

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

FINANCIAL STATEMENT EXAMINATION REPORT

OF

JACKSON TOWNSHIP

CARROLL COUNTY, INDIANA

January 1, 2010 to December 31, 2011



FILED

06/22/2012

This report was
reissued on 7-31-12
to include the
Official Response.

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OFFICIALS

Office

Official

Term

Trustee

William Dittman Jr.

01-01-07 to 12-31-14

Chairman of the
Township Board

Joe Wallace

01-01-10 to 12-31-12



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the financial statements of Jackson Township (Township), for the period of January 1, 2010 to December 31, 2011. The Township's management is responsible for the financial statements. 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 statements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

As discussed in Note 1, the Township prepares its financial statements on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The basis noted above is a different basis than that used in the prior year.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the Township for the years ended December 31, 2010 and 2011, on the basis of accounting described in Note 1.

The Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statements. They have not been subjected to the examination procedures applied to the financial statements and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the Township's management, Township Board, and others within the entity, and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

May 1, 2012

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FINANCIAL STATEMENTS

The financial statements and accompanying notes were approved by management of the Township. The financial statements and notes are presented as intended by the Township.

JACKSON TOWNSHIP, CARROLL COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For The Year Ended December 31, 2010

Fund	Cash and Investments 01-01-10	Receipts	Disbursements	Cash and Investments 12-31-10
Township	\$ 172,691	\$ 45,529	\$ 27,644	\$ 190,576
Township Assistance	27,102	6,046	1,813	31,335
Fire Fighting	82,023	58,943	52,804	88,162
Park And Recreation	22,548	6,565	8,306	20,807
Rainy Day	998	3,503	-	4,501
Nebo Cemetery	2,512	-	-	2,512
Totals	<u>\$ 307,874</u>	<u>\$ 120,586</u>	<u>\$ 90,567</u>	<u>\$ 337,893</u>

The notes to the financial statements are an integral part of this statement.

JACKSON TOWNSHIP, CARROLL COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For The Year Ended December 31, 2011

Fund	Cash and Investments 01-01-11	Receipts	Disbursements	Cash and Investments 12-31-11
Township	\$ 190,576	\$ 61,609	\$ 33,873	\$ 218,312
Park and Recreation	20,807	9,363	8,322	21,848
Township Assistance	31,335	9,956	6,120	35,171
Fire Fighting	88,162	69,915	65,255	92,822
Rainy Day	4,501	787	-	5,288
Levy Excess	-	738	738	-
Nebo Cemetry	2,512	-	-	2,512
Payroll Deduction	-	1,467	-	1,467
Totals	<u>\$ 337,893</u>	<u>\$ 153,835</u>	<u>\$ 114,308</u>	<u>\$ 377,420</u>

The notes to the financial statements are an integral part of this statement.

JACKSON TOWNSHIP, CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The Township was established under the laws of the State of Indiana. The Township operates under a township trustee/township board form of government and provides some or all of the following services: public safety (fire), health and social services (township assistance), culture and recreation (parks and/or community centers), and general administrative services (weed and dog control).

The accompanying financial statements present the financial information for the Township.

B. Basis of Accounting

The financial statements are reported on a regulatory basis of accounting prescribed by the State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when received and disbursements are recorded when paid.

The regulatory basis of accounting differs from accounting principles generally accepted in the United States of America in that receipts are recognized when received in cash, rather than when earned, and disbursements are recognized when paid, rather than when a liability is incurred.

C. Cash and Investments

Investments are stated at cost. Any changes in fair value of the investments are reported as receipts in the year of the sale of the investment.

D. Receipts

Receipts are presented in the aggregate on the face of the financial statements. The aggregate receipts may include the following sources:

Taxes which can include one or more of the following: property taxes, certified shares (local option tax), property tax replacement credit (local option tax), county option income tax, wheel tax, innkeepers tax, food and beverage tax, county economic development income tax, boat and trailer excise tax, county adjusted gross income tax, and other taxes that are set by the Township.

Intergovernmental receipts which include receipts from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of this type of receipts include, but are not limited to: federal grants, state grants, cigarette tax distributions received from the state, motor vehicle highway distribution received from the state, local road and street distribution received from the state, financial institution tax received from the state, auto excise surtax received from the state, commercial vehicle excise tax received from the state, major moves distributions received from the state, and riverboat receipts received from the county.

