

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

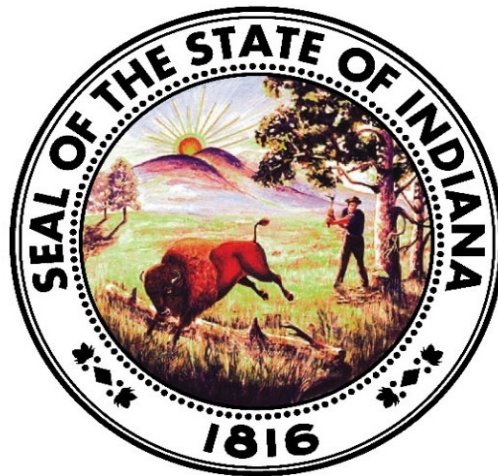
SPECIAL INVESTIGATION REPORT

OF

HAMILTON TOWNSHIP

JACKSON COUNTY, INDIANA

January 1, 2022 to December 31, 2023



**FILED**  
12/04/2024



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Paul D. Joyce, CPA  
State Examiner

# INDIANA STATE BOARD OF ACCOUNTS

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

This is a special investigation report for Hamilton Township (Township), Jackson County, for the period January 1, 2022 to December 31, 2023, and is in addition to any other report for the Township as required under Indiana Code 5-11-1. All reports pertaining to the Township may be found at [www.in.gov/sboa/](http://www.in.gov/sboa/).

We performed procedures to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts. The Results and Comments contained herein describe the identified reportable instances of noncompliance found as a result of these procedures. Our tests were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified.

*Paul D. Joyce*  
Paul D. Joyce, CPA  
State Examiner

September 18, 2024

HAMILTON TOWNSHIP, JACKSON COUNTY  
RESULTS AND COMMENTS

**BACKGROUND**

Staci Eglen (Eglen) served as Trustee for the period January 1, 2015 to February 21, 2023. On March 10, 2023, Eglen was caucused in as the Jackson County Auditor. On February 21, 2023, Jonathan Eglen (J. Eglen), husband of Eglen, was caucused in as the Trustee. Eglen began receiving pay as Secretary in March 2023.

The following describes noncompliance with state statutes or the *Accounting and Uniform Compliance Guidelines Manual for Townships*.

**CASH WITHDRAWALS**

Cash withdrawals totaling \$8,627.40 were made during 2022 and 2023 as follows:

<u>Date</u>	<u>Amount</u>
07-09-22	\$ 827.40
06-14-23	1,300.00
07-13-23	1,500.00
08-05-23	<u>5,000.00</u>
Total	<u>\$ 8,627.40</u>

All withdrawal tickets were signed by Eglen. The Indiana State Board of Accounts requested documentation to support the validity of these withdrawals but no such documents were provided.

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 1*)

Disbursements, other than properly authorized petty cash disbursements, shall be by check or warrant, not by cash or other methods unless specifically authorized by law. (*Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1*)

Funds misappropriated, diverted or unaccounted for through malfeasance, misfeasance, or nonfeasance 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 1*)

We requested Eglen reimburse the Township for the 2022 cash withdrawal in the amount of \$827.40. (See Summary of Charges, page 10)

We requested Eglen and J. Eglen, jointly and severally, reimburse the Township for the 2023 cash withdrawals in the amount of \$7,800. (See Summary of Charges, page 10)

HAMILTON TOWNSHIP, JACKSON COUNTY  
RESULTS AND COMMENTS  
(Continued)

**RENT OVERPAYMENTS**

Eglen, former Trustee, received \$6,250 in excess of the rent appropriated in the budget by the Township Board for the years 2022 and 2023, as summarized below:

<u>Year</u>	<u>Rent Paid</u>	<u>Rent Appropriated</u>	<u>Rent Overpayment</u>
2022	\$ 9,350	\$ 6,500	\$ 2,850
2023	9,900	6,500	<u>3,400</u>
Total			<u>\$ 6,250</u>

In 2022, Eglen received 17 checks with a memo notation stating they were for rent as detailed below:

<u>Check Date</u>	<u>Check Number</u>	<u>Check Payee</u>	<u>Check Amount</u>	<u>Memo</u>
01-03-22	2017	Staci Eglen	\$ 550	Jan 22 Rent
02-02-22	2023	Staci Eglen	550	January 2022 Rent
02-11-22	2027	Staci Eglen	550	Rent - Feb '22
03-01-22	2030	Staci Eglen	550	Rental
04-01-22	2038	Staci Eglen	550	Rent
05-16-22	2044	Staci Eglen	550	May - Rent
05-23-22	2047	Staci Eglen	550	Rent - May
06-07-22	2050	Staci Eglen	550	June Rent
07-11-22	2055	Staci Eglen	550	Rent
07-23-22	2057	Staci Eglen	550	Rent
08-05-22	2054*	Staci Eglen	550	Aug Rent
08-30-22	2062	Staci Eglen	550	Rent
09-06-22	2064	Staci Eglen	550	Sept Rent
10-12-22	2068	Staci Eglen	550	Oct '22 Rent
11-02-22	2071	Staci Eglen	550	Nov Rent
11-22-22	2073	Staci Eglen	550	Rent
12-22-22	2081	Staci Eglen	<u>550</u>	Dec Rent
2022 Rent Payments			<u>\$ 9,350</u>	

\*Check issued out of order.

