

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

COMPLIANCE ENGAGEMENT REPORT

OF

JEFFERSON TOWNSHIP

SULLIVAN COUNTY, INDIANA

January 1, 2020 to December 31, 2023



FILED

11/14/2024

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Lonnie Todd	01-01-20 to 12-31-24
Chair of the Township Board	Ron Horn	01-01-20 to 12-31-24



Paul D. Joyce, CPA
State Examiner

INDIANA STATE BOARD OF ACCOUNTS

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TO: THE OFFICIALS OF JEFFERSON TOWNSHIP, SULLIVAN 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 Lonnie Todd, Trustee; Ron Horn, Chair of the Township Board; Lynn Stanton, Township Board member; John Hale, Township Board member; and Karen Todd, Deputy Trustee, on October 29, 2024.



Beth Kelley, CPA, CFE
Deputy State Examiner

August 20, 2024

JEFFERSON TOWNSHIP, SULLIVAN COUNTY
COMMENTS

INTERNAL CONTROLS

Condition and Context

The following areas did not have proper internal controls in place to ensure compliance with Indiana laws, regulations, and Guidelines:

- Capital Assets Policy
- Prescribed Forms

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. . . ."

CAPITAL ASSETS POLICY

A similar comment appeared in a Management Letter addressed to the Officials of the Township, period ending December 31, 2019.

JEFFERSON TOWNSHIP, SULLIVAN COUNTY
COMMENTS
(Continued)

Condition and Context

The Township had not adopted a capital assets policy.

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)

PRESCRIBED FORMS

Condition and Context

Required forms prescribed by the Indiana State Board of Accounts were not in use. Of the 8 Township Assistance applications tested, we noted the following:

- All 8 Township Assistance disbursements did not have a TA-1A Notice of Township Assistance Action.
- One Township Assistance disbursement on August 3, 2021, was not supported by a TA-1 Application for Township Assistance.

Criteria

Officials and employees are required to use prescribed and approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

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

JEFFERSON TOWNSHIP, SULLIVAN 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 Fund	\$ 18,466	\$ 34,706	\$ 21,804	\$ 31,368	\$ 30,214	\$ 20,961	\$ 40,621
Park and Recreation Fund	15,442	15,846	8,804	22,484	19,006	9,204	32,286
Township Assistance Fund	9,919	6,804	5,135	11,588	4,261	5,363	10,486
Fire Fighting Fund	2	-	-	2	-	-	2
Rainy Day Fund	45,515	850	-	46,365	800	-	47,165
Levy Excess	1,226	-	1,226	-	370	-	370
Payroll Withholdings Fund	995	3,759	3,759	995	3,873	3,759	1,109
Totals	<u>\$ 91,565</u>	<u>\$ 61,965</u>	<u>\$ 40,728</u>	<u>\$ 112,802</u>	<u>\$ 58,524</u>	<u>\$ 39,287</u>	<u>\$ 132,039</u>

JEFFERSON TOWNSHIP, SULLIVAN 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 General Fund	\$ 40,622	\$ 29,932	\$ 26,871	\$ 43,683	\$ 31,877	\$ 20,147	\$ 55,413
Park and Recreation Fund	32,285	20,497	11,040	41,742	21,358	19,299	43,801
Township Assistance Fund	10,486	6,199	5,286	11,399	6,350	5,659	12,090
Fire Fighting Fund	2	-	-	2	-	-	2
Rainy Day Fund	47,165	780	-	47,945	2,015	14,735	35,225
Levy Excess	370	-	370	-	-	-	-
Payroll Withholdings Fund	1,110	4,282	4,066	1,326	4,405	4,348	1,383
Totals	<u>\$ 132,040</u>	<u>\$ 61,690</u>	<u>\$ 47,633</u>	<u>\$ 146,097</u>	<u>\$ 66,005</u>	<u>\$ 64,188</u>	<u>\$ 147,914</u>