



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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

November 2, 2023

TO: THE OFFICIALS OF CLINTON TOWNSHIP, VERMILLION COUNTY, INDIANA

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of Clinton Township (Township), Vermillion County, for the period of January 1, 2019 to December 31, 2022, to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts.

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

The Township's Annual Financial Reports filed by management can be found on the Gateway Website: www.gateway.ifionline.org.

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

Comments

COMPENSATION AND BENEFITS

A similar comment appeared in a Management Letter addressed to the Officials of the Township for the review period ending December 31, 2018.

Condition and Context

The Township approved an Annual Salary Resolution (Resolution) for 2019, 2020, 2021, and 2022 that did not outline all positions paid by the Township. Therefore, audit evidence of salaries being paid in accordance with the approved salary resolution could not be consistently obtained, as exemplified for year 2022:

- The Township Resolution did not contain the following two salaries: the Payroll Clerk, paid \$21,001, and Hourly Clerical Help, paid \$4,860.
- The Black Diamond Fire Department portion of the Resolution did not list the three full time base salaries. The Fire Chief was paid \$38,875, one full time relief paid driver was paid \$34,427, and the other full time relief paid driver was paid \$30,688. In addition, the rates approved for both full time drivers and relief paid drivers were not detailed; therefore, the time frame in which the \$250 rate applied, hour, day, or shift, could not be determined. The relief paid drivers were not consistently paid as they were paid rates of \$188, \$250, and \$313.

- Compensation for cemetery staff was paid for a rate higher than approved as employees were paid \$20 per hour rather than the approved \$15 per hour.

Criteria

Indiana Code 36-6-6-10 states:

"(a) This section does not apply to the appropriation of money to pay a deputy or an employee of a township assessor with assessment duties or to an elected township assessor.

(b) As used in this section, 'compensation' means the total of all money paid to an elected township officer for performing duties as a township officer, regardless of the source of funds from which the money is paid. The term includes all employee benefits paid to an elected township officer, including life insurance, health insurance, disability insurance, retirement benefits, and pension benefits. For purposes of determining an increase or decrease in compensation of an elected township officer, the term does not include any of the following:

(1) Payment of an insurance premium.

(2) Payments in recognition of:

(A) longevity;

(B) professional certifications; or

(C) educational advancements;

that are separately identified on a salary ordinance or resolution.

(3) Payment of a stipend or per diem allowed by statute.

(c) The township legislative body shall fix the compensation of all officers and employees of the township. Compensation shall be established using an annual, monthly, or biweekly salary schedule. An elected township officer is not required to report hours worked and may not be compensated based on the number of hours worked.

(d) Subject to subsection (e), the township legislative body may reduce the salary of an elected or appointed official. However, except as provided in subsection (i), the official is entitled to a salary that is not less than the salary fixed for the first year of the term of office that immediately preceded the current term of office.

(e) Except as provided in subsection (i), the township legislative body may not alter the salaries of elected or appointed officers during the fiscal year for which they are fixed, but it may add or eliminate any other position and change the salary of any other employee, if the necessary funds and appropriations are available.

(f) If a change in the mileage allowance paid to state officers and employees is established by July 1 of any year, that change shall be included in the compensation fixed for the township executive and assessor under this section, to take effect January 1 of the next year. However, the township legislative body may by ordinance provide for the change in the sum per mile to take effect before January 1 of the next year.

(g) The township legislative body may not reduce the salary of the township executive without the consent of the township executive during the term of office of the township executive as set forth in [IC 36-6-4-2](#).

(h) This subsection applies when a township executive dies or resigns from office. The person filling the vacancy of the township executive shall receive at least the same salary the previous township executive received for the remainder of the unexpired term of office of the township executive (as set forth in [IC 36-6-4-2](#)), unless the person consents to a reduction in salary.

(i) In a year in which there is not an election of members to the township legislative body, the township legislative body may vote to reduce the salaries of the members of the township legislative body by any amount."

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, resolution, or salary schedule adopted by the governing body unless otherwise authorized by law. Compensation must be paid in a manner that will facilitate compliance with state and federal reporting requirements. Each unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

Township Form No. 17 (Revised 2020) has been prescribed to fulfill the requirements of the law. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 3)

APPROPRIATIONS

Condition and Context

Total appropriations exceeded the budgeted amount for the Fire Fund in 2020 and 2022, as well as the Rainy Day Fund in 2020:

<u>Total Appropriations</u>	<u>Budgeted</u>	<u>2020 Actual</u>	<u>Difference</u>
Fire	\$ 180,355	\$ 195,054	\$ (14,699)
Rainy Day	-	50,000	(50,000)

<u>Total Appropriations</u>	<u>Budgeted</u>	<u>2022 Actual</u>	<u>Difference</u>
Fire	\$ 175,500	\$ 217,656	\$ (42,156)

In addition, within the Fire Fund, the total personal services fund item exceeded the budgeted amount in 2020 and 2022 with no record of a resolution showing the transfer of money between major fund items.