HAMILTON TOWNSHIP, JACKSON COUNTY  
RESULTS AND COMMENTS  
(Continued)

In 2023, Eglen received 18 checks with a memo notation stating they were for rent as detailed below:

Check Date	Check Number	Check Payee	Check Amount	Memo
01-10-23	2084	Staci Eglen	\$ 550	Jan - rent
01-20-23	2086	Staci Eglen	550	Jan - rent
02-15-23	2088	Staci Eglen	550	Feb 23 rent
03-01-23	2094	Staci Eglen	550	March Rent
04-04-23	2098	Staci Eglen	550	April Rent
04-19-23	2101	Staci Eglen	550	April Rent
05-12-23	2105	Staci Eglen	550	Rent - May
06-01-23	2109	Staci Eglen	550	Rent
06-21-23	2116	Staci Eglen	550	Rent
06-30-23	2121	Staci Eglen	550	Rent July
07-03-23	2124	Staci Eglen	550	Rent
07-15-23	2128	Staci Eglen	550	Rent
08-08-23	2135	Staci Eglen	550	Rent
08-18-23	2144	Staci Eglen	550	Rent
08-30-23	2149	Staci Eglen	550	Rent
07-30-23	2156	Staci Eglen	550	Rent
09-25-23	2165	Staci Eglen	550	Rent
10-06-23	2170	Staci Eglen	550	Rent
2023 Rent Payments			<u>\$ 9,900</u>	

Although J. Eglen took over as Trustee in March 2023, the rent payments continued to be paid to Eglen.

Indiana Code 36-6-8-3(a) states:

"The annual appropriations to a township executive for the expenses of renting an office and telephone and telegraph expenses must, as nearly as is possible, be equal to the actual cost of those items. If the township executive uses a part of the executive's residence for an office, the township legislative body shall appropriate a reasonable sum for that office space."

Funds misappropriated, diverted or unaccounted for through malfeasance, misfeasance, or nonfeasance 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 1)

We requested Eglen reimburse the Township for the 2022 rent overpayments in the amount of \$2,850. (See Summary of Charges, page 10)

We requested Eglen and J. Eglen, jointly and severally, reimburse the Township for the 2023 rent overpayments in the amount of \$3,400. (See Summary of Charges, page 10)

HAMILTON TOWNSHIP, JACKSON COUNTY  
RESULTS AND COMMENTS  
(Continued)

**SALARY OVERPAYMENTS**

Eglen, former Trustee, received \$1,344.78 in excess of the salary appropriated in the budget by the Township Board for the year 2022.

J. Eglen, Trustee, received \$1,488.47 in excess of the salary appropriated in the budget by the Township Board for the year 2023. J. Eglen received all of his appropriated salary and the additional overpayments by September 25, 2023. No bank records were available for the Indiana State Board of Accounts review after November 3, 2023, as a consequence of the Township's bank account involuntary closure due to a negative cash balance of \$578.44.

Annual salary resolutions, Township Board minutes, or other documentation setting and approving the salaries of Township officers and employees during the investigation period were not provided. A similar comment also appeared in prior Reports B51728 and B60292.

No payments for Social Security or Medicare withholdings were made to the Internal Revenue Service during the investigation period.

Indiana Code 36-6-6-10(c) states in part: "The township legislative body shall fix the compensation of all officers and employees of the township. Compensation shall be established using an annual, monthly, or biweekly salary schedule. . . ."

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, resolution, or salary schedule adopted by the governing body unless otherwise authorized by law. Compensation must be paid in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

Funds misappropriated, diverted or unaccounted for through malfeasance, misfeasance, or nonfeasance 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 1)

We requested Eglen reimburse the Township for the salary overpayment in the amount of \$1,344.78. (See Summary of Charges, page 10)

We requested J. Eglen reimburse the Township for the salary overpayment in the amount of \$1,488.47. (See Summary of Charges, page 10)

**BANK FEES**

The Township paid bank overdraft item fees, returned item fees, and bank service charges in the amount of \$312 because checks were presented without sufficient funds in the bank account.

Officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the unit. Any penalties, interest, or other charges paid by the unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

Funds misappropriated, diverted or unaccounted for through malfeasance, misfeasance, or nonfeasance 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 1)

HAMILTON TOWNSHIP, JACKSON COUNTY  
RESULTS AND COMMENTS  
(Continued)

We requested Eglen and J. Eglen, jointly and severally, reimburse the Township for the 2023 overdraft fees in the amount of \$312. (See Summary of Charges, page 10)

**SPECIAL INVESTIGATION COSTS**

The State of Indiana incurred additional costs in the investigation of the Township.

