateway website: <https://gateway.ifionline.org/>.

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

Unresolved Comments From Prior Report

- *The Trustee's Surety Bond was insufficient per the Indiana Code. The bond was for \$5,000, not the required \$30,000.*
- *The records presented for review indicated the following disbursements in excess of budgeted appropriations:*

<u>Years</u>	<u>Fund</u>	<u>Excess Amount Disbursed</u>
2010	Township	\$ 516
2011	Fire Fighting	10,402
2012	Township	206
2012	Township Assistance	10,943
2012	Fire Fighting	10,000

- *Depository reconciliations of the fund balances to the bank account balances were not completed for 2010, 2011, 2012, and 2013. The ledgers contained many errors including many deposits which were recorded in the Total Funds columns but were not recorded in any specific fund, disbursements were not always recorded in the ledger, the ledger receipts and disbursements were not totaled by year, and the Levy Excess fund was omitted from the ledger.*

Current Period Comments


- *The financial institution did not return the actual cancelled checks with the monthly bank statements, but instead returned only an optical image of the front side of the checks. The back side or endorsement side of the checks was not returned.*
- *The Annual Financial Reports filed on Gateway for 2011, 2012, and 2013 contained a number of errors and did not properly reflect the financial activity of the Township. The ledger also did not properly reflect the activity of the Township and was recalculated using beginning balances from the prior report, bank statements, cleared checks, deposit slips, and tax distribution information from the County Auditor.*

<u>Years</u>	<u>Fund</u>	<u>Category</u>	<u>Amount Per Gateway</u>	<u>Amount Per Township Ledger</u>	<u>Difference</u>
2011	Township	Beginning Balance	\$ 355,201.09	\$ 299,540.81	\$ 55,660.28
2011	Township Assistance	Beginning Balance	35,002.91	47,651.28	(12,648.37)
2011	Fire Fighting	Beginning Balance	24,451.26	31,712.78	(7,261.52)
2011	Township	Receipts	38,858.87	38,922.55	(63.68)
2011	Fire Fighting	Receipts	5,375.88	5,312.20	63.68
2011	Township	Disbursements	15,190.13	13,723.75	1,466.38
2011	Fire Fighting	Disbursements	10,000.00	15,000.00	(5,000.00)
2011	Township	Ending Balance	378,869.83	324,739.61	54,130.22
2011	Township Assistance	Ending Balance	30,526.80	43,175.17	(12,648.37)
2011	Fire Fighting	Ending Balance	19,827.14	22,024.98	(2,197.84)
2012	Township	Beginning Balance	378,869.83	324,739.61	54,130.22
2012	Township Assistance	Beginning Balance	30,526.80	43,175.17	(12,648.37)
2012	Fire Fighting	Beginning Balance	19,827.14	22,024.98	(2,197.84)
2012	Township	Receipts	44,565.01	45,457.92	(892.91)
2012	Fire Fighting	Receipts	5,469.95	5,505.89	(35.94)
2012	Township	Disbursements	15,978.30	15,800.08	178.22
2012	Township Assistance	Disbursements	10,875.94	10,942.94	(67.00)
2012	Township	Ending Balance	407,456.54	354,397.45	53,059.09
2012	Township Assistance	Ending Balance	24,113.77	36,695.14	(12,581.37)
2012	Fire Fighting	Ending Balance	15,297.09	17,530.87	(2,233.78)
2013	Township	Beginning Balance	407,456.54	354,397.45	53,059.09
2013	Township Assistance	Beginning Balance	24,113.77	36,695.14	(12,581.37)
2013	Fire Fighting	Beginning Balance	15,297.09	17,530.87	(2,233.78)
2013	Township	Receipts	38,421.19	33,199.90	5,221.29
2013	Township Assistance	Receipts	1,940.00	-	1,940.00
2013	Fire Fighting	Receipts	15,331.36	11,040.52	4,290.84
2013	Township	Disbursements	15,675.38	14,784.31	891.07
2013	Township	Ending Balance	430,202.35	372,813.04	57,389.31
2013	Township Assistance	Ending Balance	21,578.11	32,219.51	(10,641.40)
2013	Fire Fighting	Ending Balance	20,628.45	18,571.39	2,057.06

- *Receipts were not properly posted to the Township ledger. CAGIT distributions and Certificate of Deposit interest were posted to the Total All Funds control columns in the ledger but were not posted to any fund for most of the review period. During the year 2013 a portion of the monthly CAGIT was posted to the Fire Fighting fund but the remainder was not posted to any fund. Beginning in June of 2013, interest from the Certificate of Deposit was properly posted.*
- *The Township did not adopt a resolution establishing salaries of Township officers and employees for 2010, 2011, 2012, and 2013.*
- *Because the Township did not adopt a salary resolution, we could not verify if Township employees and Board members were paid in accordance with the resolution. For 2012, however, a detailed budget was presented which included compensation. For 2012, the Trustee was paid \$18 in excess of the budgeted amount; the Clerk was paid \$106 in excess of the budgeted amount. Detailed budgets were not presented for any other years.*
- *The Township paid office rent to the Trustee for 2010, 2011, 2012, and 2013. The entire amount of annual rent was paid by June 2010, March 2011, September 2012, and October 2013 which was six months, nine months, three months, and two months, respectively, in advance of the actual date the services were provided.*
- *The Clerk was paid \$100 in 2010 for tech support/annual report without the Township withholding payroll taxes.*
- *The wages reported on the W-2 issued for 2010 did not agree with the actual amount paid to the Clerk. The Clerk was paid \$100 for tech support/annual report which was not included in reported W-2 wages.*
- *Payments for fire protection were made in December of the year preceding the contract dates for 2010, 2011, 2012, and 2013. Payments for EMS were paid in December of the preceding year for 2010, 2012, and 2013 and were paid in January 2011 for 2011. The contracts did not specify due dates.*
- *The 2013 Certified Report of Names, Addresses, Duties and Compensation of Public Employees (Form 100-R or its equivalent) was incomplete. The report did not include the salary for the Trustee.*
- *Township Assistance Standards were not established in accordance with Indiana Code 12-20-5.5-1.*
- *The Township did not have a Nepotism Policy for 2012 or 2013.*
- *Each elected officer did not certify in writing that the officer had not violated Indiana Code 36-1-20.2 (Nepotism) by December 31, 2012 and 2013.*
- *The Township did not have a Contracting Policy for 2012 or 2013.*
- *Each elected officer did not certify in writing that the officer had not violated Indiana Code 36-1-21 (Contracting With a Unit) by December 31, 2012 and 2013.*
- *The Township did not timely file a Certified Report of Names, Addresses, Duties and Compensation of Public Employees (Form 100-R or its equivalent) with the Indiana State Board of Accounts for 2011. The report was filed on February 27, 2012, which was 27 days past the due date.*

This letter is intended for the information and use of the governing body and management of the Township. This restriction is not intended to limit the distribution of this letter, which is a matter of public record.

The contents of this letter were discussed on May 28, 2014, with Sue Waechter, Trustee.


Paul D. Joyce, CPA
State Examiner