

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

EXAMINATION REPORT

OF

JACKSON TOWNSHIP

FOUNTAIN COUNTY, INDIANA

January 1, 2005 to December 31, 2006



FILED
09/20/2007

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OFFICIALS

Office

Official

Term

Trustee

Richard Rodgers

01-01-03 to 12-31-10

Chairman of the
Township Board

Norma McManomy

01-01-05 to 12-31-07



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 JACKSON TOWNSHIP, FOUNTAIN COUNTY, INDIANA

We have examined the financial information presented herein of Jackson Township (Township), for the period of January 1, 2005 to December 31, 2006. 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, 2005 and 2006, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

June 28, 2007

JACKSON TOWNSHIP, FOUNTAIN 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, 2005 And 2006

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds:				
Township	\$ 70,262	\$ 11,928	\$ 7,308	\$ 74,882
Dog	454	198	154	498
Township Assistance	9,921	-	1,956	7,965
Firefighting	80,613	29,452	30,953	79,112
Homeland Security Grant	-	4,989	-	4,989
Park and Recreation	12,032	2,663	2,336	12,359
Donation	10	-	-	10
Rainy Day	1,082	-	-	1,082
Levy Excess	527	222	527	222
Fiduciary Fund:				
Payroll Withholdings	991	1,118	991	1,118
Totals	<u>\$ 175,892</u>	<u>\$ 50,570</u>	<u>\$ 44,225</u>	<u>\$ 182,237</u>

	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
Governmental Funds:				
Township	\$ 74,882	\$ 14,059	\$ 6,247	\$ 82,694
Dog	498	228	198	528
Township Assistance	7,965	-	2,497	5,468
Firefighting	79,112	12,125	67,868	23,369
Homeland Security Grant	4,989	-	2,861	2,128
Park and Recreation	12,359	1,999	2,325	12,033
Donation	10	-	-	10
Rainy Day	1,082	-	-	1,082
Levy Excess	222	-	-	222
Fiduciary Fund:				
Payroll Withholdings	1,118	1,134	2,252	-
Totals	<u>\$ 182,237</u>	<u>\$ 29,545</u>	<u>\$ 84,248</u>	<u>\$ 127,534</u>

The accompanying notes are an integral part of the financial information.

JACKSON TOWNSHIP, FOUNTAIN 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.

JACKSON TOWNSHIP, FOUNTAIN COUNTY
EXAMINATION RESULTS AND COMMENTS

APPROPRIATIONS

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

<u>Fund</u>	<u>Year</u>	<u>Excess Amount Expended</u>
Firefighting	2005	<u>\$ 14,453</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."

DEPOSIT OF PUBLIC FUNDS

We noted instances where the Trustee deposited amounts received from the County Auditor in June and November 2006 on December 29, 2006.

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."

DISBURSEMENT DOCUMENTATION

Two payments examined did not contain adequate supporting documentation such as receipts and invoices.

Due to the lack of supporting information, the validity and accountability for some monies 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)

PUBLIC WORKS PROJECT

Jackson Township, during 2006, hired various contractors and citizens for the construction of a firehouse. The total project cost was \$57,900. There was no evidence presented for audit that sealed bids were requested or received.

Indiana Code 36-1-12-4 states in part:

"(a) This section applies whenever the cost of a public work project will be:

(1) at least seventy-five thousand dollars (\$75,000) in:

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

- (A) a consolidated city or second class city;
 - (B) a county containing a consolidated city or second class city; or
 - (C) a regional water or sewage district established under IC 13-26; or
- (2) at least fifty thousand dollars (\$50,000) in a political subdivision or an agency not described in subdivision (1)."

Indiana Code 36-1-12-4 states in part:

"(b) The board must comply with the following procedure:

- (1) The board shall prepare general plans and specifications describing the kind of public work required, but shall avoid specifications which might unduly limit competition . . .
- (2) The board shall file the plans and specifications in a place reasonably accessible to the public, which shall be specified in the notice required by subdivision (3).
- (3) Upon the filing of the plans and specifications, the board shall publish notice in accordance with IC 5-3-1 calling for sealed proposals for the public work needed."

FEDERAL AND STATE AGENCIES - COMPLIANCE REQUIREMENTS

The Township Internal Revenue Service failed to issue Form 1099 when required.

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)

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, Chapter 13)

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

PRESCRIBED FORMS

The following prescribed form was not always in use:

Township Assistance Form TA-1, Application for Township Assistance

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)

OFFICIAL BOND

The following official bonds were not filed in the Office of the County Recorder:

Richard Rodgers, Trustee

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

Information presented for examination did not indicate an inventory or record 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)

JACKSON TOWNSHIP, FOUNTAIN COUNTY
EXIT CONFERENCE

The contents of this report were discussed on June 28, 2007, with Richard Rodgers, Trustee; and Sharon Rodgers, Clerk. The officials concurred with our finding.