

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

EXAMINATION REPORT
OF
OLIVE TOWNSHIP
ST. JOSEPH COUNTY, INDIANA
January 1, 2003 to December 31, 2005



FILED
10/11/2006

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:	
Capital Asset Records	6
Bank Account Reconciliations	6
Condition of Records	6
Annual Report.....	7
List of Employees Not Filed With County Treasurer	7
Form 100R Not Filed	7
Exit Conference	8

OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Donald R. McGawn	01-01-03 to 03-31-04
	John Michalski	04-01-04 to 12-31-06
Chairman of the Township Board	James Rodgers	01-01-03 to 12-31-04
	Clark Hensel	01-01-05 to 12-31-05
	Myles Hooton	01-01-06 to 12-31-06



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF OLIVE TOWNSHIP, ST. JOSEPH 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, 2003 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, 2003, 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

August 22, 2006

OLIVE TOWNSHIP, ST. JOSEPH COUNTY
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL FUND TYPES
As Of And For The Years Ended December 31, 2003, 2004, And 2005

	Cash and Investments 01-01-03	Receipts	Disbursements	Cash and Investments 12-31-03
Governmental Funds:				
General	\$ 101,202	\$ 56,164	\$ 40,460	\$ 116,906
Dog	719	422	419	722
Township Assistance	14,377	30,012	30,247	14,142
Firefighting	114,254	113,308	67,698	159,864
EMS	14,099	43,647	24,567	33,179
Park and Recreation	19,821	11,551	10,250	21,122
Cumulative Fire	287,907	98,367	-	386,274
Totals	<u>\$ 552,379</u>	<u>\$ 353,471</u>	<u>\$ 173,641</u>	<u>\$ 732,209</u>

	Cash and Investments 01-01-04	Receipts	Disbursements	Cash and Investments 12-31-04
Governmental Funds:				
General	\$ 116,906	\$ 24,735	\$ 44,545	\$ 97,096
Dog	722	302	-	1,024
Township Assistance	14,142	76,644	59,199	31,587
Firefighting	159,864	61,398	117,157	104,105
EMS	33,179	24,487	40,438	17,228
Park and Recreation	21,122	5,098	19,962	6,258
Cumulative Fire	386,274	139,726	250,593	275,407
Totals	<u>\$ 732,209</u>	<u>\$ 332,390</u>	<u>\$ 531,894</u>	<u>\$ 532,705</u>

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds:				
General	\$ 97,096	\$ 59,185	\$ 51,021	\$ 105,260
Dog	1,024	362	799	587
Township Assistance	31,587	80,391	49,579	62,399
Firefighting	104,105	144,903	121,664	127,344
EMS	17,228	58,582	24,337	51,473
Park and Recreation	6,258	14,940	5,405	15,793
Cumulative Fire	275,407	145,228	53,832	366,803
Totals	<u>\$ 532,705</u>	<u>\$ 503,591</u>	<u>\$ 306,637</u>	<u>\$ 729,659</u>

The accompanying notes are an integral part of the schedules.

OLIVE TOWNSHIP, ST. JOSEPH 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.

OLIVE TOWNSHIP, ST. JOSEPH COUNTY
EXAMINATION RESULTS AND COMMENTS

CAPITAL ASSET RECORDS

Information presented for audit did not indicate an inventory or record of capital assets was maintained by the Township.

Every governmental unit should have a complete inventory of all capital assets owned which reflect their acquisition value. Such inventory should be recorded on the applicable Capital Asset Ledger. A complete inventory should be taken at least every two years for good internal control and for verifying account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

BANK ACCOUNT RECONCILIATIONS

Depository reconciliations of the fund balances to the bank account balances were not presented for audit or were incorrect.

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 for Townships, Chapter 13)

CONDITION OF RECORDS

The following deficiencies relating to the recordkeeping were noted:

- (1) The annual report was not mathematically correct and in some instances did not agree with the appropriation and financial ledgers. The financial records were incomplete and not reflective of the activity of the Township. Beginning balances did not always agree with the prior ending balances.

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 for Townships, Chapter 13)

- (2) There were a considerable number of posting errors. These errors included deposits not receipted, checks and receipts not recorded in the proper amounts, interest not posted.

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)

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

ANNUAL REPORT

The Township did not file an annual report with the State Board of Accounts for the 2003 and 2005 calendar years.

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)

LIST OF EMPLOYEES NOT FILED WITH COUNTY TREASURER

Officials or employees of the Township had money due from the Township, but a list of such employees was not certified to the County Treasurer.

Indiana Code 6-1.1-22-14(a) states in part: "on or before June 1 and December 1 of each year . . . the disbursing officer of each political subdivision . . . shall certify the names and addresses of each person who has money due from the political subdivision to the treasurer of each county in which the political subdivision is located."

FORM 100R NOT FILED

The Township did not file a Certified Report of Names, Addresses, Duties and Compensation of Public Employees Form 100R, for the 2003 and 2004 calendar years.

Each year during the month of January each township trustee must complete a Certified Report of Names, Addresses, Duties and Compensation of Public Employees Form 100R and send the same properly certified to the State Examiner of the State Board of Accounts. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 2)

OLIVE TOWNSHIP, ST. JOSEPH COUNTY
EXIT CONFERENCE

The contents of this report were discussed on August 29, 2006, with John Michalski, Trustee. The official concurred with our findings.