

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

EXAMINATION REPORT  
OF  
JEFFERSON TOWNSHIP  
SULLIVAN COUNTY, INDIANA  
January 1, 2009 to December 31, 2009



**FILED**  
12/09/2010



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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Frank Mejean	01-01-07 to 12-31-10
Chairman of the Township Board	Donald W. Bedwell	01-01-09 to 12-31-10



**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](http://www.in.gov/sboa)

INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the financial information presented herein of Jefferson Township (Township), for the period of January 1, 2009 to December 31, 2009. 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 year ended December 31, 2009, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

September 8, 2010

JEFFERSON TOWNSHIP, SULLIVAN COUNTY  
SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES  
ALL GOVERNMENTAL FUND TYPES  
As Of And For The Year Ended December 31, 2009

	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
Governmental Funds:				
Township	\$ 9,980	\$ 46,249	\$ 56,642	\$ (413)
Township Assistance	3,205	6,000	8,106	1,099
Firefighting	(9,411)	9,816	12,400	(11,995)
Park and Recreation	(2,862)	24,820	23,197	(1,239)
Cumulative Fire	<u>14,132</u>	<u>6,904</u>	<u>7,187</u>	<u>13,849</u>
Totals	<u>\$ 15,044</u>	<u>\$ 93,789</u>	<u>\$ 107,532</u>	<u>\$ 1,301</u>

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

JEFFERSON TOWNSHIP, SULLIVAN 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 received 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 IC 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, SULLIVAN COUNTY  
EXAMINATION RESULTS AND COMMENTS

UNDOCUMENTED PERSONAL DISBURSEMENTS

Antonnette Mejean, Clerk, issued check number 3570 on April 30, 2009, to herself from the Jefferson Township bank account for \$950.00. The ledger memo stated the check was reimbursement for an insurance premium she had personally paid on behalf of the Township. No evidence such as a receipt or invoice was presented for examination. Upon further investigation and confirmation with the insurance company, the \$950.00 payment from Antonnette Mejean was never received by the insurance company, and the Township account was in fact, currently delinquent.

Antonnette Mejean, Clerk, issued check number 3951 on November 5, 2009, to herself from the Jefferson Township bank account for \$1,400.00. The ledger memo stated the check was reimbursement for a utility payment she had personally paid on behalf of the Township. No evidence such as a receipt or invoice was presented for examination. Upon further investigation and confirmation with the utility company, the \$1,400.00 payment from Antonnette Mejean was never received by the utility company, and the Township account was in fact, currently delinquent.

Antonnette Mejean, Clerk, reimbursed the Township for undocumented personal disbursements totaling \$2,350.00. (See Summary, page 15)

Funds misappropriated, diverted or unaccounted for through malfeasance, misfeasance, or non-feasance in office of any officer or employee may be the personal obligation of the responsible officer or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

SALARY OVERPAYMENTS

Frank Mejean, Trustee, received salary payments in 2009 of \$23,143.63. The 2009 approved budget for the Trustee's salary was \$9,800.00, resulting in salary overpayments of \$13,343.63.

Antonnette Mejean, Clerk, received salary payments in 2009 of \$5,991.10. The Clerk also received salary payments in 2008 of \$3,100.00 paid in advance for 2009. The 2009 approved budget for the Clerk was \$1,900.00 and Poor Relief Investigator was \$1,100.00 for a combined total of \$3,000.00. The combined salary overpayments to the Clerk and Poor Relief Investigator total \$6,091.10.

Frank Mejean, Trustee, reimbursed the Township for salary overpayments of \$13,343.63. (See Summary, page 15)

Antonnette Mejean, Clerk, reimbursed the Township for salary overpayments of \$6,091.10. (See Summary, page 15)

Governmental units should collect any overpayments made. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

Compensation and any other payments for goods and services should not be paid in advance of receipt of the goods or services unless specifically authorized by statute. Payments made for goods or services which are not received may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

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

MOWING AND MAINTENANCE CONTRACT OVERPAYMENTS

The Township Board approved an annual contract with Antonnette Mejean, Clerk, for \$21,000.00 for mowing and maintenance of Township property and an annual contract for mowing Pirtle Cemetery for \$1,900.00. The combined contracts total \$22,900.00 for 2009.

Antonnette Mejean, Clerk, received payments totaling \$34,587.76 for performance of these mowing and maintenance contracts in 2009, resulting in mowing overpayments of \$11,687.76.

