

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

EXAMINATION REPORT
OF
JEFFERSON TOWNSHIP
WAYNE COUNTY, INDIANA
January 1, 2006 to December 31, 2007



FILED
11/24/2008

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OFFICIALS

Office

Official

Term

Trustee

Joe P. Smith

01-01-03 to 12-31-10

Chairman of the
Township Board

Marvin Culy

01-01-06 to 12-31-08



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the financial information presented herein of Jefferson Township (Township), for the period of January 1, 2006 to December 31, 2007. 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, 2006 and 2007, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

October 14, 2008

JEFFERSON TOWNSHIP, WAYNE 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, 2006 And 2007

	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
Governmental Funds:				
Township	\$ 148,413	\$ 77,464	\$ 52,660	\$ 173,217
Dog	671	326	324	673
Township Assistance	59,176	31,098	27,419	62,855
Firefighting	47,953	102,821	148,258	2,516
Recreation	12,234	3,116	6,521	8,829
Levy Excess	341	510	341	510
Rainy Day	2,525	-	-	2,525
Cumulative Fire	-	13,662	9,851	3,811
Fiduciary Fund:				
Payroll Withholdings	-	5,462	5,462	-
Totals	<u>\$ 271,313</u>	<u>\$ 234,459</u>	<u>\$ 250,836</u>	<u>\$ 254,936</u>

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Governmental Funds:				
Township	\$ 173,217	\$ 29,467	\$ 102,821	\$ 99,863
Dog	673	-	673	-
Township Assistance	62,855	2,801	22,937	42,719
Firefighting	2,516	18,441	20,907	50
Recreation	8,829	180	5,412	3,597
Levy Excess	510	-	-	510
Rainy Day	2,525	7,500	-	10,025
Donations	-	3,909	1,101	2,808
Cumulative Fire	3,811	60	-	3,871
Fiduciary Fund:				
Payroll Withholdings	-	5,417	5,417	-
Totals	<u>\$ 254,936</u>	<u>\$ 67,775</u>	<u>\$ 159,268</u>	<u>\$ 163,443</u>

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

JEFFERSON TOWNSHIP, WAYNE 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.

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, WAYNE COUNTY
EXAMINATION RESULTS AND COMMENTS

ANNUAL REPORT

The Townships' annual report did not include the Payroll Fund for either 2006 or 2007. Additionally, the amounts presented for receipts and disbursements for the Township fund in 2007 were both understated by \$7,773.

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)

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	2006	<u>\$ 74,208</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."

PENALTIES, INTEREST, AND OTHER CHARGES

Penalties and interest were paid to the Indiana Department of Revenue in 2006 for the period ending December 31, 2005.

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)

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

DONATIONS

The Township established a Donation Fund in 2007. Donations received were used for back to school and Christmas programs, as well as a food pantry. No guidelines were presented that would establish who is eligible to receive help with the donations and no records were presented for examination to indicate who received assistance from the donations. Donations received were receipted, and disbursements were posted, to the Township Assistance Fund in 2006.

Restricted donations should be receipted into a separate fund and properly titled. Such fund should not be commingled with other funds within the accounting system. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 6)

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)

JEFFERSON TOWNSHIP, WAYNE COUNTY
EXIT CONFERENCE

The contents of this report were discussed on October 14, 2008, with Joe P. Smith, Trustee. The official response has been made a part of this report and may be found on page 9.

Jefferson Township Trustee/Assessor

Joe P. Smith

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Hagerstown, Indiana 47346

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Oct. 10, 2008

Indiana State Auditors;

Re: Fire Fighting Fund Excess
Explanation

In December of 2004 Jefferson Township was notified it was awarded a \$200,000 grant from the Department of Homeland Security with a 10% matching to be provided by Jefferson Township. We embarked on a journey into unfamiliar territory. The territory of Federal Guidelines. I am submitting to you a compilation of the forms and correspondence with the Federal Government in obtaining these funds while complying with their requirements. I and the Township Board assumed meeting the Federal Guidelines would more than satisfy the State guidelines. We assumed wrong. We were unaware of the need to request "additional appropriations" to spend the Federal dollars. We are now aware and will not only comply with Federal Guidelines, but the State of Indiana as well.

We are requesting this correspondence and documentation of meeting Federal Guidelines serve as proof we did not mis-appropriate any funds, and further request no audit exception be noted on our audit report. Below is a financial accounting record of what was disbursed.

Original Bid dated 8/29/05	\$225,050.00
Dept. Homeland Security Award	\$180,000.00
Balance Due for Jefferson Twp	\$ 45,050.00
Amount from Fire Cum Fund	\$ 5,000.00
Amount for Additional Appropriation for Twp	\$ 40,050.00

Chassis Payment dated 9/30/05	\$100,000.00
Final Payment dated 7/19/06	\$125,063.00

