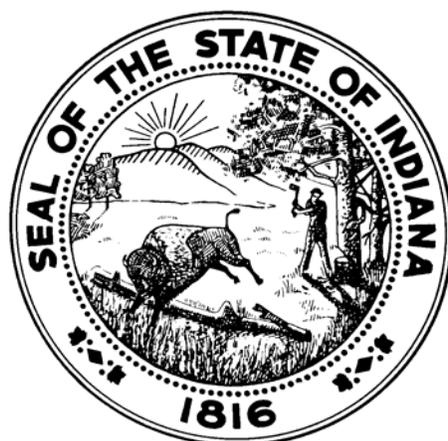


**STATE BOARD OF ACCOUNTS**  
**302 West Washington Street**  
**Room E418**  
**INDIANAPOLIS, INDIANA 46204-2769**

EXAMINATION REPORT  
OF  
POSEY TOWNSHIP  
WASHINGTON COUNTY, INDIANA  
January 1, 2005 to December 31, 2006



**FILED**  
09/21/2007



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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Michael Dohoney	01-01-03 to 12-31-10
Chairman of the Township Board	Clarence Osborne	01-01-05 to 12-31-07



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF POSEY TOWNSHIP, WASHINGTON COUNTY, INDIANA

We have examined the financial information presented herein of Posey Township (Township), for the period of January 1, 2005 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 years ended December 31, 2005 and 2006, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The Schedule of Capital Assets, as listed in the Table of Contents, is presented for additional analysis and is not a required part of the basic financial information. It has not been subjected to the examination procedures applied to the basic financial information, and accordingly, we express no opinion on it.

STATE BOARD OF ACCOUNTS

July 10, 2007

POSEY TOWNSHIP, WASHINGTON COUNTY  
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES  
ALL GOVERNMENTAL FUND TYPES  
As Of And For The Years Ended December 31, 2005 And 2006

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds:				
Township	\$ 140,112	\$ 16,928	\$ 35,590	\$ 121,450
Dog	33	-	-	33
Township Assistance	17,035	8,170	5,332	19,873
Firefighting	22,453	23,672	26,838	19,287
Rainy Day	528	-	-	528
Cumulative Fire	2,857	-	-	2,857
Totals	<u>\$ 183,018</u>	<u>\$ 48,770</u>	<u>\$ 67,760</u>	<u>\$ 164,028</u>

	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
Governmental Funds:				
Township	\$ 121,450	\$ 21,166	\$ 39,070	\$ 103,546
Dog	33	61	47	47
Township Assistance	19,873	7,538	6,368	21,043
Firefighting	19,287	24,115	27,858	15,544
Rainy Day	528	-	-	528
Cumulative Fire	2,857	-	-	2,857
Totals	<u>\$ 164,028</u>	<u>\$ 52,880</u>	<u>\$ 73,343</u>	<u>\$ 143,565</u>

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

POSEY TOWNSHIP, WASHINGTON 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, 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

The Township Board approved a resolution on February 20, 2007, establishing a Public Employees' Retirement Fund (PERF) account for the Township Trustee.

POSEY TOWNSHIP  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF CAPITAL ASSETS

December 31, 2006

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 10,000
Buildings	<u>125,000</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 135,000</u>

POSEY TOWNSHIP, WASHINGTON COUNTY  
EXAMINATION RESULTS AND COMMENTS

BOARD OF FINANCE

The minutes presented for examination did not contain information related to the annual organizational meeting in order to elect officers nor the annual meeting of the finance board for the election of officers to the board of finance.

Indiana Code 5-13-7-6(a) states in part: "Each local board of finance shall meet annually after the first Monday and on or before the last day of January. At the annual meeting the board of finance shall . . . Elect from the board's membership . . . a president; and (B) a secretary. . . . The officers elected hold office until the officers' successors are elected and qualified."

CONDITION OF RECORDS

The following deficiencies relating to the recordkeeping were noted during the period of examination:

- (1) Record balances were not reconciled to depository balances.
- (2) There were several posting errors. The items included checks and receipts not recorded or recorded incorrectly.
- (3) Ledger balances were incorrectly computed.

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)

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)

POSEY TOWNSHIP, WASHINGTON COUNTY  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

TRANSFERS

\$1,200 was transferred from the Township Assistance Fund to the Township Fund during 2006.

Payments or transfers which are not authorized by statute, ordinance, resolution, or court order must be reimbursed or transferred to the appropriate fund. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

DISBURSEMENT DOCUMENTATION

Some disbursements were observed which did not contain adequate supporting documentation such as receipts, and itemized invoices. Due to the lack of supporting information, the validity and accountability for some monies disbursed could not be established.

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)

POSEY TOWNSHIP, WASHINGTON COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on July 10, 2007, with Michael Dohoney, Trustee. The official concurred with our findings.