Antonnette Mejean, Clerk, reimbursed the Township for mowing and maintenance contract overpayments of \$11,687.76. (See Summary, page 15)

Governmental units should collect any overpayments made. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

Compensation and any other payments for goods and services should not be paid in advance of receipt of the goods or services unless specifically authorized by statute. Payments made for goods or services which are not received may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

MILEAGE OVERPAYMENTS

Mileage overpayments of \$1,147.60 were paid to Frank Mejean, Trustee. The overpayments are due to a combination of errors in estimated miles traveled as well as payments received for undocumented miles traveled.

Frank Mejean, Trustee, reimbursed the Township for mileage overpayments of \$1,147.60. (See Summary, page 15)

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)

Mileage Claim Form 101 shall be properly completed, listing dates of authorized travel, details of travel, miles traveled, nature of business, etc., for reimbursements for mileage before payment is made. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

Governmental units should collect any overpayments made. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

BANK OVERDRAFT FEES

The Township paid bank overdraft fees of \$1,682.68 and \$1,836.00, in 2009 and 2010, respectively.

The bank overdraft fees are a result of checks written from Township bank accounts for which funds were not available. The Trustee continued to write checks throughout 2009 and 2010 resulting in combined bank overdraft fees of \$3,518.68 from 137 "non-sufficient fund" occurrences.

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

Frank Mejean, Trustee, reimbursed the Township for the overdraft fees totaling \$3,518.68. (See Summary, page 15)

Every effort should be made by the governmental unit to avoid unreasonable or excessive costs. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

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)

UNAUTHORIZED TRANSACTIONS

Frank Mejean, Trustee, and Antonnette Mejean, Clerk, received unauthorized disbursements of \$16,887.04 from the Township in 2009. Ledger notations and check memos state the disbursements were for "loans." There was no loan agreement presented for examination.

Frank Mejean, Trustee, and Antonnette Mejean, Clerk, repaid the Township \$16,887.04 in 2009 for the unauthorized disbursements as well as an additional \$25,479.40 to be credited to various other overpayments as referenced elsewhere in the current examination report. The total of these payments received in 2009 from Frank Mejean, Trustee, and Antonnette Mejean, Clerk, was \$42,366.44. (See Summary, page 15)

A summary of the transactions is as follows:

Unauthorized disbursements to Frank and Antonette Mejean from Jefferson Township	\$ 16,887.04
Payments to Jefferson Township from Frank Mejean and Antonette Mejean	<u>(42,366.44)</u>
Net Unauthorized Transactions	<u>\$ (25,479.40)</u>

Sources and uses of funds should be limited to those authorized by the enabling statute, ordinance, resolution, or grant agreement. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

Governmental units should collect any overpayments made. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

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, SULLIVAN COUNTY  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

ADDITIONAL AUDIT COSTS

The State of Indiana incurred additional audit costs due to the poor condition of the records.

Frank Mejean, Trustee, reimbursed the State of Indiana for the additional audit costs of \$9,306.18. (See Summary, page 9)

Audit costs or other costs incurred because of poor records, nonexistent records or other inadequate bookkeeping practices may be the personal obligation of the responsible official or employee of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

OFFICIAL BOND

The Township Trustee's bond is a continuation certificate. Also, the bond was in the amount of \$15,000. The Township Trustee's bond is issued from the Ohio Casualty Group for \$15,000 with a four year term beginning on January 1, 2007 and ending on January 1, 2011.

Until July 1, 2009, IC 5-4-1-18 stated in part:

"(c) The fiscal bodies of the respective units shall fix the amount of the bond of . . . township trustees . . . as follows:

- (1) The amount must equal fifteen thousand dollars (\$15,000) for each one million dollars (\$1,000,000) of receipts of the officer's office during the last complete fiscal year before the purchase of the bond, subject to subdivision (2).
- (2) The amount may not be less than fifteen thousand dollars (\$15,000) nor more than three hundred thousand dollars (\$300,000) . . ."

Effective July 1, 2009, IC 5-4-1-18 states in part:

"(c) Except as provided in subsections (h) and (i), the fiscal bodies of the respective units shall fix the amount of the bond of . . . township trustees . . . as follows:

- (1) The amount of annual coverage must equal thirty thousand dollars (\$30,000) for each one million dollars (\$1,000,000) of receipts of the officer's office during the last complete fiscal year before the purchase of the bond, subject to subdivision (2).
- (2) The amount of annual coverage may not be less than thirty thousand dollars (\$30,000) nor more than three hundred thousand dollars (\$300,000) unless the fiscal body approves a greater amount of annual coverage for the officer or employee. . . ."

