

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

FINANCIAL STATEMENTS EXAMINATION REPORT

OF

JACKSON TOWNSHIP

DEKALB COUNTY, INDIANA

January 1, 2010 to December 31, 2011



**FILED**  
04/10/2013



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Jeffrey Cook	07-29-09 to 12-31-14
Chairman of the Township Board	Bryan Grogg	01-01-10 to 12-31-10
	(Vacant)	01-01-11 to 12-31-11
	Bryan Grogg	01-01-12 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, DEKALB 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 period.

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 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

December 11, 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, DEKALB 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	\$ 76,914	\$ 54,694	\$ 27,008	\$ 104,600
Township Assistance	106,605	11,124	807	116,922
Firefighting	11,852	35,922	30,366	17,408
Cumulative Fire	16,061	32,752	-	48,813
Levy Excess	-	235	-	235
Payroll Deduction	561	1,106	2,315	(648)
Rainy Day	5,083	9,944	-	15,027
Totals	<u>\$ 217,076</u>	<u>\$ 145,777</u>	<u>\$ 60,496</u>	<u>\$ 302,357</u>

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

JACKSON TOWNSHIP, DEKALB 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	\$ 104,600	\$ 31,360	\$ 23,773	\$ 112,187
Township Assistance	116,922	7,741	1,345	123,318
Firefighting	17,408	49,621	60,250	6,779
Rainy Day	15,027	815	-	15,842
Levy Excess	235	-	-	235
Cumulative Fire	48,813	23,649	32,104	40,358
Payroll Deduction	(648)	1,088	2,115	(1,675)
Totals	<u>\$ 302,357</u>	<u>\$ 114,274</u>	<u>\$ 119,587</u>	<u>\$ 297,044</u>

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

JACKSON TOWNSHIP, DEKALB COUNTY  
NOTES TO FINANCIAL STATEMENT

**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 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, DEKALB COUNTY  
NOTES TO FINANCIAL STATEMENT  
(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 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.

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.

*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

JACKSON TOWNSHIP, DEKALB COUNTY  
NOTES TO FINANCIAL STATEMENT  
(Continued)

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.

**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.

JACKSON TOWNSHIP, DEKALB COUNTY  
NOTES TO FINANCIAL STATEMENT  
(Continued)

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 statement. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks.

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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/](http://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, DEKALB COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2010

	Township	Township Assistance	Firefighting	Cumulative Fire	Levy Excess	Payroll Deduction	Rainy Day	Totals
Cash and investments - beginning	\$ 76,914	\$ 106,605	\$ 11,852	\$ 16,061	\$ -	\$ 561	\$ 5,083	\$ 217,076
Receipts:								
Taxes	53,186	11,124	35,922	32,752	235	-	9,686	142,905
Intergovernmental	-	-	-	-	-	1,106	-	1,106
Charges for services	480	-	-	-	-	-	-	480
Other receipts	1,028	-	-	-	-	-	258	1,286
Total receipts	<u>54,694</u>	<u>11,124</u>	<u>35,922</u>	<u>32,752</u>	<u>235</u>	<u>1,106</u>	<u>9,944</u>	<u>145,777</u>
Disbursements:								
Personal services	10,341	-	-	-	-	2,315	-	12,656
Supplies	1,142	-	-	-	-	-	-	1,142
Other services and charges	14,765	807	30,366	-	-	-	-	45,938
Capital outlay	700	-	-	-	-	-	-	700
Other disbursements	60	-	-	-	-	-	-	60
Total disbursements	<u>27,008</u>	<u>807</u>	<u>30,366</u>	<u>-</u>	<u>-</u>	<u>2,315</u>	<u>-</u>	<u>60,496</u>
Excess (deficiency) of receipts over disbursements	<u>27,686</u>	<u>10,317</u>	<u>5,556</u>	<u>32,752</u>	<u>235</u>	<u>(1,209)</u>	<u>9,944</u>	<u>85,281</u>
Cash and investments - ending	<u>\$ 104,600</u>	<u>\$ 116,922</u>	<u>\$ 17,408</u>	<u>\$ 48,813</u>	<u>\$ 235</u>	<u>\$ (648)</u>	<u>\$ 15,027</u>	<u>\$ 302,357</u>

