

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

FINANCIAL STATEMENTS EXAMINATION REPORT

OF

JACKSON TOWNSHIP

ELKHART COUNTY, INDIANA

January 1, 2010 to December 31, 2011



FILED
10/01/2012

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Thomas C. Lantz	01-01-07 to 12-31-14
Chairman of the Township Board	Dean Morehouse	01-01-10 to 12-31-10
	Don Wysong	01-01-11 to 12-31-11
	Bruce Korenstra	01-01-12 to 12-31-12



STATE OF INDIANA
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INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the accompanying financial statements of Jackson Township (Township), for the years ended December 31, 2010 and 2011. The financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on the financial statements 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.

Our examination was conducted for the purpose of forming an opinion on the Township's financial statements. The Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis and the Schedule of Capital Assets, 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

August 23, 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, ELKHART 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	\$ 33,799	\$ 134,055	\$ 124,203	\$ 43,651
Township Assistance	(24,112)	70,148	31,501	14,535
Fire Fighting	700,748	191,766	212,997	679,517
Cumulative Fire	103,908	51,234	62,778	92,364
Rainy Day	914	28,427	5,465	23,876
Emergency Medical Services	23,656	-	23,656	-
Totals	<u>\$ 838,913</u>	<u>\$ 475,630</u>	<u>\$ 460,600</u>	<u>\$ 853,943</u>

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

JACKSON TOWNSHIP, ELKHART 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 Fund	\$ 43,651	\$ 98,562	\$ 120,753	\$ 21,460
Township Assistance Fund	14,535	69,519	21,079	62,975
Fire Fighting Fund	679,517	188,858	203,765	664,610
Rainy Day Fund	23,876	-	23,795	81
Cumulative Fire (Bldg/Rem/Equip) Fund	92,365	45,869	-	138,234
Payroll Deduction Fund	(12)	1,571	1,827	(268)
Totals	<u>\$ 853,932</u>	<u>\$ 404,379</u>	<u>\$ 371,219</u>	<u>\$ 887,092</u>

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

JACKSON TOWNSHIP, ELKHART 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, 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: financial institution tax received from the state, auto excise surtax received from the state, and commercial vehicle excise tax received from the state,

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.

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

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.

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.

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

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

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.

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.

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, ELKHART 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	Cumulative Fire	Rainy Day	Emergency Medical Services	Totals
Cash and investments - beginning	\$ 33,799	\$ (24,112)	\$ 700,748	\$ 103,908	\$ 914	\$ 23,656	\$ 838,913
Receipts:							
Taxes	128,237	70,148	191,766	51,234	4,771	-	446,156
Charges for services	800	-	-	-	-	-	800
Other receipts	5,018	-	-	-	23,656	-	28,674
Total receipts	<u>134,055</u>	<u>70,148</u>	<u>191,766</u>	<u>51,234</u>	<u>28,427</u>	<u>-</u>	<u>475,630</u>
Disbursements:							
Personal services	29,393	-	-	-	-	-	29,393
Supplies	3,842	-	-	-	-	-	3,842
Other services and charges	90,968	3,133	212,997	-	5,465	-	312,563
Capital outlay	-	-	-	62,778	-	-	62,778
Other disbursements	-	28,368	-	-	-	23,656	52,024
Total disbursements	<u>124,203</u>	<u>31,501</u>	<u>212,997</u>	<u>62,778</u>	<u>5,465</u>	<u>23,656</u>	<u>460,600</u>
Excess (deficiency) of receipts over disbursements	<u>9,852</u>	<u>38,647</u>	<u>(21,231)</u>	<u>(11,544)</u>	<u>22,962</u>	<u>(23,656)</u>	<u>15,030</u>
Cash and investments - ending	<u>\$ 43,651</u>	<u>\$ 14,535</u>	<u>\$ 679,517</u>	<u>\$ 92,364</u>	<u>\$ 23,876</u>	<u>\$ -</u>	<u>\$ 853,943</u>

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

	Township Fund	Township Assistance Fund	Fire Fighting Fund	Rainy Day Fund	Cumulative Fire (Bldg/Rem/Equip) Fund	Payroll Deduction Fund	Totals
Cash and investments - beginning	\$ 43,651	\$ 14,535	\$ 679,517	\$ 23,876	\$ 92,365	\$ (12)	\$ 853,932
Receipts:							
Taxes	33,642	62,896	175,866	-	42,745	-	315,149
Intergovernmental	61,493	6,585	12,844	-	3,124	-	84,046
Charges for services	200	-	-	-	-	-	200
Other receipts	3,227	38	148	-	-	1,571	4,984
Total receipts	98,562	69,519	188,858	-	45,869	1,571	404,379
Disbursements:							
Personal services	29,627	-	-	-	-	-	29,627
Supplies	3,417	-	33	-	-	-	3,450
Other services and charges	87,709	21,079	203,732	23,795	-	-	336,315
Other disbursements	-	-	-	-	-	1,827	1,827
Total disbursements	120,753	21,079	203,765	23,795	-	1,827	371,219
Excess (deficiency) of receipts over disbursements	(22,191)	48,440	(14,907)	(23,795)	45,869	(256)	33,160
Cash and investments - ending	\$ 21,460	\$ 62,975	\$ 664,610	\$ 81	\$ 138,234	\$ (268)	\$ 887,092

JACKSON TOWNSHIP, ELKHART COUNTY
 SCHEDULE OF CAPITAL ASSETS
 December 31, 2011

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

	Ending Balance
Governmental activities:	
Land	\$ 30,000
Buildings	160,000
Improvements other than buildings	20,000
Machinery, equipment and vehicles	1,688,581
 Total capital assets	 \$ 1,898,581

JACKSON TOWNSHIP, ELKHART COUNTY
EXAMINATION RESULTS AND COMMENTS

OVERDRAWN FUND BALANCE

The balance of the Payroll Deduction Fund was overdrawn by \$268 at December 31, 2011, due to the fact that the withholdings paid to the IRS were more than the amounts withheld. Since this is basically a clearing account, the balance of the fund should be zero or should equal the amount of the fourth quarter withholding not yet paid to the IRS. For 2011, all quarters were paid during the year and therefore the balance should have been zero.

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)

FEDERAL AGENCIES - COMPLIANCE REQUIREMENTS

The Township provided Form 1099 to various vendors as required by the IRS. The amount paid to TJ Distributing per the Ledger was \$12,000 (\$9,600 from the Township Fund and \$2,400 from the Township Assistance Fund) while the Form 1099 only had \$10,100.

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)

FIRE FIGHTING FUND

Payments were made in 2011 from the Fire Fighting Fund for various expenses related to improvements at Sunnyside Park. Specifically, the park building was reroofed for \$13,905 and curbs were redone in the parking lot at a cost of \$2,180.

Each Township shall annually establish a township firefighting fund which is to be the exclusive fund used by the township for the payment of costs attributable to providing fire protection or emergency services under the methods prescribed in IC 36-8-13-3 and for no other purpose. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 9)

JACKSON TOWNSHIP, ELKHART COUNTY
EXIT CONFERENCE

The contents of this report were discussed on August 23, 2012, with Thomas C. Lantz, Trustee. The official indicated that he would be responding to the report but no Official Response was received.