

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

EXAMINATION REPORT

OF

JACKSON TOWNSHIP

DECATUR COUNTY, INDIANA

January 1, 2002 to December 31, 2005



FILED
10/26/2006

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Robert E. Clark	01-01-99 to 12-31-06
Chairman of the Township Board	Jack Emly	01-01-02 to 12-31-02
	Reuben Kissel	01-01-03 to 12-31-03
	Robert S. Fortner	01-01-04 to 12-31-04
	Jack Emly	01-01-05 to 12-31-05
	Reuben Kissel	01-01-06 to 12-31-06



STATE OF INDIANA
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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF JACKSON TOWNSHIP, DECATUR COUNTY, INDIANA

We have examined the schedules of receipts, disbursements, and cash and investment balances of Jackson 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

July 6, 2006

JACKSON TOWNSHIP, DECATUR 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, 2002, 2003, 2004, And 2005

	Cash and Investments 01-01-02	Receipts	Disbursements	Cash and Investments 12-31-02
Governmental Funds:				
General	\$ 21,551	\$ 21,069	\$ 25,093	\$ 17,527
Dog	51	341	140	252
Township Assistance	19,000	4,036	1,454	21,582
Firefighting	6,749	13,624	12,000	8,373
Park and Recreation	600	1,855	800	1,655
Cemetery	1,992	300	-	2,292
Fiduciary Fund:				
Payroll Withholdings	444	1,237	1,219	462
Totals	<u>\$ 50,387</u>	<u>\$ 42,462</u>	<u>\$ 40,706</u>	<u>\$ 52,143</u>

	Cash and Investments 01-01-03	Receipts	Disbursements	Cash and Investments 12-31-03
Governmental Funds:				
General	\$ 17,527	\$ 11,523	\$ 25,310	\$ 3,740
Dog	252	253	-	505
Township Assistance	21,582	364	2,067	19,879
Firefighting	8,373	106	6,000	2,479
Park and Recreation	1,655	54	800	909
Cemetery	2,292	-	-	2,292
Fiduciary Fund:				
Payroll Withholdings	462	1,076	953	585
Totals	<u>\$ 52,143</u>	<u>\$ 13,376</u>	<u>\$ 35,130</u>	<u>\$ 30,389</u>

	Cash and Investments 01-01-04	Receipts	Disbursements	Cash and Investments 12-31-04
Governmental Funds:				
General	\$ 3,740	\$ 31,184	\$ 27,516	\$ 7,408
Dog	505	293	205	593
Township Assistance	19,879	7,065	2,699	24,245
Firefighting	2,479	22,155	18,000	6,634
Park and Recreation	909	3,479	800	3,588
Cemetery	2,292	-	-	2,292
Fiduciary Fund:				
Payroll Withholdings	585	1,107	883	809
Totals	<u>\$ 30,389</u>	<u>\$ 65,283</u>	<u>\$ 50,103</u>	<u>\$ 45,569</u>

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds:				
General	\$ 7,408	\$ 33,573	\$ 34,299	\$ 6,682
Dog	593	210	293	510
Township Assistance	24,245	6,016	3,034	27,227
Firefighting	6,634	22,118	12,000	16,752
Park and Recreation	3,588	1,079	800	3,867
Cemetery	2,292	-	-	2,292
Fiduciary Fund:				
Payroll Withholdings	809	1,074	1,086	797
Totals	<u>\$ 45,569</u>	<u>\$ 64,070</u>	<u>\$ 51,512</u>	<u>\$ 58,127</u>

The accompanying notes are an integral part of the schedules.

JACKSON TOWNSHIP, DECATUR 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.

JACKSON TOWNSHIP, DECATUR COUNTY
EXAMINATION RESULTS AND COMMENTS

BANK ACCOUNT RECONCILIATIONS

Depository reconciliations of the fund balances to the bank account balances were not presented for audit.

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)

OFFICIAL BOND

As noted in the previous report covering the period January 1, 1998 to December 31, 2001, official bonds were not filed in the Office of the County Recorder:

Robert E. Clark, Township Trustee for all years of the audit

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 . . ."

INTEREST ON INVESTMENTS

Interest earned on investments, in some instances, was automatically added to the principal and not recorded in the records.

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

FEDERAL AGENCIES - COMPLIANCE REQUIREMENTS

As noted in the previous report covering the period January 1, 1998 to December 31, 2001, the Township underpaid the Internal Revenue Service during all four years.

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)

JACKSON TOWNSHIP, DECATUR COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

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)

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, Page 13)

COMPENSATION AND BENEFITS

Each Township Board member was overpaid \$143.33 in the year 2004.

The Township Board members reimbursed the Township for this overpayment. (See Summary, page 10)

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)

SUPPORTING DOCUMENTATION

As noted in the previous report covering the period January 1, 1998 to December 31, 2001, several payments were observed which did not contain adequate supporting documentation, such as receipts, invoices, and other public records. Due to the lack of supporting information, the validity and accountability for some money disbursed could not be established.

The Township Trustee, Robert Clark, paid himself the total amount appropriated for travel and telephone in each of the four years examined without any supporting documentation. The total amount paid for travel was \$780 in 2002, \$780 in 2003, \$800 in 2004, and \$800 in 2005 for a total of \$3,160. The total amount paid for telephone was \$250 in 2002, \$250 in 2003, \$450 in 2004, and \$450 in 2005 for a total of \$1,400. The total amount of telephone expense allowed, if the telephone is in the Trustee's home, is one half (½) of the base telephone charge, or \$12.03 per month for 48 or a total of \$577.44, resulting in excess telephone reimbursement to the Trustee of \$822.56.

Robert Clark reimbursed the Township \$3,982.56 on July 7, 2006. (See Summary, page 10)

JACKSON TOWNSHIP, DECATUR COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

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)

If the township office is in the home, and the telephone (only phone) is in the township name in the phone directory, the additional cost of that phone being listed as a township phone is reimbursable. Up to 50% of the base monthly service billing may also be reimbursed if approved by the township board in accordance with Indiana Code 36-6-8-3. Additionally, 100% of all documented long distance township business calls may be reimbursed. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

PRESCRIBED FORMS

As noted in the previous report covering the period January 1, 1998 to December 31, 2001, the following prescribed form was not in use:

General Form 100R - Names, Addresses, Duties, and Compensation of Public Employees

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)

JACKSON TOWNSHIP, DECATUR COUNTY
EXIT CONFERENCE

The contents of this report were discussed on July 6, 2006, with Robert E. Clark, Trustee; and Alberta Clark, Clerk. The officials concurred with our findings.

JACKSON TOWNSHIP, DECATUR COUNTY
SUMMARY

	<u>Charges</u>	<u>Credits</u>	<u>Balance Due</u>
Due from Robert E. Clark, Trustee:			
Undocumented Travel	\$ 3,160.00	\$	\$
Excess Telephone Expense	822.56		
Paid July 7, 2006		3,982.56	-
Due from Reuben Kissel, Advisory Board Member	143.33		
Paid October 4, 2006		143.33	-
Due from Jack Emly, Advisory Board Member	143.33		
Paid October 3, 2006		143.33	-
Due from Robert Fortner, Advisory Board Member	143.33		
Paid October 4, 2006	<u> </u>	<u>143.33</u>	<u> </u>
Totals	<u>\$ 4,412.55</u>	<u>\$ 4,412.55</u>	<u>\$ -</u>