

**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

STEUBEN COUNTY, INDIANA

January 1, 2020 to December 31, 2023



FILED
01/16/2025

TABLE OF CONTENTS

| <u>Description</u> | <u>Page</u> |
|--|-------------|
| Schedule of Officials | 2 |
| Compliance Report | 3-4 |
| Comments | 5-7 |
| Statements of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis..... | 10-11 |

SCHEDULE OF OFFICIALS

| <u>Office</u> | <u>Official</u> | <u>Term</u> |
|-----------------------------|----------------------------|--|
| Trustee | James Aaron Cory Garman | 01-01-20 to 12-31-22 01-01-23 to 12-31-24 |
| Chair of the Township Board | Tina Kurtz Mike Kurtz | 01-01-20 to 09-21-21 09-22-21 to 12-31-24 |



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INDIANA STATE BOARD OF ACCOUNTS

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TO: THE OFFICIALS OF JACKSON TOWNSHIP, STEUBEN 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 Cory Garman, Trustee, on December 18, 2024.



Beth Kelley, CPA, CFE
Deputy State Examiner

December 10, 2024

JACKSON TOWNSHIP, STEUBEN COUNTY
COMMENTS

INTERNAL CONTROLS

Condition and Context

The Township did not have an effective system of internal controls in place to ensure compliance with the following items detailed in the comments below:

- Adoption of, and Training on, Internal Control Standards
- Certification on Internal Control Standards
- Fund Sources and Uses - Local Income Tax (LIT) Distribution
- Capital Assets

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. . . ."

ADOPTION OF, AND TRAINING ON, INTERNAL CONTROL STANDARDS

The same comment also appeared in prior Report B55520.

Condition and Context

The Township had not adopted the acceptable minimum level of internal control standards as defined by the Indiana State Board of Accounts and had not required the necessary training of personnel concerning internal control procedures. The Township adopted the acceptable minimum level of internal control standards and training was provided to personnel at the December 10, 2024 Township Board meeting.

Criteria

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

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

JACKSON TOWNSHIP, STEUBEN COUNTY
COMMENTS
(Continued)

- (1) the internal control standards and procedures developed under subsection (e) are adopted by the political subdivision; and
- (2) personnel receive training concerning the internal control standards and procedures adopted by the political subdivision."

CERTIFICATION ON INTERNAL CONTROL STANDARDS

The same comment also appeared in prior Report B55520.

Condition and Context

The Township incorrectly certified on the 2020, 2021, 2022, and 2023 Annual Financial Reports that the Township had adopted internal control standards and that training was provided to personnel. The Township had not adopted the internal control standards as required by Indiana Code 5-11-1-27(g), nor had personnel been trained until the December 10, 2024 Township Board meeting.

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 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](#)."

FUND SOURCES AND USES - LOCAL INCOME TAX (LIT) DISTRIBUTION

Condition and Context

The Township receipted a portion of its 2023 LIT Certified Shares distribution to the Township Assistance fund and Fire Fighting fund in the amount of \$1,779 and \$4,005, respectively. However, the entire LIT Certified Shares distribution should have been receipted to the Township fund.

Criteria

Sources and uses of funds must be limited to those authorized by the enabling law, ordinance/ resolution, or grant agreement. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

CAPITAL ASSETS

Condition and Context

The Township had not adopted a capital asset policy during the engagement period.

JACKSON TOWNSHIP, STEUBEN COUNTY
COMMENTS
(Continued)

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)



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

JACKSON TOWNSHIP, STEUBEN 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 | \$ 74,481 | \$ 37,967 | \$ 54,296 | \$ 58,152 | \$ 38,362 | \$ 22,583 | \$ 73,931 |
| Township Assistance | 42,607 | 7,240 | 30,716 | 19,131 | 8,754 | 1,500 | 26,385 |
| Fire Fighting | 65,514 | 30,819 | 38,500 | 57,833 | 31,947 | 23,950 | 65,830 |
| Rainy Day | 8,934 | 60,000 | - | 68,934 | - | - | 68,934 |
| Totals | <u>\$ 191,536</u> | <u>\$ 136,026</u> | <u>\$ 123,512</u> | <u>\$ 204,050</u> | <u>\$ 79,063</u> | <u>\$ 48,033</u> | <u>\$ 235,080</u> |

JACKSON TOWNSHIP, STEUBEN 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 | \$ 73,931 | \$ 38,143 | \$ 26,769 | \$ 85,305 | \$ 43,598 | \$ 28,437 | \$ 100,466 |
| Township Assistance | 26,385 | 8,985 | 1,796 | 33,574 | 10,470 | 3,803 | 40,241 |
| Fire Fighting | 65,830 | 32,477 | 33,050 | 65,257 | 34,478 | 28,500 | 71,235 |
| Rainy Day | <u>68,934</u> | <u>-</u> | <u>-</u> | <u>68,934</u> | <u>-</u> | <u>-</u> | <u>68,934</u> |
| Totals | <u>\$ 235,080</u> | <u>\$ 79,605</u> | <u>\$ 61,615</u> | <u>\$ 253,070</u> | <u>\$ 88,546</u> | <u>\$ 60,740</u> | <u>\$ 280,876</u> |