

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

COMPLIANCE REPORT

OF

OLIVE TOWNSHIP

ST. JOSEPH COUNTY, INDIANA

January 1, 2011 to December 31, 2016



FILED
09/05/2017

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	John J. Michalski	01-01-11 to 06-01-13
	(Vacant)	06-02-13 to 07-28-13
	Dominic Zarate	07-29-13 to 12-31-18
Chairman of the Township Board	James C. Rodgers	01-01-11 to 12-31-11
	Clark Hensell	01-01-12 to 12-31-12
	Myles Hooten	01-01-13 to 12-31-13
	Ray Wolfenbarger	01-01-14 to 12-31-17



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF OLIVE TOWNSHIP, ST. JOSEPH COUNTY, INDIANA

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of Olive Township (Township), St. Joseph County, for the period January 1, 2011 to December 31, 2016, 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 non-compliance 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 Township can be found on the Gateway website: <https://gateway.ifionline.org/>.

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

July 6, 2017

OLIVE TOWNSHIP, ST. JOSEPH COUNTY
RESULTS AND COMMENTS

RECORDS NOT PRESENTED

The following records were not presented:

1. Township Ledger for 2016
2. Employee W-2's for 2014, 2015 or 2016.
3. Invoices/Claims for 2016
4. Salary Resolution for 2016
5. Township Assistance Applications for 2016
6. Contracts for 2016
7. Receipts for 2016

Indiana Code 5-15-6-3 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 record or records have been copied or reproduced in accordance with a retention schedule or with the written consent of the administration."

DEPOSITORY RECONCILIATIONS

Depository reconciliations of the fund balances to the bank account balances were not presented for 2013, 2014, 2015, or 2016.

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."

ABSTRACT REPORT NOT ADOPTED

The Township did not have the required meeting to review and adopt the Annual Report for 2011, 2012, 2013, 2014, 2015, and 2016. Minutes presented did not indicate that the Township Board reviewed and adopted the Annual Report for each year covered by this review.

Indiana Code 36-6-6-9(a) states: "The legislative body shall meet on or before the third Tuesday after the first Monday in February of each year. At this meeting it shall consider and approve, in whole or in part, the annual report of the executive presented under IC 36-6-4-12."

OLIVE TOWNSHIP, ST. JOSEPH COUNTY
RESULTS AND COMMENTS
(Continued)

ABSTRACT REPORT NOT PUBLISHED

The abstract report was not published in accordance with Indiana Code 36-6-4-13 for 2014, 2015, and 2016.

Indiana Code 36-6-4-13(b) states:

"Within four (4) weeks after the third Tuesday following the first Monday in February, the executive shall publish the abstract prescribed by subsection (a) in accordance with IC 5-3-1. The abstract must state that a complete and detailed annual report and the accompanying vouchers showing the names of persons paid money by the township have been filed with the county auditor, and that the chairman of the township legislative body has a copy of the report that is available for inspection by any taxpayer of the township."

ANNUAL FINANCIAL REPORT NOT FILED TIMELY

The Annual Financial Report (AFR) for 2012 was not filed electronically until April 23, 2013, and the AFR for 2014 was not filed electronically until March 16, 2015, which was 53 and 15 days late, respectively.

The AFRs for 2015 and 2016 have not been filed with the State Examiner.

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

"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 . . ."

ANNUAL FINANCIAL REPORT ERRORS

The AFR filed on Gateway for 2011, 2012, 2013, and 2014 did not properly reflect the financial activity of the Township. The following schedule details the differences between the report filed and the Township ledger:

Years	Fund	Category	Amount per Gateway	Amount per Township Ledger	Difference
2011	Township	Beginning Balance	\$ 48,873.76	\$ 89,818.36	\$ (40,944.60)
2011	Township	Receipts	35,390.44	35,396.20	(5.76)
2011	Township	Disbursements	44,891.65	45,630.75	(739.10)
2011	Township	Ending Balance	39,372.55	79,583.81	(40,211.26)
2011	Township Assistance	Receipts	93,629.12	94,434.88	(805.76)
2011	Township Assistance	Disbursements	98,818.23	98,495.67	322.56
2011	Township Assistance	Ending Balance	43,684.65	44,812.97	(1,128.32)

