

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

EXAMINATION REPORT

OF

OLIVE TOWNSHIP

ST. JOSEPH COUNTY, INDIANA

January 1, 2006 to December 31, 2006



**FILED**

12/31/2007



## TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Officials .....	2
Independent Accountant's Report.....	3
Financial Information:	
Schedule of Receipts, Disbursements, and Cash and Investment Balances .....	4
Notes to Financial Information .....	5
Examination Results and Comments:	
Bank Account Reconciliations .....	6
Balancing the Ledger.....	6
Annual Report.....	6-7
Interest on Investments .....	7
Capital Asset Records .....	7
Appropriations.....	7
Posting Disbursements to Ledger .....	8
Township Assistance Applications .....	8
Exit Conference.....	9

OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	John Michalski	04-01-04 to 12-31-10
Chairman of the Township Board	Myles Hooton Clark Hensell	01-01-06 to 12-31-06 01-01-07 to 12-31-07



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
302 WEST WASHINGTON STREET  
ROOM E418  
INDIANAPOLIS, INDIANA 46204-2769

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

INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the financial information presented herein of Olive Township (Township), for the period of January 1, 2006 to December 31, 2006. The Township's management is responsible for the financial information presented herein. 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 financial information presented herein 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 financial information referred to above presents fairly, in all material respects, the financial information of the Township for the year ended December 31, 2006, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

September 26, 2007

OLIVE TOWNSHIP, ST. JOSEPH COUNTY  
SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES  
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES  
As Of And For The Year Ended December 31, 2006

	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
Governmental Funds:				
Township	\$ 105,260	\$ 142,545	\$ 42,627	\$ 205,178
Dog	587	278	865	-
Township Assistance	62,399	76,389	81,400	57,388
Firefighting	127,344	80,426	133,488	74,282
Park and Recreation	15,793	10,525	6,129	20,189
EMS	51,473	32,577	19,227	64,823
Cumulative Fire	366,803	53,499	193,214	227,088
Fiduciary Fund:				
Payroll Withholdings	-	2,316	2,316	-
Totals	<u>\$ 729,659</u>	<u>\$ 398,555</u>	<u>\$ 479,266</u>	<u>\$ 648,948</u>

The accompanying notes are an integral part of the financial information.

OLIVE TOWNSHIP, ST. JOSEPH COUNTY  
NOTES TO FINANCIAL INFORMATION

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.

Note 6. Subsequent Event

During March 2007, the Township paid \$65,536 for a building for their EMS operations.

OLIVE TOWNSHIP, ST. JOSEPH COUNTY  
EXAMINATION RESULTS AND COMMENTS

BANK ACCOUNT RECONCILIATIONS

Depository reconciliations of the fund balances to the bank account balances were not documented. The Trustee marks checks posted in the ledger that have cleared the bank account as evidence that he has reconciled. The December 31, 2006, reconciliation, based on checks marked by the Trustee results in a \$6,899 cash necessary to balance. The Trustee provided us with an August 31, 2007, reconciliation that shows \$85 cash necessary to balance. A similar comment was included in the prior Report B28313.

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)

BALANCING THE LEDGER

The Trustee does not balance the total all funds amount with a calculated total of all funds cash balances in the Financial and Appropriation Record. As of December 31, 2006, the total all funds amount was \$588,441, compared to the calculated total of all funds cash balances, \$597,201 (neither of these amounts include the \$51,748 investment), a difference of \$8,760. The difference as of August 31, 2007, was \$11,042.

The Trustee agreed to begin attempting to balance the ledger. The Trustee stated he will compile a list of errors he finds, then make a correction to the ledger. The report financial statements include the fund cash balances as shown in the ledger. The Trustee anticipates the cash balances will be adjusted as he finds and corrects errors.

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)

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)

ANNUAL REPORT

Some of the funds January 1, 2006, cash balances shown in the annual financial report, prepared by the Trustee, did not agree to the previously reported December 31, 2005, cash balances. Some of the funds December 31, 2006, cash balances shown in the annual financial report did not agree to the balances shown in the financial and appropriation record. None of the funds total receipts or total expenditures reported in the 2006 annual financial report agreed to the financial and appropriation record. A similar comment was included in the prior Report B28313.

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

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)

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)

INTEREST ON INVESTMENTS

Interest earned on the Township's investment was automatically added to the principal and not recorded in the records.

Interest on investments should not be automatically added into the investment. Instead, interest on investments should be paid to the governmental unit at each maturity date and posted to the appropriate fund. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

CAPITAL ASSET RECORDS

The Township does not maintain capital asset records.

Every governmental unit should have a complete inventory of all capital assets owned which reflects 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)

APPROPRIATIONS

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

<u>Fund</u>	<u>Year</u>	<u>Excess Amount Expended</u>
Township Assistance	2006	\$ 36,455
Firefighting	2006	22,158

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

POSTING DISBURSEMENTS TO LEDGER

The Trustee did not post appropriation amounts in the financial and appropriation record. Also, the cash disbursements were not posted to the disbursement accounts of a 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)

TOWNSHIP ASSISTANCE APPLICATIONS

We found four out of the five payments of township assistance examined that did not have an application on file that was dated within 180 days.

The trustee shall not extend aid to persons or families unless an affidavit setting forth the personal condition of the family has been filed within one hundred eighty (180) days prior to the date of the extension of aid. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 6)

OLIVE TOWNSHIP, ST. JOSEPH COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on September 26, 2007, with John Michalski, Trustee.  
The official concurred with our findings.