



STATE OF INDIANA
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April 14, 2016

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

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of Saluda 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.

Current Period Comments

- *Depository reconciliations of the financial ledger balances to the bank account balances were not presented for review for the years 2011, 2012, and 2013. As of December 31, 2013, a comparison of the bank account balance to the financial ledger cash balance showed an unidentified cash long variance in the amount of \$2,262.92.*

A comparison of the bank transactions to the ledger transactions showed that a portion of the cash long variance was caused by various deposits not being recorded to the financial ledger.

- *The financial ledger showed a variance at December 31, 2013, between the cash balance for the "Total of All Funds" and the cash balances for the individual funds. The total cash balances of the individual funds exceeded the cash balance for the "Total of All Funds" by \$3,187.62.*

A review of the financial ledger showed the following errors contributing to the variance:

- a. Instances of receipts and disbursements either not recorded or recorded incorrectly to the individual funds.
- b. Monthly total amounts for the Township fund for September 2013 were incorrectly carried forward to October 2013 resulting in an erroneous increase to the Township fund's cash balance in the amount of \$2,929.15.
- 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 were not returned.
- The Annual Financial Report filed on Gateway for 2013 contained 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>
2013	Township	Disbursements	\$ 20,670.97	\$ 17,585.46	\$ 3,085.51
2013	Township	Ending Balance	53,686.18	52,113.24	1,572.94

- The records presented for review showed that \$1,235.83 was disbursed from the Park and Recreation fund during 2013 without an appropriation approved by the Township Board.
- The Township received donations from a local church. Ruby Taylor Werner, Trustee, stated that the monies were to be used to purchase food or clothing for needy families in the Township. Disbursements were made to the Township Trustees in the following amounts without supporting documentation:

<u>Years</u>	<u>Cathy Bear</u>	<u>Ruby Taylor Wehner</u>	<u>Totals</u>
2010	\$ 200	\$ -	\$ 200
2011	-	400	400
2012	-	300	300
Totals	<u>\$ 200</u>	<u>\$ 700</u>	<u>\$ 900</u>

- Township Board approval of salaries was not presented for review for 2010, 2011, 2012, and 2013.
- Township Board members were paid without the Township withholding any applicable federal, state, and local taxes.

- *Form W-2, Wage and Tax Statements were not issued to the Township Board members.*
- *The Certified Report of Names, Addresses, Duties and Compensation of Public Employees (Form 100-R or its equivalent) were inaccurate. The 2012 Form 100-R stated the Trustee's total compensation was \$8,868; however, the Trustee was paid \$10,565 in 2012. Also, the 2012 and 2013 Form 100-R did not include the compensation for the Township Board members.*
- *Township Assistance Standards were not established in accordance with Indiana Code 12-20-5.5-1.*
- *The Township did not have the required meeting to organize and elect its Chairman and Secretary in accordance with Indiana Code 36-6-6-7 for 2013. Also, the minutes of the Township Board meetings for 2013 were not approved by the Township Board in accordance with Indiana Code 36-6-6-8.*
- *The Township did not have the required meeting to review and adopt the annual report in accordance with Indiana Code 36-6-6-9 for 2012 and 2013.*
- *The Trustee was not properly bonded for 2010, 2011, 2012, and 2013. The Trustee's Surety Bond was insufficient per the Indiana Code 5-4-1-18 which requires the Trustee's Surety Bond to be a minimum coverage of \$30,000. The Trustee had bond coverage for \$15,000.*
- *The Township did not have a Nepotism Policy for 2012 and 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 and 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 Financial Reports for 2010, 2011, and 2013 were not filed electronically until May 3, 2011, March 14, 2012, and March 25, 2014, respectively. Annual Financial Reports are required to be filed with the Indiana State Board of Accounts by sixty days after the end of the fiscal period each year.*
- *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 2013. The Report was filed on February 13, 2014, which is 13 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 January 22, 2015, with Ruby Taylor Wehner, Trustee, and on January 30, 2015, with Terri Kleopfer, Chairman of the Township Board. Any Official Response attached to this letter was not verified for accuracy.

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