

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

COMPLIANCE ENGAGEMENT REPORT

OF

JACKSON TOWNSHIP

JACKSON COUNTY, INDIANA

January 1, 2018 to December 31, 2022



FILED
06/10/2024

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SCHEDULE OF OFFICIALS

| <u>Office</u> | <u>Official</u> | <u>Term</u> |
|-----------------------------|--------------------|----------------------|
| Trustee | William R. Marsh | 01-01-18 to 12-31-18 |
| | Linda Auleman | 01-01-19 to 12-31-22 |
| | Jeff Joray | 01-01-23 to 12-31-24 |
| Chair of the Township Board | Patricia L. Baxter | 01-01-18 to 12-31-18 |
| | Brett Sciarra | 01-01-19 to 12-31-22 |
| | Skylar Earley | 01-01-23 to 02-20-23 |
| | Jessica Fields | 02-21-23 to 12-31-24 |



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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INDIANAPOLIS, INDIANA 46204-2769

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

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of Jackson Township (Township), for the period of January 1, 2018 to December 31, 2022. The objective of this engagement was to determine compliance with applicable Indiana laws, regulations, and uniform compliance guidelines (Guidelines) established by the Indiana State Board of Accounts pursuant to Indiana Code 5-11-1-24. The objective of this engagement is not to opine on compliance or financial activity of the Township as this engagement was not conducted in accordance with any standards established by an authoritative standard setting body, and, as such, we do not provide any opinions on compliance or financial activity.

Management is responsible for preparing and maintaining its accounting records and related documents in accordance with applicable Indiana laws, regulations, and Guidelines. Management's responsibility also includes, but is not limited to, complying with other applicable Indiana laws, regulations, and Guidelines concerning how it operates: authorized sources and uses of funds; what reports are required to be prepared and filed; and what depositories and investment types are allowable.

We fulfilled our responsibility as detailed in the first paragraph, using procedures that verified the appropriate accounting for and reporting of cash, receipts, and disbursements; and the appropriate sources and uses of funds in accordance with applicable Indiana laws, regulations, and Guidelines. Expanding the scope and nature of these procedures can and does occur in specific circumstances.

The Comments contained herein, if any, describe the identified reportable instances of noncompliance found during our engagement. Our procedures were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified. Any Official Response to the Comments incorporated within this report was not verified for accuracy.

The Schedule of Officials and Statements of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis (Statements) are informational only. The Statements have not been subjected to any procedures designed to express an opinion or provide any assurance on them, and, accordingly, we do not express an opinion or provide any assurance on them.

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. Reports can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>, and the Township's Annual Financial Reports filed by management can be found on the Indiana Gateway for Government Units financial reporting system website: <http://www.gateway.ifionline.org>.

The contents of this report were communicated to Jeff Joray, Trustee, and Jessica Fields, Chair of the Township Board, on June 6, 2024.



Beth Kelley, CPA, CFE
Deputy State Examiner

June 6, 2024

JACKSON TOWNSHIP, JACKSON COUNTY
COMMENTS

ANNUAL FINANCIAL REPORT

Condition and Context

Internal controls were not in place to ensure financial and other information that is required to be entered annually into the Annual Financial Report (AFR) via the Indiana Gateway for Government Units (Gateway) financial reporting system is correct. The AFR that was entered into Gateway for the years 2020, 2021, and 2022 did not match with the Township's ledger primarily due to double counting a portion of the beginning cash and investment balances. The differences in the AFR when compared to the ledger are as follows:

| Year | Total Cash and Investments per AFR | Less Investments Double Counted on AFR | Adjusted Cash and Investments for AFR | Total Cash and Investments per Ledger | Difference |
|----------|---|---|--|--|------------|
| 12-31-18 | \$ 691,058 | \$ - | \$ 691,058 | \$ 691,058 | \$ - |
| 12-31-19 | 700,014 | - | 700,014 | 699,934 | 80 |
| 12-31-20 | 955,346 | 257,655 | 697,691 | 691,130 | 6,561 |
| 12-31-21 | 873,058 | 257,655 | 615,403 | 613,799 | 1,604 |
| 12-31-22 | 885,697 | 364,127 | 521,570 | 485,737 | 35,833 |

Adjustments to remove the investment balances that were double counted were proposed, accepted by the Township, and made to the financial statements.

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](#)."

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. . . .

JACKSON TOWNSHIP, JACKSON COUNTY
 COMMENTS
 (Continued)

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. . . ."

BANK ACCOUNT RECONCILIATIONS

Condition and Context

Internal controls were not in place to ensure that bank reconciliations were performed each month and that bank balances reconciled to the fund ledger balances. No bank reconcilements were provided for review for any months in 2021 and 2022. In addition, fund ledger balances for years 2019, 2020, 2021, and 2022 do not reconcile with bank and investment balances as follows:

| Year | Unidentified Difference Bank Balance and Ledger |
|----------|--|
| 12-31-18 | \$ - |
| 12-31-19 | (779) |
| 12-31-20 | 1,515 |
| 12-31-21 | 3,118 |
| 12-31-22 | 37,351 |

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."

