

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

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



FILED
03/06/2009

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Jack E. Sandlin	01-01-03 to 12-31-06
	Gary S. Coons	01-01-07 to 12-31-10
Chairman of the Township Board	Cindy Kirchhofer	01-01-06 to 12-31-06
	Marvin Hawkins	01-01-07 to 12-31-07
	Michael L. Kalscheur	01-01-08 to 12-31-08



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF PERRY TOWNSHIP, MARION 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 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.

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

January 13, 2009

PERRY TOWNSHIP, MARION 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	\$ 122,119	\$ 643,499	\$ 758,157	\$ 7,461
Dog	1,252	1,146	954	1,444
Township Assistance	16,425	174,875	177,318	13,982
Firefighting	399,618	11,868,359	12,226,254	41,723
Fire Donation	2,392	7,630	7,178	2,844
Rainy Day	25,218	-	-	25,218
Fire Debt	167,927	1,526,326	1,694,253	-
Lease Rental Payment	189	-	-	189
Cumulative Fire	2,909,606	783,860	2,817,865	875,601
Fiduciary Funds:				
Fire Pension	184,707	451,643	410,068	226,282
Court Fees	-	496,649	496,649	-
Court Trust	8,818	1,201,257	1,201,409	8,666
Totals	<u>\$ 3,838,271</u>	<u>\$ 17,155,244</u>	<u>\$ 19,790,105</u>	<u>\$ 1,203,410</u>

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Governmental Funds:				
Township	\$ 7,461	\$ 684,553	\$ 649,487	\$ 42,527
Dog	1,444	-	1,444	-
Township Assistance	13,982	231,412	228,169	17,225
Firefighting	41,723	13,576,222	10,534,407	3,083,538
Fire Donation	2,844	18,800	15,153	6,491
Rainy Day	25,218	-	25,000	218
Fire Debt	-	1,622,412	1,673,830	(51,418)
Lease Rental Payment	189	-	-	189
Cumulative Fire	875,601	701,931	282,744	1,294,788
Fiduciary Funds:				
Fire Pension	226,282	401,713	449,523	178,472
Court Fees	-	532,186	532,186	-
Court Trust	8,666	1,294,617	1,296,855	6,428
Totals	<u>\$ 1,203,410</u>	<u>\$ 19,063,846</u>	<u>\$ 15,688,798</u>	<u>\$ 4,578,458</u>

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

PERRY TOWNSHIP, MARION 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).

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, MARION COUNTY
NOTES TO FINANCIAL INFORMATION
(Continued)

Note 6. Pension Plan

Public Employees' Retirement Fund

Plan Description

The Township contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF Board, most requirements of the system, and give the Township authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

PERF administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

Public Employees' Retirement Fund
Harrison Building, Room 800
143 West Market Street
Indianapolis, IN 46204
Ph. (317) 233-4162

Funding Policy and Annual Pension Cost

The contribution requirements of the plan members for PERF are established by the Board of Trustees of PERF.

PERRY TOWNSHIP, MARION COUNTY
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 December 31, 2007

The Township has entered into the following debt:

Description of Debt	Ending Principal Balance
Governmental Activities:	
Emergency Fire Loan	\$ 2,957,303
Tax Anticipation Warrant	<u>3,700,000</u>
Total governmental activities debt	<u>\$ 6,657,303</u>

PERRY TOWNSHIP, MARION COUNTY
EXAMINATION RESULTS AND COMMENTS

CAPITAL ASSET RECORDS

The Township is using a database to track capital asset purchases. The database is perpetual and extensive, but the software does not have a mechanism for aggregating account balances or sorting the activity by year. Some assets inventoried did not have a cost amount shown. Also, no category totals or grand totals are carried in the accounting records.

A similar comment appeared in Reports B27441 and B24163.

