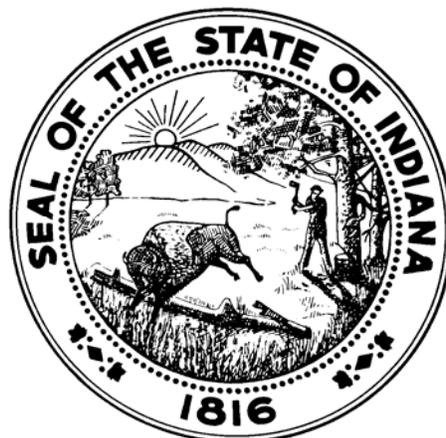


STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

EXAMINATION REPORT
OF
JEFFERSON TOWNSHIP
PUTNAM COUNTY, INDIANA
January 1, 2003 to December 31, 2005



FILED
12/11/2006

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OFFICIALS

Office

Official

Term

Trustee

Larry A. Salsman

01-01-03 to 12-31-06

Chairman of the
Township Board

John Crosby

01-01-03 to 12-31-06



STATE OF INDIANA
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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF JEFFERSON TOWNSHIP, PUTNAM 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, 2003 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, 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

October 25, 2006

JEFFERSON TOWNSHIP, PUTNAM COUNTY
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL FUND TYPES
As Of And For The Years Ended December 31, 2003, 2004, And 2005

	Cash and Investments 01-01-03	Receipts	Disbursements	Cash and Investments 12-31-03
Governmental Funds:				
General	\$ 31,273	\$ 2,630	\$ 13,483	\$ 20,420
Dog	425	769	494	700
Township Assistance	17,682	5	-	17,687
Firefighting	40,326	14,973	10,000	45,299
Cumulative Fire	50,654	1,038	-	51,692
Totals	<u>\$ 140,360</u>	<u>\$ 19,415</u>	<u>\$ 23,977</u>	<u>\$ 135,798</u>

	Cash and Investments 01-01-04	Receipts	Disbursements	Cash and Investments 12-31-04
Governmental Funds:				
General	\$ 20,420	\$ 18,759	\$ 14,401	\$ 24,778
Dog	700	786	-	1,486
Township Assistance	17,687	1,484	450	18,721
Firefighting	45,299	57,666	102,701	264
Cumulative Fire	51,692	60,676	112,368	-
Rainy Day	-	1,754	1,754	-
Totals	<u>\$ 135,798</u>	<u>\$ 141,125</u>	<u>\$ 231,674</u>	<u>\$ 45,249</u>

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds:				
General	\$ 24,778	\$ 16,459	\$ 14,258	\$ 26,979
Dog	1,486	806	1,201	1,091
Township Assistance	18,721	1,509	-	20,230
Firefighting	264	28,525	17,630	11,159
Cumulative Fire	-	17,484	4,006	13,478
Totals	<u>\$ 45,249</u>	<u>\$ 64,783</u>	<u>\$ 37,095</u>	<u>\$ 72,937</u>

The accompanying notes are an integral part of the schedules.

JEFFERSON TOWNSHIP, PUTNAM 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, 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.

JEFFERSON TOWNSHIP, PUTNAM COUNTY
EXAMINATION RESULTS AND COMMENTS

CAPITAL ASSET RECORDS

Information presented for audit did not indicate an inventory of capital assets using Form 369.

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 Asset 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)

PAYROLL DEDUCTIONS

Payments to Officials were made without payroll deductions for taxes. The Township Trustee issues Miscellaneous Income Statements (Form 1099-Misc) instead of Wage and Earnings Statements (Form W-2) for the Trustee and the Clerk. The Board did not receive any earnings statements.

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)

INTEREST ON INVESTMENTS

Interest earned on investments was automatically added to the principal. Interest earned was recorded in the records but the Trustee did not make provisions to have the interest withdrawn and paid to the Township at each earnings date.

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)

JEFFERSON TOWNSHIP, PUTNAM COUNTY
EXIT CONFERENCE

The contents of this report were discussed on October 25, 2006, with Larry A. Salsman, Trustee; and Sharon L. Salsman, Clerk. The officials concurred with our findings.