

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

EXAMINATION REPORT

OF

OLIVE TOWNSHIP

ELKHART COUNTY, INDIANA

January 1, 2004 to December 31, 2005



FILED

08/16/2006

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Officials	2
Independent Accountant's Report	3
Schedules of Receipts, Disbursements, and Cash and Investment Balances.....	4
Notes to Schedules	5
Examination Results and Comments:	
Delivery of Fees	6
Condition of Records	6
Donations.....	6
Deposit of Public Funds.....	7
Appropriations.....	7
Exit Conference.....	8

OFFICIALS

Office

Official

Term

Trustee

Linda A. Hartzell

01-01-03 to 12-31-06

Chairman of the
Township Board

Richard Sanders

01-01-04 to 12-31-06



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2765

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF OLIVE TOWNSHIP, ELKHART COUNTY, INDIANA

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

July 26, 2006

OLIVE TOWNSHIP, ELKHART 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:				
General	\$ 80,113	\$ 28,265	\$ 16,561	\$ 91,817
Township Assistance	7,797	10,393	10,572	7,618
Firefighting	58,587	30,303	25,000	63,890
Dog	636	387	642	381
EMS	3,904	42,264	21,500	24,668
Fiduciary Fund:				
Buggy License	3,817	634	-	4,451
Totals	<u>\$ 154,854</u>	<u>\$ 112,246</u>	<u>\$ 74,275</u>	<u>\$ 192,825</u>

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds:				
General	\$ 91,817	\$ 25,738	\$ 18,032	\$ 99,523
Township Assistance	7,618	3,193	10,150	661
Firefighting	63,890	29,365	75,000	18,255
Dog	381	184	47	518
EMS	24,668	29,478	27,950	26,196
Fiduciary Fund:				
Buggy License	4,451	833	-	5,284
Totals	<u>\$ 192,825</u>	<u>\$ 88,791</u>	<u>\$ 131,179</u>	<u>\$ 150,437</u>

The accompanying notes are an integral part of the schedules.

OLIVE TOWNSHIP, ELKHART 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 Indiana the 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.

OLIVE TOWNSHIP, ELKHART COUNTY
EXAMINATION RESULTS AND COMMENTS

DELIVERY OF FEES

The Trustee did not deliver license fees for horse drawn vehicles and trailers to Elkhart County.

Elkhart County Ordinance 05-765 states in part: "The license fees collected by each Township Assessor for horse drawn vehicles and/or horse drawn trailer, pursuant to the terms and conditions of this Ordinance shall be delivered by the respective Township Assessors to the Elkhart County Auditor for deposit."

CONDITION OF RECORDS

The following deficiencies relating to the recordkeeping were noted. A similar comment was in prior Audit Report B24872.

Record balances were not reconciled to depository balances. The 2004 and 2005 Annual Reports, Total Cash and Investments, did not agree to the ledger nor the bank reconciliation due to interest from a money market account not being recorded in the Township Fund in both audit years, as well as, in prior audit years. The ledger's funds when added together individually do not agree to the total ledger balance as a whole.

Indiana Code 5-13-6-1(e) states in part: "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)

Receipts to be issued for the collection of license fees for horse drawn vehicles and trailers were not presented for audit.

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for audit 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 Townships, Chapter 13)

DONATIONS

Records presented for audit indicate donations were made to the Town of Wakarusa without a contract. The Town of Wakarusa's Park Department received donations in 2004 and 2005 in the amounts of \$5,000 and \$3,000, respectively.

Governmental funds should not be donated or given to other organizations, individuals, or governmental units unless specifically authorized by statute. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

OLIVE TOWNSHIP, ELKHART COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

DEPOSIT OF PUBLIC FUNDS

The following deficiency relating to the bank deposits was noted. A similar comment was in prior Audit Report B24872.

We noted that the Trustee had collected dog tag receipts in a span of three months in 2005; March, April and May. The Trustee made only two deposits of the collected funds. The first deposit was not made until June and the last deposit not until December.

Indiana Code 5-13-6-1(c) states in part: "The public funds collected by township trustees shall be deposited in the designated depository on or before the first and fifteenth day of each month."

APPROPRIATIONS

The records presented for audit indicated the following expenditures in excess of budgeted appropriations:

<u>Fund</u>	<u>Year</u>	<u>Excess Amount Expended</u>
Township Assistance	2005	<u>\$ 150</u>

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."

OLIVE TOWNSHIP, ELKHART COUNTY
EXIT CONFERENCE

The contents of this report were discussed on July 27, 2006, with Linda A. Hartzell, Trustee. The official concurred with our findings.