<u>Total Personal Services</u>	<u>Budgeted</u>	<u>2020 Actual</u>	<u>Difference</u>
Fire	\$ 104,000	\$ 118,692	\$ (14,692)

<u>Total Personal Services</u>	<u>Budgeted</u>	<u>2022 Actual</u>	<u>Difference</u>
Fire	\$ 104,000	\$ 119,880	\$ (15,880)

Criteria

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."

Indiana Code 6-1.1-18-6 states:

"(a) The proper officers of a political subdivision may transfer money from one major budget classification to another within a department or office if:

- (1) they determine that the transfer is necessary;
- (2) the transfer does not require the expenditure of more money than the total amount set out in the budget as finally determined under this article; and
- (3) the transfer is made at a regular public meeting and by proper ordinance or resolution.

(b) A transfer may be made under this section without notice and without the approval of the department of local government finance."

FUND SOURCES AND USE

Condition and Context

The Township used Township funds to purchase gift cards and food for Township employees for the 2019-2022 audit period in the amounts of \$2,883 and \$2,209, respectively.

Criteria

Sources and uses of funds must be limited to those authorized by the enabling law, ordinance/ resolution, or grant agreement. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

PURCHASING BONUSES

Condition and Context

The Township received a total of \$521 in cash back bonuses during the engagement period that were not properly receipted back into Township funds.

Criteria

Any compensation, premium, bonus, or product earned as a result of the purchase of goods or services by the unit becomes the property of the unit. Any amounts received by an official or employee may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

LOAN BETWEEN FUNDS

A similar comment also appeared in prior Report B56058, entitled *LOANS BETWEEN FUNDS*.

Condition and Context

The following temporary loan was made in 2012, and had not been repaid as of December 31, 2022:

- \$24,000 from the Cumulative Fire Fund to the Fire Fund.

Upon review of the engagement period, January 1, 2019 to December 31, 2022, the Township passed a partial repayment resolution in December of 2020 for 2021; however, auditable evidence of the Township following the resolution for the entirety of 2021 was not presented for review. The Indiana State Board of Accounts was able to determine \$8,000 of monthly repayments were made per the resolution to the Cumulative Fire Fund leaving \$16,000 unaccounted for the loan repayment. Further documentation showing the repayment of the outstanding amount was not made available for review.

Criteria

Indiana Code 36-1-8-4 states in part:

"(a) . . .

- (3) Except as provided in subsection (b), the prescribed period must end during the budget year of the year in which the transfer occurs.
- (4) The amount transferred must be returned to the other fund at the end of the prescribed period. . . .

(b) If the fiscal body of a political subdivision determines that an emergency exists that requires an extension of the prescribed period of a transfer under this section, the prescribed period may be extended for not more than six (6) months beyond the budget year of the year in which the transfer occurs if the fiscal body does the following:

- (1) Passes an ordinance or a resolution that contains the following:
 - (A) A statement that the fiscal body has determined that an emergency exists.
 - (B) A brief description of the grounds for the emergency.
 - (C) The date the loan will be repaid that is not more than six (6) months beyond the budget year in which the transfer occurs.
- (2) Immediately forwards the ordinance or resolution to the state board of accounts and the department of local government finance."

This report is intended solely for the information and use of management, governance, and others within the organization. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

The Schedule of Cash and Investment Balances - Regulatory Basis is presented as other information. It has not been subjected to any auditing procedures, and, accordingly, we do not express an opinion or provide any assurance on it.

SCHEDULE OF CASH AND INVESTMENT
BALANCES - REGULATORY BASIS
As of December 31, 2022

Fund	Cash and Investments 12-31-22
Township General Fund	\$ 285,716
Township Assistance Fund	191,247
Fire Fund	58,568
Rainy Day Fund	2,980
Cumulative Fire Fund	151,773
Fire Equipment Debt Fund	11,332
Donation	130
Payroll Withholdings Fund	<u>(200)</u>
Total	<u>\$ 701,546</u>

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

The contents of this report were communicated to Victoria Ellis, Trustee; Thomas Wilson, Chair of the Township Board; Michael Ruffattola, Township Board member; and Pat Farrington, Township Board member, on October 24, 2023.

Respectfully,



Beth Kelley, CPA, CFE
Deputy State Examiner