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

	Township	Township Assistance	Firefighting	Rainy Day	Levy Excess	Cumulative Fire	Payroll Deduction	Totals
Cash and investments - beginning	\$ 104,600	\$ 116,922	\$ 17,408	\$ 15,027	\$ 235	\$ 48,813	\$ (648)	\$ 302,357
Receipts:								
Taxes	22,936	6,803	22,808	-	-	20,746	-	73,293
Intergovernmental	7,643	938	26,813	-	-	2,903	1,088	39,385
Charges for services	780	-	-	-	-	-	-	780
Other receipts	1	-	-	815	-	-	-	816
Total receipts	<u>31,360</u>	<u>7,741</u>	<u>49,621</u>	<u>815</u>	<u>-</u>	<u>23,649</u>	<u>1,088</u>	<u>114,274</u>
Disbursements:								
Personal services	9,400	-	-	-	-	-	2,115	11,515
Supplies	479	-	-	-	-	-	-	479
Other services and charges	10,365	1,345	60,250	-	-	3,123	-	75,083
Capital outlay	3,275	-	-	-	-	28,981	-	32,256
Other disbursements	255	-	-	-	-	-	-	255
Total disbursements	<u>23,773</u>	<u>1,345</u>	<u>60,250</u>	<u>-</u>	<u>-</u>	<u>32,104</u>	<u>2,115</u>	<u>119,587</u>
Excess (deficiency) of receipts over disbursements	<u>7,587</u>	<u>6,396</u>	<u>(10,629)</u>	<u>815</u>	<u>-</u>	<u>(8,455)</u>	<u>(1,027)</u>	<u>(5,313)</u>
Cash and investments - ending	<u>\$ 112,187</u>	<u>\$ 123,318</u>	<u>\$ 6,779</u>	<u>\$ 15,842</u>	<u>\$ 235</u>	<u>\$ 40,358</u>	<u>\$ (1,675)</u>	<u>\$ 297,044</u>

JACKSON TOWNSHIP, DEKALB COUNTY  
 SUPPLEMENTARY INFORMATION  
 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
Capital assets, not being depreciated:	
Land	\$ 1
Buildings	186,850
Machinery and equipment	419,585
 Total capital assets not being depreciated	 \$ 606,436

JACKSON TOWNSHIP, DEKALB COUNTY  
EXAMINATION RESULTS AND COMMENTS

**ANNUAL REPORT**

The Annual Report filed did not agree with the Township's records. The tables below detail the ending cash and investment balance differences from the Township's records to the Annual Report for December 31, 2010 and 2011.

December 31, 2010

Fund	Records	Annual Report	Difference
Township	\$ 104,600	\$ 76,966	\$ 27,634
Firefighting	17,408	47,774	(30,366)
Rainy Day	15,027	14,738	289

December 31, 2011

<u>Fund</u>	<u>Records</u>	<u>Annual Report</u>	<u>Difference</u>
Township	\$ 112,187	\$ 85,051	\$ 27,136
Firefighting	6,779	37,145	(30,366)
Rainy Day	15,842	15,553	289

The amounts reported in the Statements of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis have been corrected to properly reflect the Township's 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 for Townships, Chapter 13)

**CONDITION OF RECORDS**

The Township uses a computerized accounting program to post the ledger and reconcile the cash and investment balances to the bank account balances. The bank account reconciliation was incorrect because cash and investment balances reported from the computerized accounting program were not the actual cash and investment balances of the Township due to a programming error. The two funds causing this discrepancy were the Firefighting Fund and the Cumulative Fire Fund. The table below details the differences between the cash and investment balances reported from the accounting program and the Township's actual cash and investment balances at December 31, 2011, for the Firefighting Fund and the Cumulative Fire Fund.

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

Fund	Actual Fund Balance	Accounting Program Fund Balance	Difference
Firefighting	\$ 6,799	\$ 10,805	\$ (\$4,026)
Cumulative Fire	40,358	26,511	13,847

Indiana Code 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."

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (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)

**APPROPRIATIONS**

The records presented for audit indicated the following expenditures in excess of budgeted appropriations for 2011:

Fund	Excess Amount Expended
Firefighting	\$ 15,250
Cumulative Fire	8,519

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."

**OVERDRAWN FUND BALANCES**

The fund balance of the Payroll Deduction Fund was overdrawn at December 31, 2010 and December 31, 2011, by \$648 and \$1,675, respectively.

The fund 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)

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

**BOARD MINUTES**

The Board minutes presented for audit did not indicate that the Board reorganized for 2011. At the exit conference, the Trustee indicated that the Board did reorganize, but the reorganization was not documented in the board minutes.

Indiana Code 36-6-6-8 states:

"The legislative body shall keep a permanent record of its proceedings in a book furnished by the executive. The secretary of the legislative body shall, under the direction of the legislative body, record the minutes of the proceedings of each meeting in full and shall provide copies of the minutes to each member of the legislative body before the next meeting is convened. After the minutes are approved by the legislative body, the secretary of the legislative body shall place the minutes in the permanent record book. The chairman of the legislative body shall retain the record in his custody."

**OFFICIAL BOND**

The Trustee was not bonded during the examination period.

Indiana Code 5-4-1-18(c) states in part:

"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 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 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 for the officer or employee."

