

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

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



FILED
12/06/2006

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OFFICIALS

Office

Official

Term

Trustee

Richard McCoy

01-01-03 to 12-31-06

Chairman of the
Township Board

Lloyd Meyer

01-01-04 to 12-31-06



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the financial information presented herein of Jefferson Township (Township), for the period of January 1, 2004 to December 31, 2005. 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, 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

October 25, 2006

JEFFERSON TOWNSHIP, WELLS COUNTY
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL 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	\$ 5,512	\$ 38,862	\$ 29,460	\$ 14,914
Dog	660	383	408	635
Township Assistance	7,278	19,453	15,391	11,340
Firefighting	17,425	41,255	31,935	26,745
Park and Recreation	3	-	-	3
Levy Excess	200	-	-	200
Cumulative Fire	9,343	34,742	15,000	29,085
Totals	<u>\$ 40,421</u>	<u>\$ 134,695</u>	<u>\$ 92,194</u>	<u>\$ 82,922</u>

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds:				
General	\$ 14,914	\$ 32,204	\$ 28,989	\$ 18,129
Dog	635	286	344	577
Township Assistance	11,340	16,820	16,355	11,805
Firefighting	26,745	30,028	18,915	37,858
Park and Recreation	3	-	-	3
Levy Excess	200	464	-	664
Cumulative Fire	29,085	24,009	15,000	38,094
Totals	<u>\$ 82,922</u>	<u>\$ 103,811</u>	<u>\$ 79,603</u>	<u>\$ 107,130</u>

The accompanying notes are an integral part of the schedules.

JEFFERSON TOWNSHIP, WELLS 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.

Note 6. Long-Term Debt

The Township has entered into a loan for a rescue van. The outstanding principal at December 31, 2005, was \$45,000.

JEFFERSON TOWNSHIP, WELLS COUNTY
EXAMINATION RESULTS AND COMMENTS

OFFICIAL BOND

The Trustee's official bond was not filed in the office of the County Recorder.

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 . . ."

CAPITAL ASSET RECORDS

There are no capital asset records maintained for property and equipment owned by Jefferson Township.

Every governmental unit should have a complete inventory of all capital assets owned which reflect their acquisition value. Such inventory should be recorded on the applicable Capital Assets Ledger. A complete inventory should be taken at least every two years for good internal control and for verifying account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

CONDITION OF RECORDS

The December 2004 excise tax distribution for the Firefighting Fund was posted to the Cumulative Fire Fund.

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

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)

JEFFERSON TOWNSHIP, WELLS COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

ADVANCE PAYMENTS

A check in the amount of \$19,092 was issued on December 30, 2004, to 10-70 Supply, Inc., for 16 sets of coats and pants for the Ossian Volunteer Fire Department. The check was issued without an invoice, with the recommendation of the Fire Chief of the Ossian Volunteer Fire Department. The Trustee was informed by the Fire Chief in January 2005 that the equipment was never received. As of the date of this report the Township has yet to receive the equipment or a refund of the payment. An attorney has been consulted on the matter.

Compensation and any other payments for goods and services should not be paid in advance of receipt of the goods or services unless specifically authorized by statute. Payments made for goods or services which are not received may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

SALES TAX

The Trustee paid \$198 in sales tax on repairs to fire trucks.

Governmental funds generally are exempt from the payment of sales tax on qualifying purchases. Respective tax agencies should always be contacted concerning tax exemptions and payments. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

OVERPAYMENT OF SALARY

The three members of the Jefferson Township Board were overpaid in each of the years 2004 and 2005. Overpayments to each member were \$176.34 in year 2004 and \$151.34 in year 2005 for a total overpayment of \$327.68 for each member. The Township Board members have agreed to deduct the overpayments from their 2006 salary.

Governmental units should collect any overpayments made. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

JEFFERSON TOWNSHIP, WELLS COUNTY
EXIT CONFERENCE

The contents of this report were discussed on October 25, 2006, with Richard McCoy, Trustee; and Carolyn McCoy, Clerk. The officials concurred with our findings.