

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

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

COMPLIANCE ENGAGEMENT REPORT

OF

JACKSON TOWNSHIP

CLINTON COUNTY, INDIANA

January 1, 2020 to December 31, 2023



FILED
12/27/2024

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Fran Reagan	01-01-20 to 12-31-22
	Anita Stewart	01-01-23 to 12-31-24
Chair of the Township Board	Neal Clark	01-01-20 to 12-31-21
	Jim Mennen	01-01-21 to 12-31-22
	Neal Clark	01-01-22 to 12-31-23
	Mike Perry	01-01-23 to 12-31-24



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INDIANA STATE BOARD OF ACCOUNTS

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TO: THE OFFICIALS OF JACKSON TOWNSHIP, CLINTON 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, 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 Anita Stewart, Trustee, and Mike Perry, Chair of the Township Board, on December 3, 2024.



Beth Kelley, CPA, CFE
Deputy State Examiner

November 15, 2024

JACKSON TOWNSHIP, CLINTON COUNTY
COMMENTS

TIMELY RECORDING AND DEPOSITS

Condition and Context

Internal controls were not in place to ensure timely and accurate recording and deposit of Township receipts. The Township received \$40,727 for local distributions on December 18, 2023; however, the Township did not post to the ledger or deposit the funds until January 3, 2024.

Criteria

All financial transactions pertaining to the unit must be recorded in the records of the unit at the time of the transaction. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

Indiana Code 5-13-6-1(c) states in part: ". . . The public funds collected by township trustees shall be deposited in the designated depository on or before the first and fifteenth day of each month. . . ."

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. . . ."

CAPITAL ASSETS

Condition and Context

Due to a lack of internal controls, the Township had not adopted a capital asset policy during the engagement period. In addition, the Township had not conducted a physical inventory or maintained records of its capital assets.

Criteria

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 Townships, Chapter 1)

JACKSON TOWNSHIP, CLINTON COUNTY
COMMENTS
(Continued)

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MONTHLY AND ANNUAL UPLOADS

Condition and Context

Internal controls were not effective to ensure all required annual and monthly uploads were made to the Indiana Gateway for Government Units financial reporting system. The Township did not upload the required annual uploads for 2020, 2021, 2022, and 2023, and the monthly uploads for 2023.

Criteria

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)

Beginning with July 2018 files, which will be due September 15, 2018, **all** cities, towns, townships, libraries, and special districts will use the Upload App to upload files containing financial and governmental unit information on Gateway to allow the State Board of Accounts (SBOA) to conduct audit planning and audit processes prior to on-site work at a unit. (State Examiner Directive 2018-1)

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JACKSON TOWNSHIP, CLINTON COUNTY
COMMENTS
(Continued)

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FEDERAL AND STATE AGENCIES - COMPLIANCE REQUIREMENTS

Condition and Context

Internal controls were not in place to ensure proper and timely remittance of tax payments. The Township withheld state and federal taxes; however, they did not remit the taxes to the appropriate agencies in 2023.

Criteria

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Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Failure to pay claims or remit taxes in a timely manner could be an indicator of serious financial problems which should be investigated by the unit. 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 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)



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

JACKSON TOWNSHIP, CLINTON 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	\$ 30,736	\$ 32,697	\$ 20,723	\$ 42,710	\$ 40,244	\$ 20,188	\$ 62,766
Township Assistance	26,732	-	-	26,732	-	556	26,176
Fire Fighting	79,922	36,561	40,000	76,483	38,059	37,000	77,542
Rainy Day	2,741	-	-	2,741	-	-	2,741
Cumulative Fire	-	34,513	5,000	29,513	32,839	16,000	46,352
Withholding	-	1,434	1,434	-	1,436	1,434	2
Totals	<u>\$ 140,131</u>	<u>\$ 105,205</u>	<u>\$ 67,157</u>	<u>\$ 178,179</u>	<u>\$ 112,578</u>	<u>\$ 75,178</u>	<u>\$ 215,579</u>

JACKSON TOWNSHIP, CLINTON 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 FUND	\$ 62,764	\$ 43,504	\$ 24,344	\$ 81,924	\$ 41,428	\$ 31,715	\$ 91,637
TOWNSHIP ASSISTANCE	26,175	-	2,515	23,660	-	350	23,310
FIRE FIGHTING FUND	77,541	40,383	40,000	77,924	22,211	40,000	60,135
RAINY DAY FUND	2,741	-	-	2,741	-	-	2,741
CUMULATIVE FIRE	46,353	33,114	16,000	63,467	22,192	18,500	67,159
Withholding	2	1,456	1,458	-	-	-	-
PAYROLL DEDUCTIONS	-	-	-	-	3,143	-	3,143
Totals	<u>\$ 215,576</u>	<u>\$ 118,457</u>	<u>\$ 84,317</u>	<u>\$ 249,716</u>	<u>\$ 88,974</u>	<u>\$ 90,565</u>	<u>\$ 248,125</u>