

STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

COMPLIANCE REPORT
OF

CLERK-TREASURER
TOWN OF ROCKY RIPPLE
MARION COUNTY, INDIANA

January 1, 2011 to December 31, 2015



FILED
07/06/2017

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Cathy Hurt	12-09-08 to 09-30-13
	Danielle Connell	10-01-13 to 12-31-14
	(Vacant)	01-01-15 to 12-31-15
	Kandy Kendall	01-01-16 to 12-31-19
President of the Town Council	Robert Tomey	01-01-11 to 12-31-12
	Brad Barcom	01-01-13 to 12-31-14
	Carla Gaff-Clark	01-01-15 to 12-31-17



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE TOWN OF ROCKY RIPPLE, MARION COUNTY, INDIANA

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of the Town of Rocky Ripple (Town), for the period January 1, 2011 to December 31, 2015, to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts.

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

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

The Annual Financial Reports filed by the Town can be found on the Gateway website: <https://gateway.ifionline.org/>.

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

April 19, 2017

CLERK-TREASURER
TOWN OF ROCKY RIPPLE
RESULTS AND COMMENTS

CONDITION OF RECORDS

The Town had the following deficiencies involving recordkeeping:

1. Financial ledgers for 2013, 2014, and 2015 were not maintained. Monthly financial summary reports, compiled using computerized spreadsheets, were presented as financial records for 2015.
2. Receipts, deposit slips, Accounts Payable Vouchers with supporting documentation for payments from October 2013 through October 2014, and bank statements from September 2013 through October of 2014 were not presented for review.
3. Payroll earnings records, Internal Revenue Service (IRS) Form W-2 Wage and Tax Statement, and Indiana Department of Revenue Annual Withholding Reconciliation Form WH-3 for 2013 and 2014 were not presented for review. In addition, IRS Employer's Quarterly Federal Tax Return - Form 941 was not presented for 2013.

Indiana Code 5-15-6-3 concerning destruction of public records states:

"No financial records or records relating to financial records shall be destroyed until the earlier of the following actions:

- (1) The audit of the records by the State Board of Accounts has been completed, report filed, and any exceptions set out in the report satisfied.
- (2) The financial records or records have been copied or reproduced in accordance with a retention schedule or with the written consent of the administration."

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for examination to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance must agree. If the reconciled bank balance is less than the subsidiary or control ledgers, the amount needed to balance may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

BANK ACCOUNT RECONCILIATIONS

Bank account reconciliations of the fund balances to the bank account balances were not presented for the period of January 1, 2013 through December 31, 2015. As part of the review procedures, bank account reconciliations were compiled or attempted for each year-end for the period. Due to a lack of records presented by Town officials, a bank reconciliation could not be completed at December 31, 2013.

At December 31, 2014, the bank reconciliation we compiled indicated bank balances exceeded the fund balances reported on the Town's Annual Financial Report (AFR) by \$3,190. The bank balance comparison was made to the AFR because no financial ledger for 2014 was presented for review.

CLERK-TREASURER
TOWN OF ROCKY RIPPLE
RESULTS AND COMMENTS
(Continued)

At December 31, 2015, the compiled bank reconciliation indicated the bank balances were less than the fund balances indicated on a "Financial Summary Report" presented for review by \$393.

Indiana Code 5-13-6-1(e) states: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance must agree. If the reconciled bank balance is less than the subsidiary or control ledgers, the amount needed to balance may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

PENALTIES, INTEREST, AND OTHER CHARGES

The Town paid penalties, interest, and other charges to the IRS, Indiana Department of Revenue, and a financial institution totaling \$455. Subsequent to the period of review during February 2016, the Town paid \$276 in penalties and other charges because the Town did not remit payroll taxes on a timely basis or failed to maintain the required balance in the Town's checking account.

A similar comment appeared in prior Report B39750.

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Failure to pay claims or remit taxes in a timely manner could be an indicator of serious financial problems which should be investigated by the unit. Additionally, officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the unit. Any penalties, interest or other charges paid by the unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

PAYROLL REMITTANCES

Payments made to the Indiana Department of Revenue (IDOR) and IRS for payroll taxes were overpaid during 2015. Payments made during 2013 and 2014 were underpaid based on documentation presented for review.

Years	IDOR Amounts Paid	Calculated Amounts Over (Underpaid)	IRS Amounts Paid	Calculated Amounts Over (Underpaid)
2013	\$ 1,765	\$ (70)	\$ 8,855	\$ -
2014	1,517	(318)	5,480	(3,248)
2015	3,526	1,691	11,828	3,248

Political subdivisions are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings, and filing requirements concerning reports and other procedural matters of federal and state agencies, including opinions of the Attorney General of the State of Indiana, and court decisions. Governmental units should file accurate reports required by federal and state agencies. Non-compliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

CLERK-TREASURER
TOWN OF ROCKY RIPPLE
RESULTS AND COMMENTS
(Continued)

COMPENSATION AND BENEFITS

The Town Marshal was paid \$250 a month for fuel for the Town police car during the engagement period. This compensation was not included in the payroll system or on the salary ordinance or resolution. Monthly reporting of fuel purchased was not provided to substantiate the compensation paid to the Town Marshal.

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. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

BOARD MINUTES

The minutes of the meetings of the Town Council were not presented for the meetings held from September 2013 through December 2014.

Indiana Code 5-14-1.5-4(b) states:

"As the meeting progresses, the following memoranda shall be kept:

- (1) The date, time, and place of the meeting.
- (2) The members of the governing body recorded as either present or absent.
- (3) The general substance of all matters proposed, discussed, or decided.
- (4) A record of all votes taken, by individual members if there is a roll call.
- (5) Any additional information required under section 3.5 or 3.6 of this chapter or any other statute that authorizes a governing body to conduct a meeting using an electronic means of communication."

APPROPRIATIONS

The annual budget for 2015 was not approved by the Department of Local Government Finance. Expenditures during 2015 were made without an approved budget or additional appropriations.

A similar comment appeared in prior Report B39750.

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."

CLERK-TREASURER
TOWN OF ROCKY RIPPLE
RESULTS AND COMMENTS
(Continued)

CAPITAL ASSET RECORDS

The Town did not maintain capital asset records.

A similar comment has appeared in several prior Reports, most recently B39750.

Every unit must have a capital assets policy that details the threshold at which an item is considered a capital asset. Every unit must have a complete detail listing of all capital assets owned which reflects their acquisition value. Capital Asset Ledger (Form 369) has been prescribed for this purpose. A complete physical inventory must be taken at least every two years, unless more stringent requirements exist, to verify account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

CLERK-TREASURER
TOWN OF ROCKY RIPPLE
EXIT CONFERENCE

The contents of this report were discussed on April 19, 2017, with Kandy Kendall, Clerk-Treasurer; Mandy Redmond, Town Council member; and Carla Gaff-Clark, President of the Town Council.