

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

EXAMINATION REPORT
OF
PERRY TOWNSHIP
BOONE COUNTY, INDIANA
January 1, 2006 to December 31, 2007



FILED

03/04/2009

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Clifford Belcher	01-01-03 to 12-31-10
Chairman of the Township Board	David Herr	01-01-06 to 12-31-07
	Gerald Padgett	01-01-08 to 06-31-08
	Johnny Hine	07-01-08 to 12-31-08



STATE OF INDIANA
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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF PERRY TOWNSHIP, BOONE COUNTY, INDIANA

We have examined the financial information presented herein of Perry 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 present 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.

January 12, 2009

STATE BOARD OF ACCOUNTS

PERRY TOWNSHIP, BOONE COUNTY
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL AND FIDUCIARY 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	\$ 15,937	\$ 15,814	\$ 19,391	\$ 12,360
Dog	792	910	637	1,065
Township Assistance	7,570	131	2,081	5,620
Firefighting	148,400	80,333	59,423	169,310
Levy Excess	1,766	511	1,766	511
Rainy Day	565	-	-	565
Totals	<u>\$ 175,030</u>	<u>\$ 97,699</u>	<u>\$ 83,298</u>	<u>\$ 189,431</u>

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Governmental Funds:				
Township	\$ 12,360	\$ 25,449	\$ 21,089	\$ 16,720
Dog	1,065	-	1,065	-
Township Assistance	5,620	-	1,350	4,270
Firefighting	169,310	63,473	61,615	171,168
Levy Excess	511	-	-	511
Rainy Day	565	5,928	-	6,493
Fiduciary Fund:				
Payroll Withholdings	-	322	-	322
Totals	<u>\$ 189,431</u>	<u>\$ 95,172</u>	<u>\$ 85,119</u>	<u>\$ 199,484</u>

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

PERRY TOWNSHIP, BOONE 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).

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.

PERRY TOWNSHIP, BOONE COUNTY
EXAMINATION RESULTS AND COMMENTS

OFFICIAL BOND

The following official bond was not filed in the Office of the County Recorder for the year 2007:

Clifford Belcher, Trustee

A bond was on file for the period January 1, 2003 through January 1, 2007; however, there was no bond for the year 2007 through the date of this report.

IC 5-4-1-5.1(b) states in part:

"Every elected or appointed officer, official, deputy, or employee of a political subdivision . . . shall file the bond in the office of the county recorder . . ."

PRESCRIBED FORM

The following prescribed form was not in use:

Township Form 16-1997, Township Trustee's Receipt

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)

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	<u>\$ 1,081</u>

IC 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."

INTEREST ON INVESTMENTS

Interest earned on investments was automatically added to the principal and not recorded in the records. The interest was shown, by year, on the Township Annual Report Part 4 - Cash and Investments, but not recorded in the ledger.

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)

PERRY TOWNSHIP, BOONE COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

OPTICAL IMAGES OF CHECKS

The financial institution did not return the actual cancelled checks with the monthly bank statements, but instead returned an optical image of only the front side of the checks.

IC 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 . . ."

Furthermore, IC 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)."

DISBURSEMENT DOCUMENTATION

Several payments were observed which did not contain adequate supporting documentation such as receipts, bills and invoices. No supporting documentation was found for any payments made in 2007, except for Township Board approval in the minutes of payment of the 2007 fire contract and Application for Township Assistance, Township Form TA-1. Documentation for 2006 was lacking 60% of the expenditures examined. Additionally, part of the 60% not supported by invoices was for payment of Township Assistance. The payments were not supported by an Application for Township Assistance, Township Form TA-1. 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)

PERRY TOWNSHIP, BOONE COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

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 for 2006 or 2007.

IC 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."

CONDITION OF RECORDS

Deficiencies relating to the recordkeeping were noted, as follows: The ledgers contained a number of posting errors such as receipts and disbursements posted on the Annual Report, but not recorded in the ledgers; interest earned on investments not posted to the ledger, but shown on the Annual Report; receipts and disbursements posted to the ledgers, but not carried forward to the Annual Report or reported in the wrong fund on the Annual Report.

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)

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)

PERRY TOWNSHIP, BOONE COUNTY
EXIT CONFERENCE

The contents of this report were discussed on January 12, 2009, with Clifford Belcher, Trustee. The official concurred with our findings.