JACKSON TOWNSHIP, CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

Charges for services which can include, but are not limited to the following: planning commission charges, building department charges, copies of public records, copy machine charges, accident report copies, gun permit applications, 911 telephone services, recycling fees, dog pound fees, emergency medical service fees, park rental fees, swimming pool receipts, cable tv receipts, ordinance violations, fines and fees, bond forfeitures, court costs, and court receipts.

Other receipts which include amounts received from various sources which can include, but are not limited to the following: net proceeds from borrowings; interfund loan activity; transfers authorized by statute, ordinance, resolution or court order; internal service receipts; and fiduciary receipts.

E. Disbursements

Disbursements are presented in the aggregate on the face of the financial statements. The aggregate disbursements may include the following uses:

Personal services include outflows for salaries, wages, and related employee benefits provided for all persons employed. In those units where sick leave, vacation leave, overtime compensation, and other such benefits are appropriated separately, such payments would also be included.

Supplies which include articles and commodities that are entirely consumed and materially altered when used and/or show rapid depreciation after use for a short period of time. Examples of supplies include office supplies, operating supplies, and repair and maintenance supplies.

Other services and charges which include, but are not limited to: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

Debt service principal and interest which include fixed obligations resulting from financial transactions previously entered into by the Township. It includes all expenditures for the reduction of the principal and interest of the Township's general obligation indebtedness.

Capital outlay which include all outflows for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

Other disbursements which include, but are not limited to the following: interfund loan payments, loans made to other funds, internal service disbursements, and transfers out that are authorized by statute, ordinance, resolution, or court order.

F. Interfund Transfers

The Township may, from time to time, transfer money from one fund to another. These transfers, if any, are included as a part of the receipts and disbursements of the affected funds and as a part of total receipts and disbursements. The transfers are used for cash flow purposes as provided by various statutory provisions.

JACKSON TOWNSHIP, CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

G. Fund Accounting

Separate funds are established, maintained, and reported by the Township. Each fund is used to account for money received from and used for specific sources and uses as determined by various regulations. Restrictions on some funds are set by statute while other funds are internally restricted by the Township. The money accounted for in a specific fund may only be available for use for certain, legally restricted purposes. Additionally, some funds are used to account for assets held by the Township in a trustee capacity as an agent of individuals, private organizations, other funds, or other governmental units and therefore the funds cannot be used for any expenditures of the unit itself.

Note 2. Budgets

The operating budget is initially prepared and approved at the local level. The fiscal officer of the Township submits a proposed operating budget to the governing board for the following calendar year. The budget is advertised as required by law. Prior to adopting the budget, the governing board conducts public hearings and obtains taxpayer comments. Prior to November 1, the governing board approves the budget for the next year. The budget for funds for which property taxes are levied or highway use taxes are received is subject to final approval by the Indiana Department of Local Government Finance.

Note 3. Property Taxes

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the Township in June and December; however, situations can arise which would delay the distributions. 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 percent 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 normally become delinquent if not paid by May 10 and November 10, respectively.

Note 4. Deposits and Investments

Deposits, made in accordance with state statute (IC 5-13), with financial institutions in the State of Indiana at year end should be 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 statutes authorize 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, CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

Note 5. Risk Management

The Township may be exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents; and natural disasters.

These risks can be mitigated through the purchase of insurance, establishment of a self-insurance fund, and/or participation in a risk pool. The purchase of insurance transfers the risk to an independent third party. The establishment of a self-insurance fund allows the Township to set aside money for claim settlements. The self-insurance fund would be included in the financial statements. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks. These risks may also be mitigated by the Township by recording as a disbursement any replacement items purchased.

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SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the Township's 2010 Annual Report can be found on the Indiana Transparency Portal website: www.in.gov/itp/annual_reports/.

For additional financial information, the Township's 2011 Annual Report information can be found on the Gateway website: <https://gateway.ifionline.org/>.

Differences may be noted between the financial information presented in the financial statements contained in this report and the financial information presented in the Annual Reports of the Township which are referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the examination. This is a common occurrence in any financial statement examination. The financial information presented in this report is examined information, and the accuracy of such information can be determined by reading the opinion given in the Independent Accountant's Report.

The supplementary information presented was approved by management of the Township. It is presented as intended by the Township.

