

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

EXAMINATION REPORT

OF

POSEY TOWNSHIP

SWITZERLAND COUNTY, INDIANA

January 1, 2006 to December 31, 2007



FILED

10/31/2008

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OFFICIALS

Office

Official

Term

Trustee

Robert L. Jackman

01-01-03 to 12-31-10

Chairman of the
Township Board

Mark Jones

01-01-06 to 12-31-08



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the financial information presented herein of Posey Township (Township), for the period of January 1, 2006 to December 31, 2007. 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, 2006 and 2007, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

August 27, 2008

POSEY TOWNSHIP, SWITZERLAND COUNTY
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL FUND TYPES
As Of And For The Years Ended December 31, 2006 And 2007

	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
Governmental Funds:				
Township	\$ 30,651	\$ 15,526	\$ 30,378	\$ 15,799
Dog	42	80	122	-
Township Assistance	7,190	8,013	11,837	3,366
Firefighting	6,673	8,434	6,700	8,407
Green Cemetery	128	-	-	128
Old Patriot Cemetery	328	-	-	328
Rainy Day	3,552	-	-	3,552
Riverboat	23,952	36,491	57,195	3,248
Totals	<u>\$ 72,516</u>	<u>\$ 68,544</u>	<u>\$ 106,232</u>	<u>\$ 34,828</u>

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Governmental Funds:				
Township	\$ 15,799	\$ 14,056	\$ 16,327	\$ 13,528
Township Assistance	3,366	8,144	9,834	1,676
Firefighting	8,407	8,405	6,700	10,112
Green Cemetery	128	-	-	128
Old Patriot Cemetery	328	-	-	328
Rainy Day	3,552	545	3,552	545
Riverboat	3,248	33,656	35,527	1,377
Totals	<u>\$ 34,828</u>	<u>\$ 64,806</u>	<u>\$ 71,940</u>	<u>\$ 27,694</u>

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

POSEY TOWNSHIP, SWITZERLAND 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.

POSEY TOWNSHIP, SWITZERLAND COUNTY
EXAMINATION RESULTS AND COMMENTS

CONDITION OF RECORDS

Check 2729, dated December 20, 2007, in the amount of \$500 was not recorded on the Financial and Appropriation Record. Therefore, the cash and investment balance of the Riverboat Fund was overstated by \$500 and the record balances of cash and investments did not reconcile to the depository balances.

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."

CEMETARY CARE DISBURSEMENTS

We found the following deficiencies related to payments for cemetery care:

1. Amounts paid to individuals were not reported on Internal Revenue Service Form 1099-MISC.

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)

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)

2. Payments were made to the following individuals without contracts showing the method of payment and identifying the cemeteries cared for:

<u>Individual</u>	<u>Amount</u>
Herbert Henderson	\$ 3,486
Jerry Relholz	1,533
Carl Kebbeo	1,067

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)

TOWNSHIP ASSISTANCE STANDARDS

No written township assistance standards were presented for examination.

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

Indiana Code 12-20-5.5-1 states in part:

- "(a) The township trustee shall process all applications for the township assistance according to uniform written standards"
- "(b) The township's standards for the issuance of township assistance and the processing of applications must be: . . .
- (2) proposed by the township trustee, adopted by the township board, and filed with the board of county commissioners; . . ."
 - (3) reviewed and updated annually to reflect changes in the cost of basic necessities in the township and changes in the law;
 - (4) published in a single written document, including addenda attached to the document; and
 - (5) posted in a place prominently visible to the public in all offices of the township trustee where township assistance applications are taken or processed. . . ."

DISBURSEMENT DOCUMENTATION - TOWNSHIP ASSISTANCE

We reviewed township assistance payments totaling \$2,710. The payments reviewed lacked supporting documentation for payments totaling \$403 or 15% of payments reviewed.

Whenever the administrator of township assistance of any township grants township assistance aid to any indigent person, or to any other person or agency on a township assistance order as provided by law or obligates the township for any item properly payable from township assistance funds, the claim against such township, itemized and sworn to as provided by law, and accompanied by the original township assistance order, duly itemized and signed shall be checked with the records of the administrator of township assistance, audited, and certified to, as required by law by the trustee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 6)

OPTICAL IMAGES OF CHECKS

The financial institution returned optical images of checks beginning in the year 2007. However, only the front side of the checks was returned. The backside or endorsement side of the checks was not returned.

Indiana Code 5-15-6-3(a) concerning optical imaging of checks states in part: ". . . 'original records' includes the optical image of a check or deposit document when:

- (1) the check or deposit document is recorded, copied, or reproduced by an optical imaging process . . . ; and
- (2) the drawer of the check receives an optical image of the check after the check is processed for payment . . ."

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

Furthermore, Indiana Code 26-2-8-111 states in part:

"(a) If a law requires that certain records be retained, that requirement is met by retaining an electronic record of the information in the record that:

- (1) accurately reflects the information set forth in the record after it was first generated in its final form as an electronic record or otherwise; and
- (2) remains accessible for later reference."

"(e) If a law requires retention of a check, that requirement is satisfied by retention of an electronic record of the information on the front and back of the check in accordance with subsection (a)."

REPORTING OF COMPENSATION

Salaries paid to Township Board members were not reported on Internal Revenue Service Form W-2 (Wage and Tax Statement).

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)

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)

POSEY TOWNSHIP, SWITZERLAND COUNTY
EXIT CONFERENCE

The contents of this report were discussed on August 27, 2008, with Robert L. Jackman, Trustee.