OLIVE TOWNSHIP, ST. JOSEPH COUNTY
RESULTS AND COMMENTS
(Continued)

Years	Fund	Category	Amount per Gateway	Amount per Township Ledger	Difference
2011	Fire Fighting	Beginning Balance	153,751.64	105,635.35	48,116.29
2011	Fire Fighting	Receipts	153,333.76	163,546.45	(10,212.69)
2011	Fire Fighting	Disbursements	139,330.20	115,763.11	23,567.09
2011	Fire Fighting	Ending Balance	167,755.20	153,418.69	14,336.51
2011	Cumulative Fire	Beginning Balance	155,409.25	143,222.32	12,186.93
2011	Cumulative Fire	Receipts	69,734.79	38,094.84	31,639.95
2011	Cumulative Fire	Disbursements	37,364.14	40,212.14	(2,848.00)
2011	Cumulative Fire	Ending Balance	187,779.90	141,105.02	46,674.88
2011	EMS	Beginning Balance	43,947.02	17,620.72	26,326.30
2011	EMS	Receipts	90,906.96	107,256.82	(16,349.86)
2011	EMS	Disbursements	80,962.13	82,960.96	(1,998.83)
2011	EMS	Ending Balance	53,892.13	41,916.58	11,975.55
2011	Park and Recreation	Beginning Balance	17,204.97	12,719.05	4,485.92
2011	Park and Recreation	Receipts	13,600.57	13,652.65	(52.08)
2011	Park and Recreation	Disbursements	3,169.78	8,169.78	(5,000.00)
2011	Park and Recreation	Ending Balance	27,635.76	18,201.92	9,433.84
2012	Township	Beginning Balance	39,372.55	79,583.81	40,211.26
2012	Township	Receipts	24,023.35	27,926.66	3,903.31
2012	Township	Disbursements	52,252.06	46,790.15	(5,461.91)
2012	Township	Ending Balance	11,143.84	60,720.32	49,576.48
2012	Township Assistance	Beginning Balance	43,684.65	44,812.97	1,128.32
2012	Township Assistance	Receipts	79,797.23	79,910.75	113.52
2012	Township Assistance	Disbursements	110,557.74	109,306.06	(1,251.68)
2012	Township Assistance	Ending Balance	12,924.14	15,417.66	2,493.52
2012	Fire Fighting	Beginning Balance	167,755.20	153,418.69	(14,336.51)
2012	Fire Fighting	Receipts	119,415.95	118,846.82	(569.13)
2012	Fire Fighting	Disbursements	133,056.07	139,075.97	6,019.90
2012	Fire Fighting	Ending Balance	154,115.08	133,189.54	(20,925.54)
2012	Cumulative Fire	Beginning Balance	187,779.90	141,105.02	(46,674.88)
2012	Cumulative Fire	Ending Balance	183,603.39	136,929.02	(46,674.37)
2012	EMS	Beginning Balance	53,892.13	41,916.58	(11,975.55)
2012	EMS	Receipts	88,696.61	92,271.37	3,574.76
2012	EMS	Ending Balance	27,474.34	19,073.55	(8,400.79)
2012	Park and Recreation	Beginning Balance	27,635.76	18,201.92	(9,433.84)
2012	Park and Recreation	Receipts	9,494.80	10,095.15	600.35
2012	Park and Recreation	Disbursements	6,997.11	6,913.11	(84.00)
2012	Park and Recreation	Ending Balance	30,133.45	21,383.96	(8,749.49)

OLIVE TOWNSHIP, ST. JOSEPH COUNTY
RESULTS AND COMMENTS
(Continued)

