



STATE OF INDIANA

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B45325

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September 4, 2015

TO: THE OFFICIALS OF THE TOWN OF CLAYTON, HENDRICKS, INDIANA

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of the Town of Clayton (Town) for the period of January 1, 2011 to December 31, 2012, 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 Town'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 Town.

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 Town'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 Town can be found on the Gateway website: <https://gateway.ifionline.org/>.

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The Comments contained herein describes 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 Payroll fund had an overdrawn cash balance at December 31, 2011 in the amount of \$1,318.*

Current Period Comments

- *One employee was paid without federal, state, and local taxes being withheld in 2011 and 2012.*
- *One employee was not issued a W-2 or 1099 in 2011 and 2012.*

- *Payments were observed which were not supported by adequate documentation, such as receipts, invoices, and other public records. Records indicate that payments were made for fuel by the police department without supporting receipts. In addition, credit card payments to Walmart were made without proper supporting documentation.*
- *The Clerk-Treasurer was not properly bonded for 2011 and 2012. The Clerk-Treasurer's Surety Bond was for \$18,000 instead of \$30,000 as required per the Indiana Code.*
- *The Town Officials 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 2012. The report was filed on February 6, 2013, which was past the due date of January 31, 2013.*
- *The records presented for review indicated the following disbursements in excess of budgeted appropriations*

<u>Year</u>	<u>Fund</u>	<u>Excess Amount</u>	
		<u>Disbursed</u>	
2011	General	\$	1,225

- *The Town's elected officials did not certify in writing that the officers had not violated Indiana Code 36-1-20.2 (Nepotism) by December 31, 2012.*
- *The Town did not have a Contracting Policy for 2012.*
- *The Town's elected officials did not certify in writing that the officers had not violated Indiana Code 36-1-21 (Contracting With a Unit) by December 31, 2012.*

The procedures we performed did not indicate any instances of substantial noncompliance that warrant comment at this time. Our procedures were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified.

This letter is intended for the information and use of the governing body and management of the Town. 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 July 16, 2015, with Virginia A. McKamey, Clerk-Treasurer, and John W. Cully, member of the Town Council.

Paul D. Joyce
 Paul D. Joyce, CPA
 State Examiner