

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

EXAMINATION REPORT

OF

JACKSON TOWNSHIP

DEARBORN COUNTY, INDIANA

January 1, 2006 to December 31, 2007



FILED
12/15/2008

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Officials	2
Independent Accountant's Report.....	3
Financial Information:	
Schedules of Receipts, Disbursements, and Cash and Investment Balances	4
Notes to Financial Information	5
Examination Results and Comments:	
Federal and State Agencies – Compliance Requirements	6
No Salary Resolution.....	6
Optical Images of Checks.....	6-7
Township Assistance	7
Exit Conference.....	8

OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Ernest F. Hoog	01-01-03 to 12-31-10
Chairman of the Township Board	Richard B. Batta Office Vacant Ralph Schaefer	01-01-06 to 07-11-08 07-12-08 to 08-25-08 08-26-08 to 12-31-08



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF JACKSON TOWNSHIP, DEARBORN COUNTY, INDIANA

We have examined the financial information presented herein of Jackson 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

November 24, 2008

JACKSON TOWNSHIP, DEARBORN COUNTY
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL 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	\$ 983	\$ 13,195	\$ 11,933	\$ 2,245
Dog	588	272	413	447
Township Assistance	3,983	1,735	904	4,814
Firefighting	1,793	19,946	16,550	5,189
Totals	<u>\$ 7,347</u>	<u>\$ 35,148</u>	<u>\$ 29,800</u>	<u>\$ 12,695</u>

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Governmental Funds:				
Township	\$ 2,245	\$ 10,166	\$ 11,629	\$ 782
Dog	447	-	447	-
Township Assistance	4,814	279	2,000	3,093
Firefighting	5,189	13,890	17,500	1,579
Totals	<u>\$ 12,695</u>	<u>\$ 24,335</u>	<u>\$ 31,576</u>	<u>\$ 5,454</u>

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

JACKSON TOWNSHIP, DEARBORN 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, 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, DEARBORN COUNTY
EXAMINATION RESULTS AND COMMENTS

FEDERAL AND STATE AGENCIES - COMPLIANCE REQUIREMENTS

The following deficiencies were noted regarding directives of the Internal Revenue Service:

1. Township rental payments to the Trustee were not reported on Internal Revenue Service Forms.
2. Compensation paid to the Trustee, Clerk, and Board Members had no payroll withholdings deducted and was not reported on Internal Revenue Service Form W-2.

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)

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)

A similar comment was report in the prior Report B29734.

NO SALARY RESOLUTION

Township Form 17, Resolution Recommending Salaries of Township Officers and Employees, was not in use.

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)

A similar comment was reported in the prior Report B29734.

OPTICAL IMAGES OF CHECKS

The financial institution did not return the actual cancelled checks with the monthly bank statements, but instead returned an optical image of only the front side of the checks.

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

Indiana Code 5-15-6-3(a) concerning optical imaging of checks states in part: "... 'original records' includes the optical image of a check or deposit document when:

- (1) the check or deposit document is recorded, copied, or reproduced by an optical imaging process . . . ; and
- (2) the drawer of the check receives an optical image of the check after the check is processed for payment . . ."

Furthermore, Indiana Code 26-2-8-111 states in part:

"(a) If a law requires that certain records be retained, that requirement is met by retaining an electronic record of the information in the record that:

- (1) accurately reflects the information set forth in the record after it was first generated in its final form as an electronic record or otherwise; and
- (2) remains accessible for later reference."

"(e) If a law requires retention of a check, that requirement is satisfied by retention of an electronic record of the information on the front and back of the check in accordance with subsection (a)."

TOWNSHIP ASSISTANCE

No evidence of investigations was documented on the Application for Township Assistance (Form TA-1) for four out of five applicants tested, in order to determine if the applicants qualified to receive township assistance.

Indiana Code 12-20-6-8(c) states in part: "An application for township assistance is not considered complete until all adult members of the requesting household have signed: (1) the poor relief application; and (2) any other form, instrument, or document: (A) required by law; or (B) determined necessary for investigative purposes by the trustee . . . "

Indiana Code 12-20-6-9 states in part: "If an application for township assistance is made to the township trustee . . . the township trustee . . . shall carefully investigate the circumstances of the applicant and each member of the applicant's household . . ."

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)

JACKSON TOWNSHIP, DEARBORN COUNTY
EXIT CONFERENCE

The contents of this report were discussed on November 24, 2008, with Gloria Hoog, Clerk.