Indiana Code 5-4-1-5.1(b) states in part: "Every elected or appointed officer, official, deputy, or employee of a political subdivision . . . shall file the bond in the office of the county recorder . . ."

A similar comment appeared in prior Report B36791,

**OPTICAL IMAGES OF CHECKS**

The financial institution did not return the actual cancelled checks with the monthly bank statements. The financial institution did not provide optical images of the front and back of the cancelled checks with the Township's monthly bank statement.

Indiana Code 5-15-6-3(a) states in part:

". . . 'original records' includes the optical image of a check or deposit document when:

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

- (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)."

**2011 SALARIES NOT DOCUMENTED IN BOARD MINUTES**

The 2011 salaries for the Trustee and Deputy Trustee were not documented in the Board minutes. The salaries were reflected in the approved budget.

We recommend that the Township Board set the salaries of the Township officials and employees in conjunction with the preparation and completion of the Township budget.

The type of format for recording these salaries should be the existing form of Township Form 17. The salaries so fixed shall be recorded in the township board minutes. (Accounting and Uniform Compliance Guidelines for Townships, Chapter 1)

**DEBIT CARD USAGE**

The Township had a debit card. On occasion, they used it for supplies, an ATM withdrawal and travel expenses. Total debit card purchases for 2010 amounted to \$803.91, including a \$100.00 ATM withdrawal. Total debit card purchases for 2011 amounted to \$786.64. There were no ATM withdrawals in 2011. Some of the debit card purchases did not contain adequate documentation.

Disbursements, other than properly authorized petty cash disbursements, shall be by check or warrant, not by cash or other methods unless specifically authorized by statute, federal or state rule. (Accounting and Uniform Compliance Guidelines 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 for Townships, Chapter 13)

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

**PENALTIES PAID**

The following penalties were paid during the audit period:

<u>Vendor</u>	<u>Amount</u>
Internal Revenue Service	\$ 164.54
Bell Equipment	23.23
AT&T	<u>48.00</u>
 Total	 <u><u>\$ 235.77</u></u>

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. 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)

**TRAVEL RELATED ISSUES**

We noted the following issues relating to travel:

- No travel policy was presented for audit.
- Mileage Form 101 was not used when being reimbursed for mileage. Instead employees were filling up their gas tank when they were going to travel.
- Meal reimbursement was noted for a nontownship employee on September 10, 2010 at T.G.I.Friday's.
- Credit card charges for Steak 'N Shake and the Old Spaghetti Factory (EFT #3 and #4 on the credit card statement) for \$11.00 and \$30.00 respectively, did not contain adequate supporting documentation (meal receipts).

Each governmental unit should adopt a written travel policy in conformity with applicable statutes. Reimbursement for lodging and meals should be based upon actual receipts for amounts paid unless otherwise authorized by statute. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 17)

The township trustee is entitled to a sum for mileage in the performance of his official duties equal to the sum per mile paid to State officers and employees (IC 36-6-8-3). Mileage Claim Form Number 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)

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EXAMINATION RESULTS AND COMMENTS  
(Continued)

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)

Public funds may not be used to pay for personal items or for expenses which do not relate to the functions and purposes of the governmental unit. Any personal expenses paid by the governmental entity may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

***EXPENSES UNRELATED TO FUNCTION OR PURPOSE OF TOWNSHIP GOVERNMENT***

We noted the following expenses paid from the Township Fund:

- Funeral flowers purchased in the amount of \$47.45 on March 31, 2010.
- Funeral afghan throw purchased in the amount of \$66.90 on February 8, 2011.
- Twenty-four case of Pepsi and sugar purchased on July 14, 2010.

Public funds may not be used to pay for personal items or for expenses which do not relate to the functions and purposes of the governmental unit. Any personal expenses paid by the governmental entity may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

***FIRE HALL MOWINGS***

Fire hall mowings in 2011, totaling \$490, were paid from the Cumulative Fire Fund.

Indiana Code 36-8-14-2(c) states:

"The legislative body of a unit or the board of fire trustees of a fire protection district may provide a cumulative building and equipment fund under IC 6-1.1-41 for the following purposes:

- (1) The:
  - (A) purchase, construction, renovation, or addition to buildings; or
  - (B) purchase of land;used by the fire department or a volunteer fire department serving the unit.
- (2) The purchase of firefighting equipment for use of the fire department or a volunteer fire department serving the unit, including making the required payments under a lease rental with option to purchase agreement made to acquire the equipment.
- (3) In a municipality, the purchase of police radio equipment.

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(4) The:

(A) purchase, construction, renovation, or addition to a building;

(B) purchase of land; or

(C) purchase of equipment;

for use of a provider of emergency medical services under IC 16-31-5 to the unit establishing the fund."

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)

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EXIT CONFERENCE

The contents of this report were discussed on December 11, 2012, with Jeffrey Cook, Trustee.