

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

EXAMINATION REPORT
OF
PENN TOWNSHIP
JAY COUNTY, INDIANA
January 1, 2006 to December 31, 2006



FILED
09/28/2007

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OFFICIALS

| <u>Office</u> | <u>Official</u> | <u>Term</u> |
|-----------------------------------|------------------------------------|--|
| Trustee | Martha E. Geesaman Gary Daniels | 01-01-03 to 12-31-06 01-01-07 to 12-31-10 |
| Chairman of the Township Board | Ronald J. Paxson | 01-01-06 to 12-31-07 |



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF PENN TOWNSHIP, JAY COUNTY, INDIANA

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

STATE BOARD OF ACCOUNTS

August 1, 2007

PENN TOWNSHIP, JAY COUNTY
SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL FUND TYPES
As Of And For The Year Ended December 31, 2006

| | Cash and Investments 01-01-06 | Receipts | Disbursements | Cash and Investments 12-31-06 |
|---------------------|-------------------------------------|------------------|------------------|-------------------------------------|
| Governmental Funds: | | | | |
| Township | \$ 97,995 | \$ 17,775 | \$ 51,200 | \$ 64,570 |
| Dog | 306 | 459 | - | 765 |
| Township Assistance | 9,479 | 15,735 | 14,173 | 11,041 |
| Firefighting | 13,639 | 7,147 | 4,948 | 15,838 |
| Park and Recreation | 3,510 | 9,478 | 4,219 | 8,769 |
| Levy Excess | 725 | 339 | 725 | 339 |
| Totals | <u>\$ 125,654</u> | <u>\$ 50,933</u> | <u>\$ 75,265</u> | <u>\$ 101,322</u> |

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

PENN TOWNSHIP, JAY 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.

PENN TOWNSHIP, JAY COUNTY
EXAMINATION RESULTS AND COMMENTS

INTEREST ON INVESTMENTS

Interest earned on the Township Fund's savings account was not posted to the Township Fund. All \$508 of such interest for the years 2004 through 2006 has therefore been excluded from the Township Fund's balance at December 31, 2006.

Interest on investments should not be automatically added into the investment. Instead, interest on investments should be . . . posted to the appropriate fund. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

DEPOSIT OF PUBLIC FUNDS

The \$4,105.50 of taxes distributed to the Township in the first half of May 2006 were not deposited until June 13, 2006.

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."

SUPPORTING DOCUMENTATION

Several payments were observed which did not contain adequate supporting documentation, such as receipts, invoices, or contracts. Due to the lack of supporting information, the validity and accountability for some money 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)

PENN TOWNSHIP, JAY COUNTY
EXIT CONFERENCE

The contents of this report were discussed on August 1, 2007, with Gary Daniels, Trustee; and Ronald J. Paxson, Chairman of the Township Board. The officials concurred with our findings.