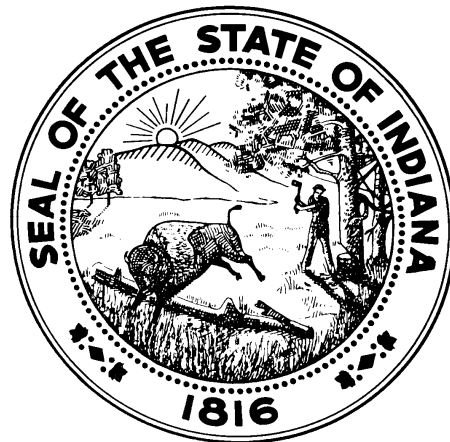


STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

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



FILED
11/19/2008

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Roger Gump	01-01-03 to 12-31-10
Chairman of the Township Board	Mike Messman	01-01-06 to 12-31-08
Treasurer of the Huntertown Volunteer Fire Department	Bradley Hite	01-01-06 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, ALLEN 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 Funding Progress and Schedule of Capital Assets, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the basic financial information. They have not been subjected to the examination procedures applied to the basic financial information and, accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

August 22, 2008

PERRY TOWNSHIP, ALLEN COUNTY
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL 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	\$ 107,469	\$ 750,357	\$ 753,748	\$ 104,078
Dog	656	478	1,134	-
Township Assistance	56,982	34,973	36,620	55,335
Firefighting	501,374	264,924	376,742	389,556
Park and Recreation	15,086	-	7,212	7,874
Cumulative Fire	498,174	202,819	58,516	642,477
Totals	<u>\$ 1,179,741</u>	<u>\$ 1,253,551</u>	<u>\$ 1,233,972</u>	<u>\$ 1,199,320</u>

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Governmental Funds:				
Township	\$ 104,078	\$ 320,999	\$ 328,102	\$ 96,975
Township Assistance	55,335	58,492	38,985	74,842
Firefighting	389,556	-	389,556	-
Park and Recreation	7,874	-	3,000	4,874
NW Fire Territory	-	948,401	647,529	300,872
Emergency Replacement	-	700,841	-	700,841
Cumulative Fire	642,477	-	642,477	-
Totals	<u>\$ 1,199,320</u>	<u>\$ 2,028,733</u>	<u>\$ 2,049,649</u>	<u>\$ 1,178,404</u>

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

PERRY TOWNSHIP, ALLEN 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.

PERRY TOWNSHIP, ALLEN 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
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF FUNDING PROGRESS

PERF Pension Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Excess of Assets Over (Unfunded) AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Excess (Unfunded) AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-05	\$ 21,911	\$ 46,970	\$ (25,059)	47%	\$ 21,828	(115%)
07-01-06	29,851	32,251	(2,400)	93%	22,724	(11%)
07-01-07	39,797	41,285	(1,488)	96%	47,915	(3%)

PERRY TOWNSHIP
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS

For The Year Ended December 31, 2007

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Buildings	\$ 320,000
Improvements other than buildings	64,311
Machinery and equipment	<u>1,160,024</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 1,544,335</u>

PERRY TOWNSHIP, ALLEN COUNTY
EXAMINATION RESULTS AND COMMENTS

UNALLOWABLE DISBURSEMENTS - PERRY TOWNSHIP

Our examination of the disbursements by Perry Township for the period January 1, 2006 to May 31, 2008, disclosed questionable expenditures from the Firefighting Fund and/or the NW Fire Territory Fund that were purchased by the Volunteer Fire Department Fire Chief, James Reid. James Reid, because of his position as Fire Chief, was given the authority to charge expenditures to various local vendors. The items purchased are detailed as follows:

