



STATE OF INDIANA
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B44851

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

February 27, 2015

TO: THE OFFICIALS OF SHELBY TOWNSHIP, RIPLEY COUNTY, INDIANA

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of Shelby 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 Comment From Prior Report

- *The Township paid the Trustee and Township Clerk in advance of the actual date the services were provided. Salary payments to the Trustee and Township Clerk were made on the first day of every month.*

Current Period Comments

- *The Annual Financial Report filed on Gateway for 2011 contained a number of errors and did not properly reflect the financial activity of the Township.*


<u>Year</u>	<u>Fund</u>	<u>Category</u>	<u>Amount Per Gateway</u>	<u>Amount Per Ledger</u>	<u>Difference</u>
2011	Township	Beginning Balance	\$ 39,422.92	\$ 40,272.12	\$ (849.20)
2011	Township	Ending Balance	37,667.56	38,516.76	(849.20)

- *Financial and Appropriation Ledgers (Ledger) for the years 2012 and 2013 were not presented for review. The Ledger is used to record of receipts, disbursements, and cash balances by fund and to document compliance with approved budgets. As a result of not having these Ledgers, we were unable to verify the accuracy of the reporting of financial activity and cash and investment balances on the Township's 2012 and 2013 Annual Reports.*
- *The Trustee did present bank account reconciliations for the months January 2010 through April 2012. Because no Ledger for the year 2012 was presented for review, bank account reconciliations for January 2012 through April 2012 could not be verified.*
- *The Trustee did not present monthly bank account reconciliations for the period May 2012 through December 2013.*
- *Beginning in June 2013, the financial institution did not return the actual cancelled checks with the monthly bank statements, but instead returned an optical image of the front side and back side of the checks.*
- *County tax distributions received were not deposited by the first and fifteenth of each month and were from 11 days to 474 days past the required date of deposit.*
- *The Township did not have the required meeting to organize and elect its Chairman and Secretary in accordance with Indiana Code 36-6-6-9 for 2010, 2011, 2012, and 2013.*
- *The Annual Report was not published in accordance with Indiana Code 36-6-4-13 for 2010, 2011, 2012, and 2013.*
- *Payroll taxes withheld for 2012 and 2013 were not properly remitted to the IRS. For 2012, the 3rd quarter taxes were paid after the due date. For 2013, the 1st and 2nd quarters were paid after the due date and the 3rd and 4th quarter taxes were not remitted.*
- *W-2s for 2012 for the wages paid to the Township employees were not presented for review.*
- *Township Assistance Purchase Order (Form TA-2) was not being used for the assistance payments. The Form TA-2 is used to provide supporting documentation and certifications by the applicant, vendor and Trustee.*
- *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 December 31, 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 December 31, 2013.*
- *The Annual Reports for 2010 and 2012 were not filed electronically until June 30, 2011, and June 29, 2013, respectively, which was 121 and 120 days past the due dates.*
- *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 2010, 2011, 2012, and 2013. The reports were filed on July 18, 2011, July 12, 2012, August 7, 2013, and February 26, 2014, which were 168, 162, 188, and 26 past the due date, respectively.*

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 January 7, 2015, with Stacey Schmaltz, former Trustee, and Phillip Morgan, Trustee.


Paul D. Joyce, CPA
State Examiner