

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

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

COMPLIANCE ENGAGEMENT REPORT

OF

JEFFERSON TOWNSHIP

GRANT COUNTY, INDIANA

January 1, 2020 to December 31, 2023



**FILED**  
12/20/2024



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Craig Luthy	01-01-20 to 12-31-24
Chair of the Township Board	Daniel White	01-01-20 to 12-31-24



Paul D. Joyce, CPA  
State Examiner

## INDIANA STATE BOARD OF ACCOUNTS

302 WEST WASHINGTON STREET  
ROOM E418  
INDIANAPOLIS, INDIANA 46204-2769  
Telephone: (317) 232-2513  
Fax: (317) 232-4711  
[www.in.gov/sboa](http://www.in.gov/sboa)

TO: THE OFFICIALS OF JEFFERSON TOWNSHIP, GRANT 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), for the period of January 1, 2020 to December 31, 2023. 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 Craig Luthy, Trustee, and Marva Martz, Township Board member, on November 26, 2024.



Beth Kelley, CPA, CFE  
Deputy State Examiner

November 20, 2024

JEFFERSON TOWNSHIP, GRANT COUNTY  
COMMENTS

**ANNUAL FINANCIAL REPORT**

*Condition and Context*

Internal controls were not in place to ensure that accurate information was entered into the Annual Financial Report (AFR). The AFR is required to be submitted annually via the Indiana Gateway for Government Units financial reporting system. The Township did not provide any supporting documentation to support the accuracy of the account payables and receivables amount reported for 2023 or the capital asset information reported for 2020, 2021, 2022, and 2023.

*Criteria*

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. . . ."

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 as set forth in the uniform compliance guidelines. 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](#)."

JEFFERSON TOWNSHIP, GRANT COUNTY  
COMMENTS  
(Continued)

**CAPITAL ASSETS**

*Condition and Context*

Internal controls were not in place to ensure compliance over capital assets. The Township had not established a capital asset policy that detailed the threshold at which an item is considered a capital asset. In addition, the Township had not conducted a physical inventory of its capital assets or maintained a detailed listing of its capital assets, including original acquisition value.

*Criteria*

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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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. . . ."

Every unit must have a capital assets policy that details the threshold at which an item is considered a capital asset. Every unit must have a complete detail listing of all capital assets owned which reflects their acquisition value. Capital Asset Ledger (Form 369) has been prescribed for this purpose. A complete physical inventory must be taken at least every two years, unless more stringent requirements exist, to verify account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Township, Chapter 1)

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

JEFFERSON TOWNSHIP, GRANT 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	\$ 44,772	\$ 37,944	\$ 34,561	\$ 48,155	\$ 41,873	\$ 37,650	\$ 52,378
Township Assistance	39,603	-	18,550	21,053	-	629	20,424
Fire Fighting	203,850	99,648	57,658	245,840	114,790	173,339	187,291
Rainy Day Fund	127,828	33,285	-	161,113	17,685	-	178,798
Cumulative Fire	<u>70,272</u>	<u>27,357</u>	<u>-</u>	<u>97,629</u>	<u>27,148</u>	<u>122,186</u>	<u>2,591</u>
Totals	<u>\$ 486,325</u>	<u>\$ 198,234</u>	<u>\$ 110,769</u>	<u>\$ 573,790</u>	<u>\$ 201,496</u>	<u>\$ 333,804</u>	<u>\$ 441,482</u>

JEFFERSON TOWNSHIP, GRANT COUNTY  
 STATEMENT OF RECEIPTS, DISBURSEMENTS,  
 AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Years Ended December 31, 2022 and 2023

Fund	Cash and Investments 01-01-22	Receipts	Disbursements	Cash and Investments 12-31-22	Receipts	Disbursements	Cash and Investments 12-31-23
Township	\$ 52,378	\$ 29,879	\$ 49,578	\$ 32,679	\$ 34,508	\$ 56,760	\$ 10,427
Township Assistance	20,424	12,986	2,333	31,077	12,907	40,203	3,781
Fire Fighting	187,291	161,216	295,139	53,368	155,343	111,998	96,713
Rainy Day Fund	178,798	29,270	102,771	105,297	74,004	-	179,301
Cumulative Fire	<u>2,591</u>	<u>27,519</u>	<u>-</u>	<u>30,110</u>	<u>31,818</u>	<u>-</u>	<u>61,928</u>
Totals	<u>\$ 441,482</u>	<u>\$ 260,870</u>	<u>\$ 449,821</u>	<u>\$ 252,531</u>	<u>\$ 308,580</u>	<u>\$ 208,961</u>	<u>\$ 352,150</u>