

STATE BOARD OF ACCOUNTS
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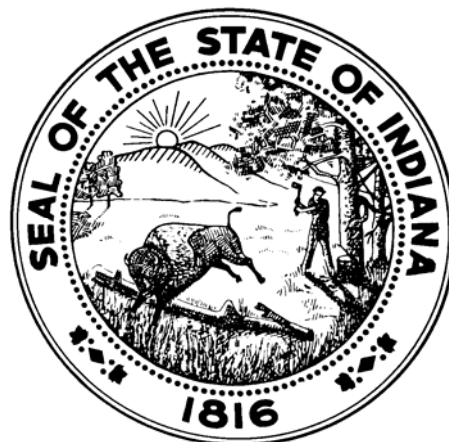
EXAMINATION REPORT

OF

POSEY TOWNSHIP

FRANKLIN COUNTY, INDIANA

January 1, 2002 to December 31, 2005



FILED
10/18/2006

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Gregg Burris	01-01-02 to 12-31-02
	Rocky Matney	01-01-03 to 08-31-05
	David Thompson	09-01-05 to 12-31-06
Chairman of the Township Board	Everett Quinton	01-01-02 to 03-17-02
	Charles Murray	03-18-02 to 12-31-03
	Harvey L. Crawley	01-01-04 to 12-31-06



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the schedules of receipts, disbursements, and cash and investment balances of Posey Township (Township), for the period of January 1, 2002 to December 31, 2005. The Township's management is responsible for the schedules. 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 schedule of receipts, disbursements, and cash and investment balances 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 schedules referred to above present fairly, in all material respects, the cash transactions of the Township for the years ended December 31, 2002, 2003, 2004, and 2005, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

August 9, 2006

POSEY TOWNSHIP, FRANKLIN COUNTY
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL FUND TYPES
As Of And For The Years Ended December 31, 2002, 2003, 2004, And 2005

	Cash and Investments 01-01-02	Receipts	Disbursements	Cash and Investments 12-31-02
Governmental Funds:				
General	\$ 7,541	\$ 28,017	\$ 22,185	\$ 13,373
Dog	18	-	-	18
Township Assistance	3,456	858	2,306	2,008
Firefighting	1,305	3,047	2,659	1,693
Levy Excess	389	-	-	389
Totals	<u>\$ 12,709</u>	<u>\$ 31,922</u>	<u>\$ 27,150</u>	<u>\$ 17,481</u>

	Cash and Investments 01-01-03	Receipts	Disbursements	Cash and Investments 12-31-03
Governmental Funds:				
General	\$ 13,373	\$ 8,271	\$ 15,802	\$ 5,842
Dog	18	10	26	2
Township Assistance	2,008	321	2,267	62
Firefighting	1,693	641	1,256	1,078
Levy Excess	389	255	-	644
Totals	<u>\$ 17,481</u>	<u>\$ 9,498</u>	<u>\$ 19,351</u>	<u>\$ 7,628</u>

	Cash and Investments 01-01-04	Receipts	Disbursements	Cash and Investments 12-31-04
Governmental Funds:				
General	\$ 5,842	\$ 10,327	\$ 17,585	\$ (1,416)
Dog	2	405	245	162
Township Assistance	62	2,442	1,488	1,016
Firefighting	1,078	2,479	1,500	2,057
Levy Excess	644	-	-	644
Totals	<u>\$ 7,628</u>	<u>\$ 15,653</u>	<u>\$ 20,818</u>	<u>\$ 2,463</u>

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds:				
General	\$ (1,416)	\$ 20,574	\$ 19,844	\$ (686)
Dog	162	11	80	93
Township Assistance	1,016	3,326	3,357	985
Firefighting	2,057	4,552	3,000	3,609
Levy Excess	644	-	644	-
Totals	<u>\$ 2,463</u>	<u>\$ 28,463</u>	<u>\$ 26,925</u>	<u>\$ 4,001</u>

The accompanying notes are an integral part of the schedules.

POSEY TOWNSHIP, FRANKLIN COUNTY
NOTES TO SCHEDULES

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.

Note 6. Long-Term Debt

The Township has entered into various debts such as loans and tax anticipation warrants for operating expenses. The outstanding principal at December 31, 2005, was \$10,000 and \$1,569, respectively.

POSEY TOWNSHIP, FRANKLIN COUNTY
EXAMINATION RESULTS AND COMMENTS

OFFICIAL BOND

The official bonds of David Thompson, Trustee, were not filed in the Office of the County Recorder.

Indiana Code 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 . . ."

CONDITION OF RECORDS

The following deficiencies relating to the recordkeeping were noted. A similar comment was in the prior Audit Report

- (1) Record balances were not reconciled to 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."

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)

- (2) There were a considerable number of posting errors. The errors included deposits not receipted, checks and receipts not recorded in the proper amounts, and the appropriations not posted to the ledger.

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)

DEPOSIT OF PUBLIC FUNDS

We noted the Trustee did not deposit \$6,016.57 in local tax distributions into the township bank account in November and December 2005. The checks were taken to the bank and applied directly to the tax anticipation loan payment.

Indiana Code 5-13-6-1(c) states in part: "The public funds collected by township trustees shall be deposited in the designated depository on or before the first and fifteenth day of each month."

