

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

EXAMINATION REPORT  
OF  
SALEM TOWNSHIP  
STEUBEN COUNTY, INDIANA  
January 1, 2004 to December 31, 2005



**FILED**  
12/20/2006



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OFFICIALS

Office

Official

Term

Trustee

Marcia Helmuth

01-01-03 to 12-31-06

Chairman of the  
Township Board

Norman Pfafman

01-01-04 to 12-31-06



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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF SALEM TOWNSHIP, STEUBEN COUNTY, INDIANA

We have examined the schedules of receipts, disbursements, and cash and investment balances of Salem 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

November 6, 2006

SALEM TOWNSHIP, STEUBEN COUNTY  
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES  
ALL GOVERNMENTAL AND FIDUCIARY 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:				
Township	\$ 66,814	\$ 19,898	\$ 23,039	\$ 63,673
Dog	526	190	226	490
Township Assistance	16,161	829	6,642	10,348
Firefighting	9,708	24,112	33,820	-
Totals	<u>\$ 93,209</u>	<u>\$ 45,029</u>	<u>\$ 63,727</u>	<u>\$ 74,511</u>

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds:				
Township	\$ 63,673	\$ 53,998	\$ 20,766	\$ 96,905
Dog	490	265	190	565
Township Assistance	10,348	4,439	814	13,973
Firefighting	-	47,270	17,927	29,343
Fiduciary Fund:				
Payroll Withholdings	-	792	516	276
Totals	<u>\$ 74,511</u>	<u>\$ 106,764</u>	<u>\$ 40,213</u>	<u>\$ 141,062</u>

The accompanying notes are an integral part of the schedules.

SALEM TOWNSHIP, STEUBEN 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, culture and recreation, 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.

SALEM TOWNSHIP, STEUBEN COUNTY  
EXAMINATION RESULTS AND COMMENTS

CONDITION OF RECORDS

The following deficiencies relating to the recordkeeping were noted.

1. Depository reconciliations of the fund balances to the bank account balances were not completed on monthly or regular basis.

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 should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

2. The Township Annual Financial Report (Township Form 15) was incomplete, and contained inaccuracies. These inaccuracies include the following:
  - A. The 2004 Township Fund disbursements amount on the Annual Report did not agree with the 2004 total of disbursements for the Township Fund in the Township's Financial and Appropriation Record.
  - B. The 2004 Township Assistance Fund receipts amount on the Annual Report did not agree with the 2004 receipts for the Township Assistance Fund in the Township's Financial and Appropriation Record.
  - C. The 2005 Annual Report Township Assistance Fund beginning balance did not agree with the 2004's ending balance on the Annual Report for the Township Assistance Fund.

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)

ORDINANCES AND RESOLUTIONS

The Township had a salary resolution in 2004 concerning the rate of Township employees. However, the Township Trustee was paid \$171.04 more than the salary resolution amount and the Deputy Trustee was paid \$12.50 more than the salary resolution amount. We are requesting that the Trustee reimburse the township \$183.54. (See Summary, page 9)

Each governmental unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

SALEM TOWNSHIP, STEUBEN COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on November 6, 2006, with Marcia Helmuth, Trustee. The official concurred with our findings.

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SALEM TOWNSHIP, STEUBEN COUNTY  
SUMMARY

	Charges	Credits	Balance Due
Marcia Helmuth, Trustee:			
Ordinances and Resolutions, page 6	\$ 183.54	\$	\$
Repaid on November 15, 2006		183.54	-
 Totals	\$ 183.54	\$ 183.54	\$ -