

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

EXAMINATION REPORT  
OF  
PALMYRA TOWNSHIP  
KNOX COUNTY, INDIANA  
January 1, 2005 to December 31, 2006



**FILED**  
09/27/2007



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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Deborah Loudermilk	03-31-03 to 12-31-10
Chairman of the Township Board	Raymond A. Hatton	01-01-05 to 12-31-05
	Brian R. Downen	01-01-06 to 12-31-06
	Raymond A. Hatton	01-01-07 to 12-31-07



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF PALMYRA TOWNSHIP, KNOX COUNTY, INDIANA

We have examined the financial information presented herein of Palmyra 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 Long-Term Debt, 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

August 17, 2007

PALMYRA TOWNSHIP, KNOX COUNTY  
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES  
GOVERNMENTAL FUND TYPE  
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	\$ 19,877	\$ 30,532	\$ 23,928	\$ 26,481
Dog	318	14	18	314
Township Assistance	11,426	8,354	3,903	15,877
Firefighting	10,247	31,465	33,884	7,828
Cemetery	7,557	36	-	7,593
Fire Debt	(2,160)	3,140	-	980
Fire Debt New	(2,981)	30,430	39,435	(11,986)
	<u>44,284</u>	<u>103,971</u>	<u>101,168</u>	<u>47,087</u>
Totals	<u>\$ 44,284</u>	<u>\$ 103,971</u>	<u>\$ 101,168</u>	<u>\$ 47,087</u>

	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
Governmental Funds:				
Township	\$ 26,481	\$ 54,030	\$ 34,725	\$ 45,786
Dog	314	10	14	310
Township Assistance	15,877	16,311	3,569	28,619
Firefighting	7,828	63,801	36,645	34,984
Cemetery	7,593	200	-	7,793
Fire Debt	980	-	-	980
Fire Equipment Debt	(11,986)	55,521	39,435	4,100
	<u>47,087</u>	<u>189,873</u>	<u>114,388</u>	<u>122,572</u>
Totals	<u>\$ 47,087</u>	<u>\$ 189,873</u>	<u>\$ 114,388</u>	<u>\$ 122,572</u>

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

PALMYRA TOWNSHIP, KNOX 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.

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.

PALMYRA TOWNSHIP  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF LONG-TERM DEBT

December 31, 2006

Description of Debt	Ending Balance	Due Within One Year
Capital lease: Fire Trucks	<u>\$ 74,542</u>	<u>\$ 36,425</u>

PALMYRA TOWNSHIP, KNOX COUNTY  
EXAMINATION RESULTS AND COMMENTS

CONTRACTS

Records presented for examination indicate payments were made for cemetery care and firehouse maintenance in 2005 and 2006 without a contract.

Payments made or received for contractual services should be supported by a written contract. Each governmental unit is responsible for complying with the provisions of its contracts. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

FEDERAL AND STATE AGENCIES - COMPLIANCE REQUIREMENTS

The Trustee did not file Internal Revenue Service (IRS) Form 1099. The Trustee did not always make the correct payments to the IRS. A similar comment appeared in prior reports.

Political subdivisions are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings and filing requirements concerning reports and other procedural matters of federal and state agencies, including opinions of the Attorney General of the State of Indiana, and court decisions. Governmental units should file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

Each governmental unit is responsible for compliance with all rules, regulations, guidelines, and directives of the Internal Revenue Service and the Indiana Department of Revenue. All questions concerning taxes should be directed to these agencies. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

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 governmental 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 governmental unit.

Any penalties, interest or other charges paid by the governmental unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

PALMYRA TOWNSHIP, KNOX COUNTY  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

PENALTIES, INTEREST AND OTHER CHARGES

Penalties and interest totaling \$92.71 were paid to the Indiana Department of Revenue on July 27, 2006, for the tax period ending December 31, 2003.

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 governmental 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 governmental unit.

Any penalties, interest or other charges paid by the governmental unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

COLLECTION OF AMOUNTS DUE

Erroneous state withholding tax in the amount of \$4,912.76 was paid to the Indiana Department of Revenue on December 20, 2006.

Governmental units have a responsibility to collect amounts owed to the governmental unit pursuant to procedures authorized by statute. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

PRESCRIBED FORMS

The following prescribed form was not in use:

Township Form 17 - Resolution Establishing Salaries  
of Township Officers and Employees

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)

PALMYRA TOWNSHIP, KNOX COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on August 17, 2007, with Deborah Loudermilk, Trustee.  
The official concurred with our findings.