Indiana Code 5-11-1-27(m) states in part:

"If the attorney general institutes civil proceedings related to this section or under [IC 5-11-5-1](#), the attorney general shall seek, in addition to the recovery of any funds misappropriated, diverted, or unaccounted for, restitution of:

- (1) Costs incurred by the state board of accounts . . ."

We requested Eglen and J. Eglen, jointly and severally, reimburse the State of Indiana \$6,630.13 for special investigation costs. (See Summary of Charges, page 10)

**INTERNAL CONTROL DEFICIENCIES**

The former Trustees, who served as the Township Executive and the Township Fiscal Officer, were responsible for all aspects of the Township financial activity. This included preparing checks, recording financial transactions, and monitoring budget compliance.

There was no required oversight of the Township financial activity on an ongoing basis by another individual. Due to this lack of segregation of duties, the salary overpayments, overpayment of rents, cash payments, and overdraft fees were able to occur and not be identified timely.

Although the Township had two paid positions, Trustee and Secretary, both positions were held by family members during the investigation period.

The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate control activities. According to this manual:

"Control activities are the actions and tools established through policies and procedures that help to detect, prevent, or reduce the identified risks that interfere with the achievement of objectives. Detection activities are designed to identify unfavorable events in a timely manner whereas prevention activities are designed to deter the occurrence of an unfavorable event. Examples of these activities include reconciliations, authorizations, approval processes, performance reviews, and verification processes.

An integral part of the control activity component is segregation of duties. . . .

There is an expectation of segregation of duties. If compensating controls are necessary, documentation should exist to identify both the areas where segregation of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. . . ."

HAMILTON TOWNSHIP, JACKSON COUNTY  
RESULTS AND COMMENTS  
(Continued)

**BOND INFORMATION**

The following is information regarding official bonds obtained by the Township:

Staci Eglen:

<u>Period</u>	<u>Amount</u>
12-31-21 to 12-31-22	\$ 50,000

Jonathan Eglen:

<u>Period</u>	<u>Amount</u>
02-22-23 to 12-31-23	\$ 50,000

**INVESTIGATION BY LAW ENFORCEMENT**

It is our understanding that an investigation is also being conducted by the Indiana State Police.

HAMILTON TOWNSHIP, JACKSON COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on September 18, 2024, with Donald Schnitker, Chair of the Township Board; George Mellencamp, Township Board member; Howard Wente, Township Board member; Stephanie Quillen, Trustee; and Travis Quillen, Secretary.

HAMILTON TOWNSHIP, JACKSON COUNTY  
SUMMARY OF CHARGES  
(Due to Malfeasance, Misfeasance, or Nonfeasance)

	<u>Charges</u>	<u>Credits</u>	<u>Balance Due</u>
Staci Eglen, former Trustee:			
Cash Withdrawals, page 3	\$ 827.40	\$ -	\$ 827.40
Rent Overpayments, pages 4 and 5	2,850.00	-	2,850.00
Salary Overpayments, page 6	<u>1,344.78</u>	-	<u>1,344.78</u>
 Total - Staci Eglen, former Trustee	 <u>5,022.18</u>	 -	 <u>5,022.18</u>
 Jonathan Eglen, former Trustee:			
Salary Overpayments, page 6	<u>1,488.47</u>	-	<u>1,488.47</u>
 Staci Eglen, former Trustee, and Jonathan Eglen, former Trustee, jointly and severally:			
Cash Withdrawals, page 3	7,800.00	-	7,800.00
Rent Overpayments, pages 4 and 5	3,400.00	-	3,400.00
Bank Fees, pages 6 and 7	312.00	-	312.00
Special Investigation Costs, page 7	<u>6,630.13</u>	-	<u>6,630.13</u>
 Total - Staci Eglen, former Trustee, and Jonathan Eglen, former Trustee, jointly and severally	 <u>18,142.13</u>	 -	 <u>18,142.13</u>
 Totals	 <u>\$ 24,652.78</u>	 <u>\$ -</u>	 <u>\$ 24,652.78</u>

This report was forwarded to the Office of the Indiana Attorney General and the local prosecuting attorney.

AFFIDAVIT

STATE OF INDIANA            )  
  )  
  MARION   COUNTY        )

I, Tammy L. Perez, Field Examiner, being duly sworn on my oath, state that the foregoing report based on the official records of Hamilton Township, Jackson County, Indiana, for the period from January 1, 2022 to December 31, 2023, is true and correct to the best of my knowledge and belief.

Tammy L. Perez  
Field Examiner

Subscribed and sworn to before me this   4   day of   DECEMBER  , 20  24  

Juanita M. Hendricksen  
Notary Public

My Commission Expires:   10-19-31  

County of Residence:   HENRICKS  