	Totals	Year 2006	Year 2007	Year 2008
Tools/Lawn Equipment and Supplies:				
Gas String Trimmer	\$ 79.99	\$ 79.99	\$ -	\$ -
Toro Lawnmower	399.00	399.00	-	-
Mower Blade	15.99	15.99	-	-
Wood/Saw Blades/Air Valve	45.00	45.00	-	-
Weed Eater	179.99	-	179.99	-
Trimmer Head and Line	17.78	-	17.78	-
Honda Self-Propelled Lawnmower	339.00	-	339.00	-
Tools	50.94	-	50.94	-
6' Ladder	78.00	-	-	78.00
Drill Bits	15.98	-	-	15.98
	<hr/>	<hr/>	<hr/>	<hr/>
Subtotal Tools/Lawn Equipment and Supplies	1,221.67	539.98	587.71	93.98
Home Renovation Supplies:				
3/4hp Garbage Disposal	139.99	139.99	-	-
Brown Kitchen Faucet	74.99	74.99	-	-
PVC Pipe/Plumbing Supplies	254.27	47.98	28	178
12X12 Tile (60) and Installation Supplies	261.65	261.65	-	-
50' Clothesline and Supplies	24.07	24.07	-	-
Kitchen/Cleaning/Miscellaneous Supplies	486.79	24.47	444	18
Brown Tarps (Fire Dept only uses Blue)	124.94	12.99	112	-
16x20x1 Furnace Filters (3)	65.97	65.97	-	-
Electrical Supplies	188.45	99.90	64	25
Lightbulbs	44.02	40.53	3	-
Interior Paint/Stain and Painting Supplies	690.43	332.83	211	147
Construction/Renovation Supplies	1,106.43	474.58	606	26
Drywall Compound/Mixer	77.44	-	11	66
Folding Table and Supplies	83.24	-	-	83
Dyson Vacuum Cleaner	549.99	-	-	550
14 Gallon Wet/Dry Vacuum	67.97	-	-	68
	<hr/>	<hr/>	<hr/>	<hr/>
Subtotal Home Renovation Supplies	4,240.64	1,599.95	1,478.67	1,162.02
Paranormal Research Equipment/Supplies:				
Thermometer	179.10	-	179.10	-
EMF Meter	114.57	-	114.57	-
AA/C/D Batteries	115.87	6.99	94.89	13.99
AAA Batteries/Flashlight	29.47	-	29.47	-
Protective Cases (3)	594.68	-	-	594.68
2-way Radio	49.99	-	-	49.99
4GB Flash Drive	39.99	-	-	39.99
Tripod	68.95	-	-	68.95
Digital Recorder	59.99	-	-	59.99
Thermometer/Tester	21.95	-	-	21.95
AAA Lithium Batteries	19.98	-	-	19.98
CD Jewel Cases	16.99	-	-	16.99
	<hr/>	<hr/>	<hr/>	<hr/>
Subtotal Paranormal Research Equipment/Supplies	1,311.53	6.99	418.03	886.51

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

	Totals	Year 2006	Year 2007	Year 2008
Other:				
5 Gallon Cooler	32.99	32.99	-	-
Automotive Supplies	53.83	7.89	45.94	-
Canvas Vests (3- size 3X)	174.97	-	174.97	-
Christmas Decorations and Supplies	132.67	-	64.95	67.72
13 Gallon Trash Bags	131.17	-	100.40	30.77
Non-standard Issue Fire Boots (size 11)	119.99	-	-	119.99
Wood Bench	24.99	-	-	24.99
Subtotal Other	<u>670.61</u>	<u>40.88</u>	<u>386.26</u>	<u>243.47</u>
Total All Expenditures	<u>\$ 7,444.45</u>	<u>\$ 2,187.80</u>	<u>\$ 2,870.67</u>	<u>\$ 2,385.98</u>

The items listed were reviewed by Volunteer Fire Department Firemen who stated that the items were not purchased for or used by the Volunteer Fire Department. Mr. James Reid was terminated on May 18, 2008, and is presently being investigated by the Allen County Sheriff Department.