All financial transactions pertaining to the governmental unit should be recorded in the records of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

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

APPROPRIATIONS

The records presented for examination indicated the following expenditures in excess of budgeted appropriations:

<u>Fund</u>	<u>Years</u>	<u>Excess Amount Expended</u>
Township Fund	2002	\$ 12,135
Township Assistance	2002	1,806
Firefighting Fund	2002	1,860
Township Fund	2003	2,752
Township Assistance	2005	1,357

Indiana Code 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."

DISBURSEMENT DOCUMENTATION

Several payments were observed which did not contain adequate supporting documentation such as receipts, and 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)

FUND SOURCES AND USES

Funds were disbursed from the Township Fund in 2002 for Easter prizes in the amount of \$30, a Halloween party in the amount of \$55.58, meals for election workers in 2004 in the amount of \$55.14 and for food for a breakfast in 2005 in the amount of \$62.67. The Township Trustee also paid township assistance labor and supplies from the Township Fund totaling \$1,284.92 during the examination period. Firefighting Fund expenses in the amount of \$1,145.96 were also paid out of the Township Fund during the same period. Tax distributions in the amount of \$420.78 for the Firefighting Fund were received into the Township Fund in May 2005.

Sources and uses of funds should be limited to those authorized by the enabling statute, ordinance, resolution, or grant agreement. (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, FRANKLIN COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

PAYROLL DEDUCTIONS

Payments to all employees were made without payroll deductions for taxes.

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)

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)

ADVANCE PAYMENTS OF SALARIES

Dates of transactions indicate that salary payments were made to the Trustee, Clerk, and Township Board members prior to the performance of service.

Compensation and any other payments for goods and services should not be paid in advance of receipt of the goods or services unless specifically authorized by statute. Payments made for goods or services which are not received may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

MILEAGE PAYMENTS

David Thompson, Trustee, and Harvey L. Crawley, Chairman of the Township Board, were paid a gasoline allowance of \$350 and \$120 respectively in place of filing Mileage Claim, General Form 101.

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)

FORM 100R - CERTIFIED REPORT OF NAMES, ADDRESSES,
DUTIES AND COMPENSATION OF PUBLIC EMPLOYEES

The Trustee has not filed the 2002, 2004, or 2005 Form 100R, Certified Report of Names, Addresses, Duties and Compensation of Public Employees.

Each year during the month of January each township trustee must complete Form 100R and send the same properly certified to the State Examiner of the State Board of Accounts. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 2)

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

PERSONAL EXPENSES

The Trustee paid \$86 for his personal electric bill for him and his wife from township assistance funds. We have requested that David Thompson repay the Township \$86. (See Summary, page 11)

Public funds may not be used to pay for personal items or for expenses which do not relate to the functions and purposes of the governmental unit. Any personal expenses paid by the governmental entity may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

OVERPAYMENT OF COMPENSATION

Harvey L. Crawley, Roger McQueen, and Charles Murray, Township Board Members, received \$400 each in payments for the year 2005. The salary of the Township Board, as established by the budget approved by the Township Board, for the year 2005 was \$350 each, resulting in an overpayment of \$50 each. We have requested that the Township Board Members repay the Township the overpaid salary. (See Summary, page 11)

Heather Matney received salary as the Township Clerk for September 2005 in the amount of \$83.33. She resigned as Township Clerk effective August 31, 2005. We have requested that Heather Matney repay the overpaid salary to the Township of \$83.33. (See Summary, page 11)

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, resolution, or salary schedule adopted by the governing body unless otherwise authorized by statute. Compensation should be made in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 17)

Governmental units should collect any overpayments made (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

COMPENSATION AND BENEFITS

David Thompson, Trustee, received \$175 in payments for picking up commodities in the year 2005. Additionally, the \$175 was not included in the payroll system.

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, resolution, or salary schedule adopted by the governing body unless otherwise authorized by statute. Compensation should be made in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 17)

POSEY TOWNSHIP, FRANKLIN COUNTY
EXIT CONFERENCE

The contents of this report were discussed on August 9, 2006, with Jackie Thompson, Township Clerk, and Harvey L. Crawley, Chairman of the Township Board. The officials concurred with our findings.

POSEY TOWNSHIP, FRANKLIN COUNTY
SUMMARY

	<u>Charges</u>	<u>Credits</u>	<u>Balance Due</u>
David Thompson, Payment of Personal Utility Expense from Township Assistance Fund	\$ 86.00		\$
Refund from David Thompson, August 14, 2006		86.00	-
Roger McQueen, Overpayment of Salary	50.00		
Refund from Roger McQueen, August 9, 2006		50.00	-
Charles Murray, Overpayment of Salary	50.00		
Refund from Charles Murray, August 9, 2006		50.00	-
Harvey L. Crawley, Overpayment of Salary	50.00		
Refund from Harvey L. Crawley, August 9, 2006		50.00	-
Heather Matney, Overpayment of Salary	83.33		
Refund from Heather Matney, September 1, 2006		<u>83.33</u>	<u>-</u>
Totals	<u>\$ 319.33</u>	<u>\$ 319.33</u>	<u>\$ -</u>