Every governmental unit should have a complete inventory of all capital assets owned which reflect their acquisition value. Such inventory should be recorded on the applicable Capital Assets 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)

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)

COLLECTION OF AMOUNTS DUE

The 1978 Report A59470 included the following information: In October 1979 the Perry Township Constable agreed "to reimburse the township for one-half of the total cost of one of the present court employees and in the future provide all his necessary supplies. One-half of the total costs of one employee was defined to the constable as being one-half of the salary together with one-half of all fringe benefits including employer's share of O.A.S.I." The agreement remained in effect until June 1, 2006, and was terminated by the current Constable, Roy A. Houchins.

A review of payments from Constable Houchins to Perry Township from January 1, 2003 to June 1, 2006, indicates that a balance of \$22,257 is due from Constable Houchins. Additional information was requested from Constable Houchins to assist in our examination, but was not provided.

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

The following table summarizes the balance due the Township from Constable Roy A. Houchins:

<u>Years</u>	<u>Amount Owed</u>	<u>Amount Paid</u>	<u>Balance Due</u>
2003	\$ 17,520	\$ 8,760	\$ 8,760
2004	17,866	12,760	5,106
2005	18,035	14,000	4,035
2006	<u>7,856</u>	<u>3,500</u>	<u>4,356</u>
Totals	<u>\$ 61,277</u>	<u>\$ 39,020</u>	<u>\$ 22,257</u>

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)

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 Manual for Townships, Chapter 13)

OVERDRAWN CASH BALANCE

The cash balance of the Fire Debt Fund was overdrawn in 2007.

The cash balance of any fund may not be reduced below zero. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

PERRY TOWNSHIP, MARION COUNTY
EXIT CONFERENCE

The contents of this report were discussed on January 13, 2009, with Gary S. Coons, Trustee.

The contents of this report were discussed on January 14, 2009, with Jack E. Sandlin, former Trustee. The official response has been made a part of this report and may be found on page 11.

The contents of this report were discussed on January 14, 2009, with Roy A. Houchins, Township Constable; and David Lewis, Attorney.

January 19, 2009

Official Response
Indiana State Board of Accounts
302 W. Washington Street, Room E418
Indianapolis, Indiana

Reference: Perry Township, Marion County Examination Results and Comments

On January 14, 2009 I had an opportunity to review the Examination Results and Comments for the period of January 1, 2006 to December 31, 2007 during an exit conference at your office.

Under the section titled COLLECTION OF AMOUNTS DUE it is my understanding that this matter is not going to be referred to the Prosecutor's Office for potential criminal violations or the Attorney General's Office for civil/collection action.

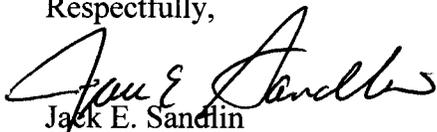
When this issue was first addressed in Perry Township in 1978 the Constable agreed "to reimburse the township for one-half of the total cost of one of the present court employees ..." It was determined that one-half of the salary together with one-half of all fringe benefits including employer's share of O.A.S.I.

When the current Constable was elected to this office he agreed to the terms as prescribed in the 1978 audit report. Subsequently he knowingly and intentionally discontinued payments to the Township. He then stated that he had never agreed to the terms and owed the Township nothing. His withholding of funds caused the Township to pay the Court Employee account with tax revenues or Court fees which would not have otherwise been expended for that purpose.

This matter was originally forwarded to the State Examiner on 5 October 2006 by our office. Now that the Board of Accounts has concurred with the original submission and has determined that there is a balance owing to the Governmental Unit caused by withholding of payment for services performed by Township Employees such actions may constitute a criminal violation and/or civil tort or both.

I believe that this information should be forwarded to the Marion County Prosecutor and the Attorney General for official review and determination as this account remains open and unpaid.

Respectfully,



Jack E. Sandlin
Perry Township Trustee for the Audit Year 2006
PO Box 47802
Indianapolis, Indiana 46247