Years	Fund	Category	Amount per Gateway	Amount per Township Ledger	Difference
2013	Township	Beginning Balance	11,923.86	60,720.32	(48,796.46)
2013	Township	Receipts	50,737.19	25,807.99	24,929.20
2013	Township	Disbursements	46,097.94	41,051.76	5,046.18
2013	Township	Ending Balance	16,563.11	45,476.55	(28,913.44)
2013	Township Assistance	Beginning Balance	12,924.14	15,417.66	(2,493.52)
2013	Township Assistance	Receipts	193,121.19	112,942.87	80,178.32
2013	Township Assistance	Disbursements	74,384.66	73,977.80	406.86
2013	Township Assistance	Ending Balance	131,660.67	54,382.73	77,277.94
2013	Fire Fighting	Beginning Balance	154,115.08	133,189.54	20,925.54
2013	Fire Fighting	Receipts	233,453.12	125,710.62	107,742.50
2013	Fire Fighting	Disbursements	120,420.48	127,328.74	(6,908.26)
2013	Fire Fighting	Ending Balance	267,147.72	131,571.42	135,576.30
2013	Cumulative Fire	Beginning Balance	11,815.55	136,929.02	(125,113.47)
2013	Cumulative Fire	Receipts	51,774.66	26,508.66	25,266.00
2013	Cumulative Fire	Disbursements	40,700.07	19,379.22	21,320.85
2013	Cumulative Fire	Ending Balance	22,890.14	144,058.46	(121,168.32)
2013	EMS	Beginning Balance	21,059.84	19,073.55	1,986.29
2013	EMS	Receipts	108,637.27	63,347.27	45,290.00
2013	EMS	Disbursements	133,546.45	125,154.00	8,392.45
2013	EMS	Ending Balance	(3,849.34)	(42,733.18)	38,883.84
2013	Park and Recreation	Beginning Balance	769.27	21,383.96	(20,614.69)
2013	Park and Recreation	Receipts	10,723.82	1,665.97	9,057.85
2013	Park and Recreation	Disbursements	11,493.09	19,837.24	(8,344.15)
2013	Park and Recreation	Ending Balance	(3,892.16)	3,212.69	(7,104.85)
2014	Township	Beginning Balance	38,992.01	45,476.55	(6,484.54)
2014	Township	Receipts	30,559.33	32,050.91	(1,491.58)
2014	Township	Disbursements	36,755.87	37,967.81	(1,211.94)
2014	Township	Ending Balance	32,795.47	39,559.65	(6,764.18)
2014	Township Assistance	Beginning Balance	107,616.01	54,382.73	53,233.28
2014	Township Assistance	Receipts	78,990.83	71,006.64	7,984.19
2014	Township Assistance	Disbursements	25,757.55	27,897.16	(2,139.61)
2014	Township Assistance	Ending Balance	160,849.29	97,492.21	63,357.08
2014	Fire Fighting	Beginning Balance	114,778.82	131,571.42	16,792.60
2014	Fire Fighting	Receipts	141,093.90	177,356.36	36,262.46
2014	Fire Fighting	Disbursements	157,886.50	167,511.45	9,624.95
2014	Fire Fighting	Ending Balance	97,986.22	189,949.41	91,963.19
2014	Cumulative Fire	Beginning Balance	205,017.85	144,058.46	(60,959.39)
2014	Cumulative Fire	Receipts	70,584.34	27,005.12	(43,579.22)
2014	Cumulative Fire	Disbursements	9,624.95	-	(9,624.95)
2014	Cumulative Fire	Ending Balance	265,977.24	158,826.26	(107,150.98)

OLIVE TOWNSHIP, ST. JOSEPH COUNTY
RESULTS AND COMMENTS
(Continued)

<u>Years</u>	<u>Fund</u>	<u>Category</u>	<u>Amount per Gateway</u>	<u>Amount per Township Ledger</u>	<u>Difference</u>
2014	EMS	Beginning Balance	(22,449.67)	(42,733.18)	(20,283.51)
2014	EMS	Receipts	115,361.06	46,250.72	(69,110.34)
2014	EMS	Disbursements	95,077.55	94,538.18	(539.37)
2014	EMS	Ending Balance	(2,166.16)	(80,931.64)	(78,765.48)
2014	Park and Recreation	Beginning Balance	1,377.46	3,212.69	1,835.23
2014	Park and Recreation	Receipts	4,554.77	6,567.40	2,012.63
2014	Park and Recreation	Ending Balance	(457.77)	7,550.24	8,008.01
2014	Payroll Deductions	Beginning Balance	824.56	1,212.82	388.26
2014	Payroll Deductions	Receipts	842.38	857.75	15.37
2014	Payroll Deductions	Disbursements	17.82	-	(17.82)
2014	Payroll Deductions	Ending Balance	1,649.12	857.81	(791.31)

The Township did not file the AFR for 2015 or 2016.

