

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

COMPLIANCE REPORT
OF
BLUE RIVER TOWNSHIP
JOHNSON COUNTY, INDIANA
January 1, 2014 to December 31, 2017



FILED
02/01/2019

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Transmittal Letter	3
Other Information - Unaudited:	
Schedule of Cash and Investment Balances - Regulatory Basis	6
Results and Comments:	
Late Submission of Annual Financial Report	7
Late Submission of Certified Report.....	7
Bank Account Reconciliations	7
Contracts	8
Federal and State Agencies - Compliance Requirements	8
Compensation.....	8
Adoption of Internal Control Standards	9
Training on Internal Control Standards	9
Exit Conference.....	10

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Larry V. Whitlock Ray B. Walton	01-01-11 to 12-31-14 01-01-15 to 12-31-18
Chairman of the Township Board	Kevin Rubush Larry V. Whitlock	01-01-11 to 12-31-14 01-01-15 to 12-31-18



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF BLUE RIVER TOWNSHIP, JOHNSON COUNTY, INDIANA

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of Blue River Township (Township), Johnson County, for the period of January 1, 2014 to December 31, 2017, 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.

The Schedule of Cash and Investment Balances - Regulatory Basis, as listed in the Table of Contents, 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.

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

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

December 23, 2018

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OTHER INFORMATION - UNAUDITED

The Township's Annual Financial Reports information can be found on the Indiana Gateway for Government Units (Gateway) website: <https://gateway.ifionline.org/>. The schedule presented herein is presented as other information and is derived from the Township's Annual Financial Reports information and has not been subjected to any audit procedures. No adjustments have been made to the information as reported in Gateway and, as such, balances may differ.

BLUE RIVER TOWNSHIP, JOHNSON COUNTY
 SCHEDULE OF CASH AND INVESTMENT
 BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2017

Fund	Cash and Investments 12-31-17
Township	\$ 33,180
Township Assistance	133,763
Fire Fighting	<u>10,030</u>
Total	<u>\$ 176,973</u>

BLUE RIVER TOWNSHIP, JOHNSON COUNTY
RESULTS AND COMMENTS

LATE SUBMISSION OF ANNUAL FINANCIAL REPORT

A similar comment also appeared in prior Report B44324.

The Township's Annual Financial Report for 2014, 2015, 2016, and 2017 was not filed electronically until April 3, 2015, April 27, 2016, March 29, 2017, and March 13, 2018, respectively, which was 33, 58, 28, and 12 days past the due date.

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every municipality and every state or local governmental unit, entity, or instrumentality financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each fiscal year. The reports must be in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under [IC 5-14-3.8-7](#)."

LATE SUBMISSION OF CERTIFIED REPORT

A similar comment also appeared in prior Report B44324.

The Township's Certified Report of Names, Addresses, Duties and Compensation of Public Employees (Form 100-R), or its equivalent, for 2014 and 2015 was not filed electronically until May 16, 2015, and March 3, 2016, respectively, which was 104 and 31 days past the due date.

Indiana Code 5-11-13-1(a) states in part:

"Every . . . township . . . shall during the month of January of each year prepare, make, and sign a certified report, correctly and completely showing the names and business addresses of each and all officers, employees, and agents . . . and the respective duties and compensation of each, and shall forthwith file said report in the office of the state examiner of the state board of accounts. . . . The certification must be filed electronically in the manner prescribed under [IC 5-14-3.8-7](#)."

BANK ACCOUNT RECONCILIATIONS

Depository reconciliations of the fund balances to the bank account balances were not provided and we were unable to complete alternate procedures, as of the date of this report, to determine the accuracy of the cash and investment balance reported in this report and in the Gateway Annual Financial Report.

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 Townships, Chapter 1)

BLUE RIVER TOWNSHIP, JOHNSON COUNTY
RESULTS AND COMMENTS
(Continued)

CONTRACTS

A similar comment also appeared in prior Report B44324.

Payments made for rental of the Township office were not supported by a written contract in 2014, 2015, 2016, and 2017.

Payments made or received for contractual services must be supported by a written contract. Each unit is responsible for complying with the provisions of its contracts. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

FEDERAL AND STATE AGENCIES - COMPLIANCE REQUIREMENTS

A similar comment also appeared in prior Report B44324.

Township Board members were paid without the Township withholding Social Security or Medicare taxes, nor were Forms W-2 presented for evaluation that indicated compensation paid to Township Board members was reported to the Internal Revenue Service.

Units are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings, court decisions, and filing requirements concerning reports and other procedural matters of federal and state agencies. Units must file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

COMPENSATION

The Township did not provide an annual salary resolution or ordinance, Township Board minutes, or other documentation setting and approving the salaries of Township officers and employees during the engagement period.

Indiana Code 36-6-6-10(b) states:

"The township legislative body shall fix the:

- (1) salaries;
- (2) wages;
- (3) rates of hourly pay; and
- (4) remuneration other than statutory allowances;

of all officers and employees of the township."

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 Townships, Chapter 1)

BLUE RIVER TOWNSHIP, JOHNSON COUNTY
RESULTS AND COMMENTS
(Continued)

ADOPTION OF INTERNAL CONTROL STANDARDS

The Township had not adopted the acceptable minimum level of internal control standards as defined by the Indiana State Board of Accounts.

Indiana Code 5-11-1-27(g) states:

"After June 30, 2016, the legislative body of a political subdivision shall ensure that:

- (1) the internal control standards and procedures developed under subsection (e) are adopted by the political subdivision; and
- (2) personnel receive training concerning the internal control standards and procedures adopted by the political subdivision."

TRAINING ON INTERNAL CONTROL STANDARDS

Township employees whose official duties included receiving, processing, depositing, disbursing, or otherwise having access to funds that belonged to the Township, had not received training over internal control standards that was developed or approved by the Indiana State Board of Accounts.

Indiana Code 5-11-1-27(g) states:

"After June 30, 2016, the legislative body of a political subdivision shall ensure that:

- (1) the internal control standards and procedures developed under subsection (e) are adopted by the political subdivision; and
- (2) personnel receive training concerning the internal control standards and procedures adopted by the political subdivision."

BLUE RIVER TOWNSHIP, JOHNSON COUNTY
EXIT CONFERENCE

The contents of this report were discussed on December 23, 2018, with Ray B. Walton, Trustee.