

B36379

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

EXAMINATION REPORT

OF

POSEY TOWNSHIP

RUSH COUNTY, INDIANA

January 1, 2008 to December 31, 2009



FILED
04/23/2010

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OFFICIALS

Office

Official

Term

Trustee

Lurinda Smith

01-01-07 to 12-31-10

Chairman of the
Township Board

Dahl Petry

01-01-08 to 12-31-10



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the financial information presented herein of Posey Township (Township), for the period of January 1, 2008 to December 31, 2009. 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, 2008 and 2009, 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

April 1, 2010

POSEY TOWNSHIP, RUSH COUNTY
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL FUND TYPES
As Of And For The Years Ended December 31, 2008 And 2009

| | Cash and Investments 01-01-08 | Receipts | Disbursements | Cash and Investments 12-31-08 |
|---------------------|-------------------------------------|------------------|------------------|-------------------------------------|
| Governmental Funds: | | | | |
| Township | \$ 17,946 | \$ 10,952 | \$ 10,202 | \$ 18,696 |
| Township Assistance | 7,548 | 4,092 | 5,162 | 6,478 |
| Firefighting | 69,421 | 42,554 | 37,597 | 74,378 |
| Fire Debt | - | 11,239 | 11,000 | 239 |
| Cumulative Fire | <u>38,464</u> | <u>11,077</u> | <u>12,009</u> | <u>37,532</u> |
| Totals | <u>\$ 133,379</u> | <u>\$ 79,914</u> | <u>\$ 75,970</u> | <u>\$ 137,323</u> |

| | Cash and Investments 01-01-09 | Receipts | Disbursements | Cash and Investments 12-31-09 |
|---------------------|-------------------------------------|------------------|------------------|-------------------------------------|
| Governmental Funds: | | | | |
| Township | \$ 18,696 | \$ 8,966 | \$ 12,279 | \$ 15,383 |
| Township Assistance | 6,478 | 3,179 | 4,866 | 4,791 |
| Firefighting | 74,378 | 43,745 | 49,852 | 68,271 |
| Fire Debt | 239 | 10,767 | 11,000 | 6 |
| Cumulative Fire | <u>37,532</u> | <u>10,111</u> | <u>12,009</u> | <u>35,634</u> |
| Totals | <u>\$ 137,323</u> | <u>\$ 76,768</u> | <u>\$ 90,006</u> | <u>\$ 124,085</u> |

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

POSEY TOWNSHIP, RUSH 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, RUSH COUNTY
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 December 31, 2009

The Township has entered into the following debt:

| Description of Debt | Ending Principal Balance | Principal and Interest Due Within One Year |
|--------------------------|--------------------------------|---|
| Governmental activities: | | |
| Loan payable: | | |
| Fire rescue truck | \$ 83,465 | \$ 11,505 |

POSEY TOWNSHIP, RUSH COUNTY
EXAMINATION RESULTS AND COMMENTS

OFFICIAL BOND

The official bonds of Lurinda Smith, Trustee, were filed in the office of the County Recorder, but did not comply with the minimum annual coverage.

Until July 1, 2009, IC 5-4-1-18 stated in part:

"(c) The fiscal bodies of the respective units shall fix the amount of the bond of . . . township trustees . . . as follows:

- (1) The amount must equal fifteen thousand dollars (\$15,000) for each one million dollars (\$1,000,000) of receipts of the officer's office during the last complete fiscal year before the purchase of the bond, subject to subdivision (2).
- (2) The amount may not be less than fifteen thousand dollars (\$15,000) nor more than three hundred thousand dollars (\$300,000) . . ."