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)

OVERDRAWN CASH BALANCES

The following funds had overdrawn cash balances at December 31:

<u>Years</u>	<u>Fund</u>	<u>Amount Overdrawn</u>
2013	EMS	\$ 42,733.18
2014	EMS	80,931.64
2015	EMS	59,281.28

The 2016 Township ledger was not presented; therefore, we were unable to determine if any funds had overdrawn cash balances at December 31, 2016.

The balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the unit. (Accounting and Uniform Compliance Guidelines Manual for townships, Chapter 1)

APPROPRIATIONS

The records presented indicated the following disbursements in excess of the budgeted appropriations:

OLIVE TOWNSHIP, ST. JOSEPH COUNTY
RESULTS AND COMMENTS
(Continued)

Years	Fund	Excess Amount Disbursed
2011	Township Assistance	\$ 16,795.67
2011	Fire Fighting	5,473.11
2011	EMS	33,930.96
2012	Township Assistance	6,656.06
2012	Fire Fighting	12,750.97
2012	EMS	60,784.40
2013	Fire Fighting	26,638.74
2013	EMS	51,429.00
2013	Park and Recreation	1,202.24
2014	Fire Fighting	33,151.45
2014	EMS	18,898.18
2014	Park and Recreation	2,449.00
2015	EMS	32,860.70

The 2016 Township ledger was not presented; therefore, we were unable to determine if disbursements were in accordance with budgeted appropriations for 2016.

Indiana Code 6-1.1-18-4 states in part: ". . . 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."

PENALTIES, INTEREST, AND OTHER CHARGES

The Township paid penalties and interest in the amount of \$95.57 for failure to remit tax payments on a timely basis.

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 Townships, Chapter 1)

ADVANCE PAYMENTS

The Township Clerk's compensation was paid in advance of the actual date the services were provided for 2014, 2015, and 2016.

Compensation and any other payments for goods and services should not be paid in advance of receipt of the goods or services unless specifically authorized by statute. Payments made for goods or services which are not received may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

OLIVE TOWNSHIP, ST. JOSEPH COUNTY
RESULTS AND COMMENTS
(Continued)

PAYROLL

Township Board members of the Township were paid without the Township withholding federal, state, and local taxes.

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)

TOWNSHIP ASSISTANCE

Township Assistance Standards were not established in accordance with Indiana Code 12-20-5.5-1 for 2011, 2012, 2014, 2015, or 2016.

In 2013, Township assistance payments were made without an Application for Township Assistance on file. Of the applications tested, 30 percent did not have an application on file.

Indiana Code 12-20-5.5-1(b) states:

"The township's standards for the issuance of township assistance and the processing of applications must be:

- (1) governed by the requirements of this article;
- (2) proposed by the township trustee, adopted by the township board, and filed with the board of county commissioners;
- (3) reviewed and updated annually to reflect changes in the cost of basic necessities in the township and changes in the law;
- (4) published in a single written document, including addenda attached to the document; and
- (5) posted in a place prominently visible to the public in all offices of the township trustee where township assistance applications are taken o processed."

Application for Township Assistance is to be completed by each person who applies for township assistance. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 7)

BOARD MINUTES

Minutes of the Township Board meetings were presented; however, the Township Board did not organize each January to elect a Chairman and Secretary for 2014, 2015, or 2016. In addition, minutes were not approved by the Township Board.

The township board shall meet annually on or before the first Tuesday after the first Monday in January at the office of the township trustee. The board shall meet and organize annually on the above date by electing one of its members chairman and one of its member's secretary for that year. Any two members shall constitute a quorum. IC 36-6-6-4; IC 36-6-6-7. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 6)

OLIVE TOWNSHIP, ST. JOSEPH COUNTY
RESULTS AND COMMENTS
(Continued)

Indiana Code 36-6-6-8 states:

"The legislative body shall keep a permanent record of its proceedings in a book furnished by the executive. The secretary of the legislative body shall, under the direction of the legislative body, record the minutes of the proceedings of each meeting in full and shall provide copies of the minutes to each member of the legislative body before the next meeting is convened. After the minutes are approved by the legislative body, the secretary of the legislative body shall place the minutes in the permanent record book. The chairman of the legislative body shall retain the record in his custody."

