

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

COMPLIANCE ENGAGEMENT REPORT

OF

JACKSON TOWNSHIP

MORGAN COUNTY, INDIANA

January 1, 2020 to December 31, 2023



FILED

05/21/2024

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Chair of the Township Board	Tom Carter	01-01-20 to 12-31-24
Trustee	Bill Witt	01-01-20 to 12-31-24



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF JACKSON TOWNSHIP, MORGAN 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 Bill Witt, Trustee, and Tom Carter, Chair of the Township Board, on May 8, 2024.



Beth Kelley, CPA, CFE
Deputy State Examiner

April 22, 2024

JACKSON TOWNSHIP, MORGAN COUNTY
COMMENTS

ANNUAL FINANCIAL REPORT

Condition and Context

The Township had not established effective internal controls over information entered for the Annual Financial Report (AFR) via the Indiana Gateway for Government Units (Gateway) financial reporting system.

Financial information is required to be entered annually into the AFR. The historical cost of the Township's Capital Asset Ledger balance did not match the amounts reported on the AFR. As of December 31, 2023, Building was reported as \$288,012 and the capital asset ledger reported \$409,538, and Machinery, equipment, and vehicles was reported as \$7,030 and the capital asset ledger reported \$179,891.

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. . . .

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. . . ."

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

JACKSON TOWNSHIP, MORGAN 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	\$ 108,250	\$ 60,997	\$ 64,539	\$ 104,708	\$ 104,604	\$ 61,077	\$ 148,235
Township Assistance	15,469	39,056	6,296	48,229	193	4,833	43,589
Fire Fighting	72,949	109,449	89,880	92,518	102,537	89,710	105,345
Rainy Day	82,044	-	-	82,044	-	-	82,044
Cumulative Fire	45,697	19,221	-	64,918	31,891	6,347	90,462
Totals	<u>\$ 324,409</u>	<u>\$ 228,723</u>	<u>\$ 160,715</u>	<u>\$ 392,417</u>	<u>\$ 239,225</u>	<u>\$ 161,967</u>	<u>\$ 469,675</u>

JACKSON TOWNSHIP, MORGAN 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	\$ 148,235	\$ 105,663	\$ 62,362	\$ 191,536	\$ 199,108	\$ 62,353	\$ 328,291
Township Assistance	43,589	-	5,174	38,415	750	4,485	34,680
Fire Fighting	105,344	104,542	99,215	110,671	39,930	99,147	51,454
Rainy Day	82,044	-	-	82,044	-	-	82,044
Cumulative Fire	90,461	32,947	-	123,408	27,475	5,437	145,446
Totals	<u>\$ 469,673</u>	<u>\$ 243,152</u>	<u>\$ 166,751</u>	<u>\$ 546,074</u>	<u>\$ 267,263</u>	<u>\$ 171,422</u>	<u>\$ 641,915</u>

JACKSON TOWNSHIP TRUSTEE OFFICE

5244 S. Haasetown Road Morgantown, IN 46160

812-597-0150

OFFICIAL RESPONSE

May 14, 2024

Indiana State Board of Accounts
302 West Washington St. Room E418
Indianapolis, IN 46204-2765

RE: Official Response to Audit Findings for 2020-2023

The Jackson Township of Morgan County values the opportunity to be audited by the State Board of Accounts every four years. This enables us to verify that we are in compliance with the state of Indiana and if any matters of noncompliance are noted, then we are able to evaluate the matter and take corrective action(s).

The audit for years 2020-2023 found that the township had not correctly entered information in the AFR pertaining to Capital Assets. “The historical cost of the Township’s Capital Asset Ledger balance did not match the amounts reported on the AFR.”

We agree with the auditor’s finding and the following action will be taken to ensure that the historical costs of the township’s capital assets will be reported correctly on the AFR in the future. The inclusion of depreciation in the column denoted as “Reductions” will not be taken into account in the 2025 AFR and following years, thus confirming the historical cost of the asset will match the Capital Asset Ledger to the AFR in the future.

We appreciate the timely and professional insights provided by the auditing team.

Bill Witt
Jackson Township Trustee
Morgan County