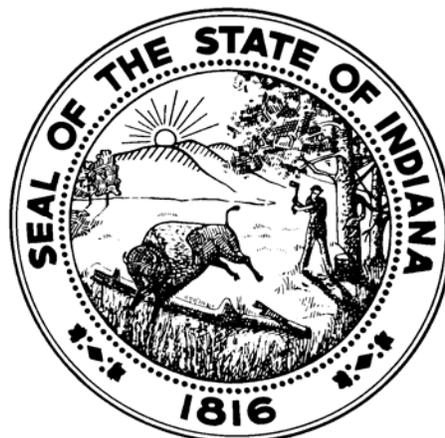


STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2765

EXAMINATION REPORT
OF
JEFFERSON TOWNSHIP
WAYNE COUNTY, INDIANA
January 1, 2004 to December 31, 2005



FILED
09/27/2006

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OFFICIALS

Office

Official

Term

Trustee

Joe P. Smith

01-01-03 to 12-31-06

Chairman of the
Township Board

Marvin Culy

01-01-04 to 12-31-06



STATE OF INDIANA
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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF JEFFERSON TOWNSHIP, WAYNE COUNTY, INDIANA

We have examined the schedules of receipts, disbursements, and cash and investment balances of Jefferson Township (Township), for the period of January 1, 2004 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, 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 10, 2006

JEFFERSON TOWNSHIP, WAYNE 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, 2004 And 2005

	Cash and Investments 01-01-04	Receipts	Disbursements	Cash and Investments 12-31-04
Governmental Funds:				
General	\$ 114,522	\$ 73,391	\$ 41,880	\$ 146,033
Dog	478	343	197	624
Township Assistance	25,903	41,967	16,222	51,648
Firefighting	34,090	33,027	21,053	46,064
Recreation	3,039	6,517	885	8,671
Levy Excess	554	-	554	-
Rainy Day	-	2,525	-	2,525
Cumulative Fire	(45,821)	22,486	-	(23,335)
Fiduciary Fund:				
Payroll Withholdings	1,524	6,494	10,892	(2,874)
Totals	<u>\$ 134,289</u>	<u>\$ 186,750</u>	<u>\$ 91,683</u>	<u>\$ 229,356</u>

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds:				
General	\$ 146,033	\$ 62,764	\$ 60,384	\$ 148,413
Dog	624	339	292	671
Township Assistance	51,648	30,267	22,739	59,176
Firefighting	46,064	122,501	120,612	47,953
Recreation	8,671	4,948	1,385	12,234
Levy Excess	-	341	-	341
Rainy Day	2,525	-	-	2,525
Cumulative Fire	(23,335)	23,475	140	-
Fiduciary Fund:				
Payroll Withholdings	(2,874)	8,939	6,065	-
Totals	<u>\$ 229,356</u>	<u>\$ 253,574</u>	<u>\$ 211,617</u>	<u>\$ 271,313</u>

The accompanying notes are an integral part of the schedules.

JEFFERSON TOWNSHIP, WAYNE 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. 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 5-13-19) 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.

JEFFERSON TOWNSHIP, WAYNE COUNTY
EXAMINATION RESULTS AND COMMENTS

APPROPRIATIONS

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

<u>Fund</u>	<u>Year</u>	<u>Excess Amount Expended</u>
Firefighting	2005	<u>\$ 93,612</u>

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."

PAYROLL DEDUCTIONS

Payroll deductions for FICA and Medicare were made in 2004, from Township Board members' payroll. However, Township Board members' salaries were not included in the 941 wages reported. Therefore, the withholdings and employer match were not remitted to the Internal Revenue Service.

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)

OVERDRAWN CASH BALANCES

The cash balances of the Cumulative Fire Fund and the Payroll Withholdings Fund were overdrawn in 2004.

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

JEFFERSON TOWNSHIP, WAYNE COUNTY
EXIT CONFERENCE

The contents of this report were discussed on August 10, 2006, with Joe P. Smith, Trustee.