



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
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October 3, 2023

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

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of Jefferson Township (Township), Elkhart County, for the period of January 1, 2019 to December 31, 2022, to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts.

Management is responsible for preparing and maintaining its accounting records and related documents, as well as compliance with applicable state laws and uniform compliance guidelines established by the Indiana State Board of Accounts.

The Township's Annual Financial Reports filed by management can be found on the Gateway Website: [www.gateway.ifionline.org](http://www.gateway.ifionline.org).

The Comments contained herein describe the identified reportable instances of noncompliance found as a result of the procedures we performed. Our procedures were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified.

***Comments***

**ANNUAL FINANCIAL REPORTS**

***Condition and Context***

The Annual Financial Reports (AFR) submitted in the Indiana Gateway for Government Units (Gateway) financial reporting system contained errors and did not reflect the financial activity of the Township. The Fire and Emergency Medical Service Departments each opened and maintained separate bank accounts. The bank accounts were opened using the Township's employer identification number (EIN). These bank accounts were not included in the Township's AFR in Gateway. The balances from these bank accounts are reflected in the cash and investment balances contained in this report.

***Criteria***

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every audited entity financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each fiscal year. The reports must be in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under [IC 5-14-3.8-7](#)."

Units are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings, court decisions, and filing requirements concerning reports and other procedural matters of federal and state agencies. Units must file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

## **BANK ACCOUNT RECONCILIATIONS**

### *Condition and Context*

Reconciliations of the Township's fund balances to its bank account balances were performed monthly; however, reconciliations were not performed for all bank accounts. The Fire and Emergency Medical Service (EMS) Departments each opened and maintained separate bank accounts. The bank accounts were opened using the Township's EIN. Officers of the Fire and EMS Departments designated themselves as signatories on the accounts. The Trustee was not a designated signatory, did not receive the bank statements, and was not reconciling the accounts.

### *Criteria*

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."

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance must agree. If the reconciled bank balance is less than the subsidiary or control ledgers, the amount needed to balance may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

## **FAILURE TO REPORT MISAPPROPRIATION OF FUNDS**

### *Condition and Context*

The Trustee indicated that he was aware of the misappropriation of funds and/or assets by an employee, official, or in-house contractor, but had not immediately notified the Indiana State Board of Accounts in writing.

### *Criteria*

Indiana Code 5-11-1-27(l) states:

"A public officer who has actual knowledge of or reasonable cause to believe that there has been a misappropriation of public funds or assets of the public office, including:

- (1) information obtained as a result of a police report;
- (2) an internal audit finding; or
- (3) another source indicating that a misappropriation has occurred; shall immediately send written notice of the misappropriation to the state board of accounts and the prosecuting attorney serving in the area governed by the political subdivision."

For additional information pertaining to this Township, please refer to Special Investigation Report 0000003251.

This report is intended solely for the information and use of management, governance, and others within the organization. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

The Schedule of Cash and Investment Balances - Regulatory Basis is presented as other information. It has not been subjected to any auditing procedures, and, accordingly, we do not express an opinion or provide any assurance on it.

SCHEDULE OF CASH AND INVESTMENT  
BALANCES - REGULATORY BASIS  
As of December 31, 2022

Fund	Cash and Investments 12-31-22
Township Fund	\$ 334,449
Emergency Medical Service	661,679
Park and Recreation Fund	59,816
Township Assistance Fund	214,566
Fire Fighting Fund	456,410
Rainy Day Fund	61,393
Cumulative Fire	<u>130,387</u>
Total	<u>\$ 1,918,700</u>

Any Official Response to the Comments, incorporated within this report, was not verified for accuracy.

The contents of this report were communicated to James Weldy, Trustee; Beth Burns, Township Clerk; and Debra Johnson, Township Board member, on August 24, 2023.

Respectfully,



Beth Kelley, CPA, CFE  
Deputy State Examiner

Jefferson Township Elkhart County  
Jim Weldy Trustee

OFFICIAL RESPONSE

Date: August 31, 2023

Indiana State Board of Accounts  
302 West Washington St. Room E418  
Indianapolis, IN 46204-2765

Re: Audit

The annual report and bank accounts were inherited from prior trustees due to the way the township was structured from its inception. The Township accounts were reconciled to the bank statements monthly. We have corrected these errors as of January 1, 2023 going forward.

Failure to report misappropriation of funds was due to lack of understanding the chain of reporting.

Jim Weldy  
Jefferson Township Trustee