The State Board of Accounts is of the audit position in order to comply with the changes made in Public Law 176 effective July 1, 2009, governments will have to purchase riders on their current bond coverage for the remainder of the calendar year; and beginning January 1, 2010, will have to provide annual bond coverage. We are also of the audit position a new bond should be obtained for each year and continuation certificates or renewals should not be used in lieu of obtaining a new bond. (Township Bulletin and Uniform Compliance Guidelines Vol. 286, page 4)

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

CONDITION OF RECORDS

Financial records presented for audit were incomplete and not reflective of the activity of the Township funds. The records presented did not provide sufficient information to exam or establish beginning balances, receipts, disbursements, ending balances, or the accuracy or correctness of the transactions.

Extensive procedures were required to examine the records using the bank statement transactions.

- (1) Disbursements were observed which did not contain adequate supporting documentation such as receipts and invoices.
- (2) There were a considerable number of posting errors. Not all checks issued were posted to the ledger. Checks were not always posted for the correct amount or to the proper fund. Bank overdraft fees were not all posted to the ledger.

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)

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)

ANNUAL REPORT

The Annual Report filed for 2009 had numerous material errors and omissions and was not reflective of the financial records.

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 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)

STATE AND FEDERAL TAX REPORTING

Salary payments to Antonnette Mejean, Clerk, were not reported to the federal and state agencies. Additionally, mowing and maintenance contract payments to Antonnette Mejean were not reported to the federal and state agencies.

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

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)

Payroll taxes withheld for Frank Mejean, Trustee, were not all remitted to the federal and state agencies.

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)

APPROPRIATIONS

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

Fund	Excess Amount Expended
Township	\$ 27,084
Township Assistance	5,031
Park and Recreation	6,697

IC 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."

OVERDRAWN FUND BALANCES

The Township, Firefighting, Park and Recreation and Cumulative Fire Funds were overdrawn at December 31, 2009.

The balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

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

BANK ACCOUNT RECONCILIATIONS

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

IC 5-13-6-1(e) states: "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."

PRIOR REPORTS

We have issued two prior Jefferson Township, Sullivan County, reports requesting cash repayments from Frank and Antonnette Mejean as follows:

<u>Report Number</u>	<u>Report Period</u>	<u>Charges</u>	<u>Credits</u>	<u>Balance Due</u>
B21048	01-01-99 to 12-31-01	\$ 21,038.04	\$ 21,038.04	\$ -
B30435	01-01-05 to 12-31-06	17,448.12	17,448.12	-

JEFFERSON TOWNSHIP, SULLIVAN COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on September 1, 2010, with Donald W. Bedwell, Chairman of the Township Board, and Lonnie S. Todd, Board member.

The contents of this report were discussed on September 7, 2010, with Loran R. Mejean, Sr., Board member.

The contents of this report were discussed on September 7, 2010, with Antonnette Mejean, Clerk. The official response has been made a part of this report and may be found on page 14.

The contents of this report were discussed on September 8, 2010, with Frank Mejean, Trustee. The official response has been made a part of this report and may be found on page 14.

Sept 13, 2010

Frank and Antonnette Mejean. Errors on Bookkeeping were not intentionally done. I Have paid back Township and State for Audit Costs. I AM going To Resign at End of my Term 12-31-2010. And I Am going to Pull my name off Ballot for Election. We have Tired To help Township out. And For rest of year No salaries for Trustee, clerk, poor relief; investigator. Or contracts are NOT going To Be paid. All that will Be paid is Electric, water, Fire House phone bill.

I am sorry this happened.

Antonnette Mejean  
Frank Mejean

JEFFERSON TOWNSHIP, SULLIVAN COUNTY  
SUMMARY

	<u>Charges</u>	<u>Credits</u>	<u>Balance Due</u>
Frank Mejean, Trustee:			
Salary Overpayments, page 6	\$ 13,343.63	\$	\$
Mileage Overpayments, page 7	1,147.60		
Bank Overdraft Fees, pages 7 and 8	3,518.68		
Additional Audit Costs, page 9	9,306.18		
Antonnette Mejean, Clerk:			
Salary Overpayments, page 6	6,091.10		
Undocumented Personal Disbursements, page 6	2,350.00		
Mowing and Maintenance Contract Overpayments, page 7	11,687.76		
Frank Mejean, Trustee, and Antonnette Mejean, Clerk:			
Unauthorized Transactions, page 8	16,887.04	42,366.44	
Paid by Frank and Antonnette Mejean to:			
Jefferson Township, September 7, 2010		4,500.00	
Jefferson Township, September 13, 2010		8,159.37	
State of Indiana, September 13, 2010		9,306.18	-
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Totals	<u>\$ 64,331.99</u>	<u>\$ 64,331.99</u>	<u>\$ -</u>