JACKSON TOWNSHIP, CARROLL COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010

	Township	Township Assistance	Fire Fighting	Park And Recreation	Rainy Day	Nebo Cemetery	Totals
Cash and investments - beginning	\$ 172,691	\$ 27,102	\$ 82,023	\$ 22,548	\$ 998	\$ 2,512	\$ 307,874
Receipts:							
Taxes	45,138	6,046	30,193	6,544	2,066	-	89,987
Charges for services	-	-	14,900	-	-	-	14,900
Other receipts	391	-	13,850	21	1,437	-	15,699
Total receipts	<u>45,529</u>	<u>6,046</u>	<u>58,943</u>	<u>6,565</u>	<u>3,503</u>	<u>-</u>	<u>120,586</u>
Disbursements:							
Personal services	7,241	-	1,120	1,500	-	-	9,861
Supplies	924	-	13,192	-	-	-	14,116
Other services and charges	13,253	1,813	38,492	6,806	-	-	60,364
Capital outlay	6,226	-	-	-	-	-	6,226
Other disbursements	-	-	-	-	-	-	-
Total disbursements	<u>27,644</u>	<u>1,813</u>	<u>52,804</u>	<u>8,306</u>	<u>-</u>	<u>-</u>	<u>90,567</u>
Excess (deficiency) of receipts over disbursements	<u>17,885</u>	<u>4,233</u>	<u>6,139</u>	<u>(1,741)</u>	<u>3,503</u>	<u>-</u>	<u>30,019</u>
Cash and investments - ending	<u>\$ 190,576</u>	<u>\$ 31,335</u>	<u>\$ 88,162</u>	<u>\$ 20,807</u>	<u>\$ 4,501</u>	<u>\$ 2,512</u>	<u>\$ 337,893</u>

JACKSON TOWNSHIP, CARROLL COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011

	<u>Township</u>	<u>Park and Recreation</u>	<u>Township Assistance</u>	<u>Fire Fighting</u>	<u>Rainy Day</u>
Cash and investments - beginning	\$ 190,576	\$ 20,807	\$ 31,335	\$ 88,162	\$ 4,501
Receipts:					
Taxes	34,522	6,351	6,414	21,667	-
Intergovernmental	25,637	3,012	3,042	31,254	-
Charges for services	-	-	-	15,235	-
Other receipts	1,450	-	500	1,759	787
Total receipts	<u>61,609</u>	<u>9,363</u>	<u>9,956</u>	<u>69,915</u>	<u>787</u>
Disbursements:					
Personal services	10,373	-	-	1,540	-
Supplies	1,274	218	-	14,460	-
Other services and charges	15,087	6,769	6,120	49,255	-
Capital outlay	7,139	1,335	-	-	-
Other disbursements	-	-	-	-	-
Total disbursements	<u>33,873</u>	<u>8,322</u>	<u>6,120</u>	<u>65,255</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>27,736</u>	<u>1,041</u>	<u>3,836</u>	<u>4,660</u>	<u>787</u>
Cash and investments - ending	<u>\$ 218,312</u>	<u>\$ 21,848</u>	<u>\$ 35,171</u>	<u>\$ 92,822</u>	<u>\$ 5,288</u>

JACKSON TOWNSHIP, CARROLL COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011
 (Continued)

	<u>Levy Excess</u>	<u>Nebo Cemetrey</u>	<u>Payroll Deduction</u>	<u>Totals</u>
Cash and investments - beginning	\$ -	\$ 2,512	\$ -	\$ 337,893
Receipts:				
Taxes	-	-	-	68,954
Intergovernmental	738	-	-	63,683
Charges for services	-	-	-	15,235
Other receipts	-	-	1,467	5,963
Total receipts	<u>738</u>	<u>-</u>	<u>1,467</u>	<u>153,835</u>
Disbursements:				
Personal services	-	-	-	11,913
Supplies	-	-	-	15,952
Other services and charges	-	-	-	77,231
Capital outlay	-	-	-	8,474
Other disbursements	738	-	-	738
Total disbursements	<u>738</u>	<u>-</u>	<u>-</u>	<u>114,308</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>-</u>	<u>1,467</u>	<u>39,527</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ 2,512</u>	<u>\$ 1,467</u>	<u>\$ 377,420</u>

JACKSON TOWNSHIP, CARROLL COUNTY
EXAMINATION RESULTS AND COMMENTS

BOARD MINUTES

No minutes of meetings of the governing body were available for examination.

Indiana Code 5-14-1.5-4(b) states:

"As the meeting progresses, the following memoranda shall be kept:

- (1) The date, time, and place of the meeting.
- (2) The members of the governing body recorded as either present or absent.
- (3) The general substance of all matters proposed, discussed, or decided.
- (4) A record of all votes taken, by individual members if there is a roll call.
- (5) Any additional information required under IC 5-1.5-2-2.5."