Effective July 1, 2009, IC 5-4-1-18 states in part:

"(c) Except as provided in subsections (h) and (i), the fiscal bodies of the respective units shall fix the amount of the bond of . . . township trustees . . . as follows:

- (1) The amount of annual coverage must equal thirty thousand dollars (\$30,000) for each one million dollars (\$1,000,000) of receipts of the officer's office during the last complete fiscal year before the purchase of the bond, subject to subdivision (2).
- (2) The amount of annual coverage may not be less than thirty thousand dollars (\$30,000) nor more than three hundred thousand dollars (\$300,000) unless the fiscal body approves a greater amount of annual coverage for the officer or employee. . . ."

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.

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 the person from the political subdivision to the treasurer of each county in which the political subdivision is located."

PAYROLL DEDUCTIONS

Payments to Township Board members 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)

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

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)

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)

ANNUAL REPORT

An annual report for 2009 was not timely filed electronically.

IC 5-11-1-4 states:

"The state examiner shall require from every municipality and every state or local governmental unit, entity, or instrumentality financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each fiscal year. The reports must be filed electronically, in a manner prescribed by the state examiner that is compatible with the technology employed by the political subdivision."

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)

CERTIFIED REPORT - FORM 100R

Official did not file a certified Form 100R with the Indiana State Board of Accounts.

Each township trustee shall, during the month of January of each year, make and sign a written or printed certified report, correctly and completely showing the names and addresses of each and all officers and employees of the township and the respective duties and compensation of each. The report must be filed (on Form 100R) in the office of the State Examiner of the State Board of Accounts, 302 West Washington Street, Room E418, Indianapolis, Indiana, 46204-2769. IC 5-11-13-1. A person who violates section 1 of this chapter commits a Class C infraction. If violated by an elected state officer, the officer is liable to impeachment, and if violated by any other person, the person is subject to removal for neglect of duty under the procedures described in IC 34-17. (IC 5-11-13-3. Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 12)

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

CONFLICT OF INTEREST DISCLOSURE

Charles Smith, Township Clerk, is the spouse of Lurinda Smith, Trustee. A Uniform Conflict of Interest Disclosure Statement does not appear to have been filed.

IC 35-44-1-3 states in part:

"(a) A public servant who knowingly or intentionally: (1) has a pecuniary interest in; or (2) derives a profit from; a contract or purchase connected with an action by the governmental entity served by the public servant commits conflict of interest, a Class D felony."

"(c) This section does not prohibit a public servant from having a pecuniary interest in or deriving a profit from a contract or purchase connected with the governmental entity served . . . (3) if the public servant; (A) is an elected public servant . . . and (B) makes a disclosure under subsection (d)(1) through (d)(6). . . ."

"(d) A disclosure required by this section must: (1) be in writing; (2) describe the contract or purchase to be made by the governmental entity; (3) describe the pecuniary interest that the public servant has in the contract or purchase; (4) be affirmed under penalty of perjury; (5) be submitted to the governmental entity and be accepted by the governmental entity in a public meeting of the governmental entity prior to final action on the contract or purchase; (6) be filed within fifteen (15) days after final action on the contract or purchase with: (A) the state board of accounts; and (B) . . . the clerk of the circuit court in the county where the governmental entity takes final action on the contract or purchase . . ."

"(g) A public servant has a pecuniary interest in a contract or purchase if the contract or purchase will result or is intended to result in an ascertainable increase in the income or net worth of: (1) the public servant; or (2) a dependent of the public servant who: (A) is under the direct or indirect administrative control of the public servant; or (B) receives a contract or purchase order that is reviewed, approved, or directly or indirectly administered by the public servant."

"(k) As used in this section, 'dependent' means any of the following: (1) The spouse of a public servant. (2) A child, stepchild, or adoptee (as defined in IC 31-3-4-1) of a public servant who is: (A) unemancipated; and (B) less than eighteen (18) years of age. (3) Any individual more than one-half (1/2) of whose support is provided during a year by the public servant."

POSEY TOWNSHIP, RUSH COUNTY
EXIT CONFERENCE

The contents of this report were discussed on April 1, 2010, with Lurinda Smith, Trustee.