DONATIONS

The Township donated \$7,300 to Girl Scouts, \$8,900 to Olive Township 4-H Club, and \$300 to Hoosier Boys State from 2011 through 2014.

A similar comment appeared in the prior report.

Public funds cannot be donated or given to other organizations or individuals unless specifically authorized by law. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

INACCURATE FORM 100-R

The Certified Report of Names, Addresses, Duties and Compensation of Public Employees (Form 100-R) did not include compensation paid to the Township Board members of the Township for 2012, 2013, 2014, or 2016.

The 2014 Form 100-R stated the Township Clerk's total compensation was \$9,000, but the Township Clerk actually was paid \$8,688 for 2014. The 2016 Form 100-R stated the Township Clerk's total compensation was \$11,000, but the Township Clerk actually was paid \$18,288.22.

The Form 100-R was not filed for 2015.

Indiana Code 5-11-13-1 states in part:

"Every state, county, city, town, township, or school official . . . shall during the month of January of each year prepare, make, and sign a written or printed certified report, correctly and completely showing the names and 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. . . ."

LATE FILING OF FORM 100-R

The Township did not timely file a Certified Report of Names, Addresses, Duties and Compensation of Public Employees (Form 100-R) with the Indiana State Board of Accounts for 2011, 2012, and 2013. The Form 100-Rs for 2011 through 2013 were all filed late as follows:

OLIVE TOWNSHIP, ST. JOSEPH COUNTY
RESULTS AND COMMENTS
(Continued)

Years	Due Date	Date Filed
2011	January 31, 2012	March 9, 2012
2012	January 31, 2013	February 25, 2013
2013	January 31, 2014	February 10, 2014

The Township did not file a Form 100-R with the Indiana State Board of Accounts for 2015.

Indiana Code 5-11-13-1 states in part:

"Every state, county, city, town, township, or school official . . . shall during the month of January of each year prepare, make, and sign a written or printed certified report, correctly and completely showing the names and 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. . . ."

NEPOTISM IN EMPLOYMENT

Nepotism Policy

The Township did not have a Nepotism Policy for 2012, 2013, 2014, 2015, and 2016.

Certification

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, 2013, 2015, and 2016.

Indiana Code 36-1-20.2-9(a) states in part:

"This chapter establishes minimum requirements regarding employment of relatives. The legislative body of the unit shall adopt a policy that includes, at a minimum, the requirements set forth in this chapter. . . ."

Indiana Code 36-1-20.2-16 states: "Each elected officer of the unit shall annually certify in writing, subject to the penalties for perjury, that the officer has not violated this chapter. An officer shall submit the certification to the executive of the unit not later than December 31 of each year."

NEPOTISM IN CONTRACTING

Contracting With a Unit Policy

The Township did not have a Contracting Policy for 2012, 2013, 2014, 2015, and 2016.

Certification

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, 2013, 2015, and 2016.

OLIVE TOWNSHIP, ST. JOSEPH COUNTY
RESULTS AND COMMENTS
(Continued)

Indiana Code 36-1-21-4(a) states in part: "This chapter establishes minimum requirements regarding contracting with a unit. The legislative body of the unit shall adopt a policy that includes, at a minimum, the requirements set forth in this chapter. . . ."

Indiana Code 36-1-21-6 states: "Each elected officer of the unit shall annually certify in writing, subject to the penalties for perjury, that the officer is in compliance with this chapter. An officer shall submit the certification to the executive of the unit not later than December 31 of each year."

OLIVE TOWNSHIP, ST. JOSEPH COUNTY
EXIT CONFERENCE

The contents of this report were discussed on July 6, 2017, with Dominic Zarate, Trustee, and Sherri Houser, Township Clerk.