SUPPORTING DOCUMENTATION

Of the claims reviewed, four did not have supporting documentation, 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)

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

FEDERAL AND STATE AGENCIES - COMPLIANCE REQUIREMENTS

The Township did not provide W-2's or 941's for 2010 or 2011 for examination.

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)

PRESCRIBED FORMS

The Financial and Appropriation Record was not used in the examination period. A computerized form of accounting was used and not approved by the State Board of Accounts.

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, CARROLL COUNTY
EXIT CONFERENCE

The contents of this report were discussed on May 1, 2012, with Kathy Dittman, Clerk. The Official Response has been made a part of this report and may be found on pages 20 and 21.

JACKSON TOWNSHIP - CARROLL COUNTY

Robert W. Dittman Jr.
5217N 150E
Camden, IN. 46917

May 2, 2012

Indiana State Board of Accounts
302 West Washington Street
Room E 418
Indianapolis, IN. 46204-2765

OFFICIAL REPSONSE

This is in reference to the audit report I just exited from. For the second time.

I am disputing a couple of items I was written up on that are not factual.

The first one is about the receipts not matching the checks.

I take full responsibility for the receipts not being organized and easy to access. I was told they randomly take 10 checks and match to the receipts. She has written that 4 did not have documentation to support the checks. I promise you all receipts were there. All she had to do was reverse her procedure. All of my receipts have the check number on them so all she needed to do was pull her 10 receipts and match the checks.

I was told that was not protocol!

This make it look like I am spending money not authorized to. Every penny is accounted for with a receipt.

The second thing I am disputing is the "Prescribed Form". We use Micro Spectrum, formerly Data system. This was approved several years ago by you. I have been audited since we have been using this program and was never told I had to prove each audit that it was approved. I did not "prove" this at the last audit. I questioned her about this and she just kept saying she had no proof. I told her all she had to do was check the State Board of Accounts file and I was informed she did not have access to that information.

I take responsibility for the minutes not being turned in for the audit. I forgot the book at home. I also take responsibility for the W2's not being there. I sent the entire form to the employee, however the 941's were there.

I understand there has to be guidelines for your field reps to go by but I feel there needs to be some uniform guidelines for all of them to follow.

I thought the audit was to show you and the tax payers that funds were being used properly and the money was accounted for.

I realize that the audit reports are for public review and I have nothing to hide with any of my records. At the first exit meeting had she given me the opportunity I would have assisted her locating the records she said were missing.

She also told me on the first exit meeting that my books did not balance. I did argue this matter with her because I have to have balanced books each month to proceed to the next month., that is part of this computer program. She gave me no explanation at that time. She called me several days later and told me that her boss wanted me to make the correction to the books and then have a second exit meeting. At time she told me that it was the excess levy fund and payroll in 2010. I told her I would have to contact the software company because I did not know how to do this because I knew we had made corrections on this matter before. She would have to give me a little time to get this done because I have a full time job and I would have to contact Jo Spangler to assist me. She contacted me several times in the next few days to see if I had it done. When she contacted me she would always use my home phone instead of the office phone so the messages were received after hours.

I finely told her that I had an appointment that afternoon with Jo to make the corrections and resubmit my annual report. It would be done that day. She again informed me we would have to have another exit meeting.

In contacting the software company we discovered that the corrections had indeed been corrected in our software program but not on the annual report

She waited another week or so to contact me again to see when I was going to get it done. I informed her I had done it the same day I told her I was doing it and she informed me she had not checked. She would check it and get back to me to set the exit meeting. She then waited 3 weeks to contact me, again stressing we needed to have another exit meeting. I informed her I was waiting for her to contact me to set it up. She said she had waited because she had another trustee she had been waiting on.

Today I had the second exit meeting. She said she had removed from her audit about the books not balancing but everything else remained the same.

I feel if she could do this she could have let me get the receipts she said were not there and I could have returned today with the "proof" she said I needed to use this program.

I guess my point is, if I had to have a second exit meeting after I corrected the fund balance why was I not allowed to prove my receipts, show my meeting minutes, show my 941's and show my proof of using this program.

I take pride in keeping accurate records and balancing. I feel this was unfair and makes me look like I am not doing my job properly. I am however human and can make a mistake but all of this I can prove.

*Ruthy Dittmar
Deputy Justice / Clerk*