

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

EXAMINATION REPORT
OF
JEFFERSON TOWNSHIP
BOONE COUNTY, INDIANA
January 1, 2002 to December 31, 2005



FILED
03/05/2007

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Officials	2
Independent Accountant's Report	3
Schedules of Receipts, Disbursements, and Cash and Investment Balances.....	4
Notes to Schedules	5
Examination Results and Comments:	
Bank Account Reconciliations	6
Deposits	6
Supporting Documentation	6
Payroll Withholdings	6
Exit Conference	7
Summary	8

OFFICIALS

Office

Official

Term

Trustee

A. David Budd

01-01-99 to 12-31-06

Chairman of the
Township Board

Karl Miller

01-01-02 to 12-31-06



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF JEFFERSON TOWNSHIP, BOONE 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, 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

November 20, 2006

JEFFERSON TOWNSHIP, BOONE COUNTY
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL 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:				
Township	\$ 24,481	\$ 19,820	\$ 8,142	\$ 36,159
Township Assistance	5,349	-	-	5,349
Firefighting	16,949	22,034	9,652	29,331
Dog	427	121	127	421
Levy Excess	-	355	-	355
Threewitt's Estate	791	180	200	771
Totals	<u>\$ 47,997</u>	<u>\$ 42,510</u>	<u>\$ 18,121</u>	<u>\$ 72,386</u>

	Cash and Investments 01-01-03	Receipts	Disbursements	Cash and Investments 12-31-03
Governmental Funds:				
Township	\$ 36,159	\$ 12,339	\$ 10,195	\$ 38,303
Township Assistance	5,349	-	-	5,349
Firefighting	29,331	13,515	9,450	33,396
Dog	421	62	121	362
Levy Excess	355	-	-	355
Threewitt's Estate	771	180	200	751
Totals	<u>\$ 72,386</u>	<u>\$ 26,096</u>	<u>\$ 19,966</u>	<u>\$ 78,516</u>

	Cash and Investments 01-01-04	Receipts	Disbursements	Cash and Investments 12-31-04
Governmental Funds:				
Township	\$ 38,303	\$ 12,340	\$ 10,123	\$ 40,520
Township Assistance	5,349	-	720	4,629
Firefighting	33,396	15,940	15,450	33,886
Dog	362	140	62	440
Levy Excess	355	-	-	355
Threewitt's Estate	751	180	200	731
Totals	<u>\$ 78,516</u>	<u>\$ 28,600</u>	<u>\$ 26,555</u>	<u>\$ 80,561</u>

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds:				
Township	\$ 40,520	\$ 18,029	\$ 10,199	\$ 48,350
Township Assistance	4,629	-	107	4,522
Firefighting	33,886	11,332	15,450	29,768
Dog	440	147	140	447
Levy Excess	355	-	-	355
Threewitt's Estate	731	180	200	711
Totals	<u>\$ 80,561</u>	<u>\$ 29,688</u>	<u>\$ 26,096</u>	<u>\$ 84,153</u>

The accompanying notes are an integral part of the schedules.

JEFFERSON TOWNSHIP, BOONE 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, 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. 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.

JEFFERSON TOWNSHIP, BOONE COUNTY
EXAMINATION RESULTS AND COMMENTS

BANK ACCOUNT RECONCILIATIONS

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

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)

DEPOSITS

The Township received a Commercial Vehicle Excise Tax distribution of \$36 which could not be verified to a bank deposit.

Indiana Code 5-13-6-1(c) states in part: "The public funds collected by township trustees shall be deposited in the designated depository on or before the first and fifteenth day of each month. . . . Public funds deposited . . . shall be deposited in the same form in which they were received."

SUPPORTING DOCUMENTATION

Several payments observed did not contain adequate supporting, 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.

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)

PAYROLL WITHHOLDINGS

The Trustee did not withhold social security or medicare taxes from any wages paid to Township employees in 2002, 2003, 2004, and 2005. For the same four year period, the social security and medicare taxes were reported to the Internal Revenue Service, on the W-2 forms, as being withheld from the employee's checks. On February 1, 2007, the Trustee reimbursed the Township \$1,793.86 for the cumulative amount of taxes that were reported to the IRS as withholdings.

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)

JEFFERSON TOWNSHIP, BOONE COUNTY
EXIT CONFERENCE

The contents of this report were discussed on January 31, 2007, with A. David Budd, Trustee. The official concurred with our findings.

JEFFERSON TOWNSHIP, BOONE COUNTY
SUMMARY

	<u>Charges</u>	<u>Credits</u>	<u>Balance Due</u>
A. David Budd, Trustee:			
Payroll Withholdings, page 6	\$ 1,793.86	\$	\$
Paid by A. David Budd,			
February 1, 2007	<u> </u>	<u>1,793.86</u>	<u> -</u>
 Totals	 <u>\$ 1,793.86</u>	 <u>\$ 1,793.86</u>	 <u>\$ -</u>