

STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2765

EXAMINATION REPORT

OF

GILLAM TOWNSHIP

JASPER COUNTY, INDIANA

January 1, 2004 to December 31, 2005



FILED

11/17/2006

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OFFICIALS

Office

Official

Term

Trustee

Dennis Wireman

01-01-03 to 12-31-06

Chairman of the
Township Board

William Carter
Virginia Delgado

01-01-04 to 08-29-04
08-30-04 to 12-31-06



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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE GILLAM TOWNSHIP, JASPER COUNTY, INDIANA

We have examined the schedules of receipts, disbursements, and cash and investment balances of Gillam Township (Township), for the period of January 1, 2004 to December 31, 2005. The Township's management is responsible for the schedules. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the schedule of receipts, disbursements, and cash and investment balances and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the schedules referred to above present fairly, in all material respects, the cash transactions of the Township for the years ended December 31, 2004 and 2005, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

September 11, 2006

GILLAM TOWNSHIP, JASPER COUNTY
 SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
 ALL GOVERNMENTAL FUND TYPES
 As Of And For The Years Ended December 31, 2004 And 2005

	Cash and Investments 01-01-04	Receipts	Disbursements	Cash and Investments 12-31-04
Governmental Funds:				
General	\$ 113,713	\$ 47,909	\$ 26,163	\$ 135,459
Dog	300	26	26	300
Township Assistance	19,923	4,141	898	23,166
Firefighting	25,591	16,431	5,020	37,002
Levy Excess	606	-	-	606
Totals	<u>\$ 160,133</u>	<u>\$ 68,507</u>	<u>\$ 32,107</u>	<u>\$ 196,533</u>

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds:				
General	\$ 135,459	\$ 38,637	\$ 17,602	\$ 156,494
Dog	300	-	-	300
Township Assistance	23,166	3,292	369	26,089
Firefighting	37,002	12,392	5,020	44,374
Levy Excess	606	-	-	606
Totals	<u>\$ 196,533</u>	<u>\$ 54,321</u>	<u>\$ 22,991</u>	<u>\$ 227,863</u>

The accompanying notes are an integral part of the schedules.

GILLAM TOWNSHIP, JASPER COUNTY
NOTES TO SCHEDULES

Note 1. Introduction

The Township was established under the laws of the State of Indiana. The Township provides the following services: public safety, health and social services, and general administrative services.

Note 2. Fund Accounting

The Township uses funds to report on its cash and investments and the results of its operations on a cash basis. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities.

Note 3. Budgets

The operating budget is initially prepared and approved at the local level. In addition, funds for which property taxes are levied are subject to final approval by the Indiana Department of Local Government Finance.

Note 4. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the Township in June and December. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100% of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which become delinquent if not paid by May 10 and November 10, respectively. All property taxes collected by the County Treasurer and available for distribution were distributed to the Township on or prior to December 31 of the year collected.

Note 5. Deposits and Investments

Deposits, made in accordance with Indiana Code 5-13, with financial institutions in the State of Indiana at year end were entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

State statute (IC 5-13-9) authorizes the Township to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

GILLAM TOWNSHIP, JASPER COUNTY
EXAMINATION RESULTS AND COMMENTS

FUND SOURCES AND USES

Property and license excise tax distributed by the County in December 2004 for the Township Assistance and Firefighting Funds were incorrectly recorded in the General Fund. The Township Assistance and Firefighting Funds should have received \$1,542.87 and \$5,519.57 respectively.

Sources and uses of funds should be limited to those authorized by the enabling statute, ordinance, resolution, or grant agreement. Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

CORRECTION OF ERRORS

Some corrections and adjustments were made in the records without retaining adequate supporting documentation. For example, the calculated December 31, 2005, General Fund balance is \$156,155.47 but the balance was changed to \$159,174.56 as of January 1, 2006, without any explanation. Similarly, the Firefighting Fund balance changed from \$27,256.95 on December 31, 2004, to \$35,504.92 on January 1, 2005.

Receipt and disbursement corrections or other errors should be corrected by memorandum entry with the issuance of a check and receipt to document the flow of the transactions. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

PRESCRIBED FORMS - ANNUAL FINANCIAL REPORT FORM 15

The Annual Financial Reports for 2004 and 2005 were deficient in the following areas: the beginning fund balances did not agree with the prior report's ending fund balances, total reported receipts on the Statement of Receipts, Disbursements, Cash Balances and Investment Balances did not agree with detailed receipts, receipts are not properly detailed, and ending fund balances do not agree with calculated balances per the Financial and Appropriation Records.

The Township Trustee's Report of Receipts and Disbursements for the Calendar Year is an abstract report of receipts and disbursements for the calendar year. The annual report shall be prepared, verified, and filed with the State Board of Accounts within 30 days after the close of each fiscal year. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 2)

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

COMPENSATION AND BENEFITS

A Resolution Recommending Salaries of Township Officers and Employees, Township Form 17 was not adopted for either 2004 or 2005.

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 statute. Compensation should be made in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 17)

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

GILLAM TOWNSHIP, JASPER COUNTY
EXIT CONFERENCE

The contents of this report were discussed on September 20, 2006, with Dennis Wireman, Trustee; and Shirley Wireman, Clerk. The officials concurred with our findings.