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:

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JACKSON TOWNSHIP, JACKSON COUNTY
COMMENTS
(Continued)

LATE FILING OF ANNUAL FINANCIAL REPORT

Condition and Context

Internal controls were not in place to ensure that the Annual Financial Report (AFR) via the Indiana Gateway for Government Units financial reporting system was submitted on time. The Township's AFR for 2019 and 2020 were not filed electronically until March 18, 2020, and February 28, 2022, respectively, which were 17 and 363 days past the due dates.

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](#)."

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TRAINING ON INTERNAL CONTROL STANDARDS

Condition and Context

Internal controls were not in place to ensure all required employees received training on internal control standards. Not all Township employees whose official duties included receiving, processing, depositing, disbursing, or otherwise having access to funds belonging to the Township, had received training over internal control standards that was developed or approved by the Indiana State Board of Accounts.

JACKSON TOWNSHIP, JACKSON COUNTY
COMMENTS
(Continued)

Criteria

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

"After June 30, 2016, the legislative body of a political subdivision shall ensure that: . . .

- (2) personnel receive training concerning the internal control standards and procedures adopted by the political subdivision."

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:

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CERTIFICATION ON INTERNAL CONTROL STANDARDS

Condition and Context

Internal controls were not in place to ensure the certification on the Indiana Gateway for Government Units (Gateway) financial reporting system was accurate. The Township certified on Gateway that it had adopted the minimum internal control standards as required by Indiana Code 5-11-1-27(e) and that all personnel defined by Indiana Code 5-11-1-27(c) had received training concerning the internal control standards adopted by the Township; however, all required personnel had not received training concerning the internal control standards.

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](#)."

JACKSON TOWNSHIP, JACKSON COUNTY
COMMENTS
(Continued)

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:

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STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CASH
AND INVESTMENT BALANCES - REGULATORY BASIS

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JACKSON TOWNSHIP, JACKSON COUNTY
 STATEMENT OF RECEIPTS, DISBURSEMENTS,
 AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Years Ended December 31, 2018 and 2019

| Fund | Cash and Investments 01-01-18 | Receipts | Disbursements | Cash and Investments 12-31-18 | Receipts | Disbursements | Cash and Investments 12-31-19 |
|---------------------|-------------------------------------|-------------------|-------------------|-------------------------------------|-------------------|-------------------|-------------------------------------|
| Township | \$ 314,301 | \$ 137,599 | \$ 124,451 | \$ 327,449 | \$ 151,102 | \$ 151,655 | \$ 326,896 |
| Township Assistance | 346,968 | 80,820 | 79,682 | 348,106 | 110,440 | 112,781 | 345,765 |
| Rainy Day | 15,503 | - | - | 15,503 | 9,900 | 2,500 | 22,903 |
| PAYROLL DEDUCTIONS | - | - | - | - | 20,773 | 16,323 | 4,450 |
| Totals | <u>\$ 676,772</u> | <u>\$ 218,419</u> | <u>\$ 204,133</u> | <u>\$ 691,058</u> | <u>\$ 292,215</u> | <u>\$ 283,259</u> | <u>\$ 700,014</u> |

JACKSON TOWNSHIP, JACKSON COUNTY
 STATEMENT OF RECEIPTS, DISBURSEMENTS,
 AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Years Ended December 31, 2020 and 2021

| Fund | Cash and Investments 01-01-20 | Receipts | Disbursements | Cash and Investments 12-31-20 | Receipts | Disbursements | Cash and Investments 12-31-21 |
|---------------------|-------------------------------------|-------------------|-------------------|-------------------------------------|-------------------|-------------------|-------------------------------------|
| Township General | \$ 326,897 | \$ 201,597 | \$ 145,080 | \$ 383,414 | \$ 174,176 | \$ 219,797 | \$ 337,793 |
| Township Assistance | 345,685 | 34,062 | 93,403 | 286,344 | 2,703 | 64,127 | 224,920 |
| Rainy Day | 22,903 | - | - | 22,903 | - | - | 22,903 |
| PAYROLL DEDUCTIONS | <u>4,449</u> | <u>21,880</u> | <u>21,299</u> | <u>5,030</u> | <u>24,757</u> | <u>-</u> | <u>29,787</u> |
| Totals | <u>\$ 699,934</u> | <u>\$ 257,539</u> | <u>\$ 259,782</u> | <u>\$ 697,691</u> | <u>\$ 201,636</u> | <u>\$ 283,924</u> | <u>\$ 615,403</u> |

JACKSON TOWNSHIP, JACKSON COUNTY
 STATEMENT OF RECEIPTS, DISBURSEMENTS,
 AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended December 31, 2022

| Fund | Cash and Investments 01-01-22 | Receipts | Disbursements | Cash and Investments 12-31-22 |
|---------------------|-------------------------------------|-------------------|-------------------|-------------------------------------|
| Township General | \$ 337,226 | \$ 112,111 | \$ 138,054 | \$ 311,283 |
| Township Assistance | 225,485 | - | 67,889 | 157,596 |
| Rainy Day | 22,903 | - | - | 22,903 |
| PAYROLL DEDUCTIONS | <u>29,788</u> | <u>-</u> | <u>-</u> | <u>29,788</u> |
| Totals | <u>\$ 615,402</u> | <u>\$ 112,111</u> | <u>\$ 205,943</u> | <u>\$ 521,570</u> |