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)

James Reid, former Fire Chief, was requested to repay the amount of \$7,444.45 to Perry Township. (See Summary, page 13)

UNALLOWABLE DISBURSEMENTS - HUNTERTOWN VOLUNTEER FIRE DEPARTMENT

Our examination of the cash disbursements of Huntertown Volunteer Fire Department for the period January 1, 2006 to May 31, 2008, disclosed questionable expenditures for items purchased by the Volunteer Fire Department Fire Chief, James Reid, and reimbursements to James Reid using fictitious invoices. James Reid, because of his position as Fire Chief, was given authority to charge expenditures to various local vendors. The items purchased and reimbursement amounts are detailed as follows:

	Totals	Year 2006	Year 2007	Year 2008
Home Renovation Supplies:				
Oak Cabinets	\$ 404.00	\$ -	\$ 404.00	\$ -
Construction/Renovation Supplies	<u>142.30</u>	<u>-</u>	<u>-</u>	<u>142.30</u>
Subtotal Home Renovation Supplies	<u>546.30</u>	<u>-</u>	<u>404.00</u>	<u>142.30</u>
Paranormal Research Equipment/Supplies:				
DVR/Security Cameras	1,639.00	-	-	1,639.00
Hats Embroidered w/TRGT	<u>299.70</u>	<u>-</u>	<u>-</u>	<u>299.70</u>
Subtotal Paranormal Research Equipment/Supplies	<u>1,938.70</u>	<u>-</u>	<u>-</u>	<u>1,938.70</u>

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

	Totals	Year 2006	Year 2007	Year 2008
Other:				
Air Conditioner for Motor Home	575.00	-	575.00	-
Groceries From Kroger	2,272.29	307.09	1,965.20	-
EMT Classes- Check Written to Jim Reid	5,135.00	-	5,135.00	-
EKG Machine- Check Written to Jim Reid	2,994.00	-	2,994.00	-
Resuscitator Dummy- Check Written to Jim Reid	3,340.00	-	3,340.00	-
Fire Dept Shirts- Check Written to Jim Reid	950.00	-	950.00	-
Motor for Boat (Generator)	1,502.00	-	1,502.00	-
Subtotal Other	<u>16,768.29</u>	<u>307.09</u>	<u>16,461.20</u>	<u>-</u>
Total All Expenditures	<u>\$ 19,253.29</u>	<u>\$ 307.09</u>	<u>\$ 16,865.20</u>	<u>\$ 2,081.00</u>

The items listed were reviewed by the Treasurer of the Volunteer Fire Department who stated that neither the reimbursed amounts nor the items purchased were used for or by the Volunteer Fire Department. Mr. James Reid was terminated on May 18, 2008, and is presently being investigated by the Allen County Sheriff Department.

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)

James Reid, former Fire Chief, was requested to repay the amount of \$19,253.29 to the Hometown Volunteer Fire Department. (See Summary, page 13)

ADDITIONAL AUDIT COSTS

The State of Indiana has incurred additional audit costs of \$3,794.21 during the investigation of unallowable expenditures made by the former Volunteer Fire Department Fire Chief.

Audit costs incurred because of theft or shortage may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

PERRY TOWNSHIP, ALLEN COUNTY
EXIT CONFERENCE

The contents of this report were discussed on August 22, 2008, with Roger Gump, Trustee; and Bradley Hite, Treasurer of the Huntertown Volunteer Fire Department. James Reid, former Fire Chief, did not return phone calls made to his residence on August 21 and August 26, 2008.

PERRY TOWNSHIP, ALLEN COUNTY
SUMMARY

	Charges	Credits	Balance Due
James Reid, former Fire Chief:			
Unallowable Disbursements -			
Perry Township, pages 9 and 10	\$ 7,444.45	\$ -	\$ 7,444.45
Unallowable Disbursements - Huntertown			
Volunteer Fire Department, pages 10 and 11	19,253.29	-	19,253.29
Totals	\$ 26,697.74	\$ -	\$ 26,697.74

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AFFIDAVIT

STATE OF INDIANA)
)
ALLEN COUNTY)

We, Daniel A. Sorg and Heidi L. McCoy, Field Examiners, being duly sworn on our oaths, state that the foregoing report based on the official records of Perry Township, Allen County, Indiana, for the period from January 1, 2006, to December 31, 2007, is true and correct to the best of our knowledge and belief.

Daniel A. Sorg
Heidi L. McCoy
Field Examiners

Subscribed and sworn to before me this 23 day of September, 2008



JACQUELYNN A. SCHEUMAN, Notary Public
Allen County, State of Indiana
My Commission Expires February 21, 2016

Jacquelyn Scheuman
(Notary Public)

My Commission Expires: 2-21-16 (Use with Notary)
County of Residence: Allen (Use with Notary)