

**STATE BOARD OF ACCOUNTS**  
**302 West Washington Street**  
**Room E418**  
**INDIANAPOLIS, INDIANA 46204-2765**

EXAMINATION REPORT  
OF  
JACKSON TOWNSHIP  
CARROLL COUNTY, INDIANA  
January 1, 2004 to December 31, 2005



**FILED**  
10/10/2006



TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Officials .....	2
Independent Accountant's Report .....	3
Schedules of Receipts, Disbursements, and Cash and Investment Balances.....	4
Notes to Schedules .....	5
Examination Results and Comments:	
Board Minutes and Meetings .....	6
Condition of Records .....	6
Bank Account Reconciliations .....	6
Disbursement Documentation .....	7
Sales Tax.....	7
Annual Reports .....	7
Capital Asset Records .....	7
Appropriations.....	8
Township Assistance .....	8
Various Accounting Guides, Manuals and Other Publications .....	8
Receipt Issuance .....	8
Deposit of Public Funds.....	9
Prescribed Forms .....	9
Exit Conference.....	10

OFFICIALS

Office

Official

Term

Trustee

Mark Schock

01-01-03 to 12-31-06

Chairman of the  
Township Board

William Dittman

01-01-04 to 12-31-06



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
302 WEST WASHINGTON STREET  
ROOM E418  
INDIANAPOLIS, INDIANA 46204-2765

Telephone: (317) 232-2513  
Fax: (317) 232-4711  
Web Site: [www.in.gov/sboa](http://www.in.gov/sboa)

INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF JACKSON TOWNSHIP, CARROLL COUNTY, INDIANA

We have examined the schedules of receipts, disbursements, and cash and investment balances of Jackson Township (Township), for the period of January 1, 2004 to December 31, 2005. The Township's management is responsible for the schedules.

Financial records presented for examination were incomplete and not reflective of the activity of the General, Fire Fighting, Dog, Park and Recreation or Township Assistance Funds. The records presented did not provide sufficient information to examine receipts, disbursements and ending balances, or the accuracy or correctness of the transactions.

Because of the restrictions on our examinations, as discussed in the preceding paragraph, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on whether schedules referred to above present fairly, in all material respects, the cash transactions of the Township for the years ended December 31, 2004 and 2005, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

September 11, 2006

JACKSON TOWNSHIP, CARROLL COUNTY  
 SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES  
 ALL GOVERNMENTAL FUND TYPES  
 As Of And For The Years Ended December 31, 2004 And 2005

	Cash and Investments 01-01-04	Receipts	Disbursements	Cash and Investments 12-31-04
Governmental Funds: Township Funds	\$ 84,081	\$ 136,118	\$ 67,090	\$ 153,109
	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds: Township Funds	\$ 153,109	\$ 127,238	\$ 110,658	\$ 169,689

The accompanying notes are an integral part of the schedules.

JACKSON TOWNSHIP, CARROLL COUNTY  
NOTES TO SCHEDULES

Note 1. Introduction

The Township was established under the laws of the State of Indiana. The Township provides the following services: public safety, health and social services, culture and recreation, and general administrative services.

Note 2. Fund Accounting

The Township uses funds to report on its cash and investments and the results of its operations on a cash basis. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities.

Note 3. Budgets

The operating budget is initially prepared and approved at the local level. In addition, funds for which property taxes are levied are subject to final approval by the Indiana Department of Local Government Finance.

Note 4. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the Township in June and December. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100% of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which become delinquent if not paid by May 10 and November 10, respectively. All property taxes collected by the County Treasurer and available for distribution were distributed to the Township on or prior to December 31 of the year collected.

Note 5. Deposits and Investments

Deposits, made in accordance with Indiana Code 5-13, with financial institutions in the State of Indiana at year end were entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

State statute (IC 5-13-9) authorizes the Township to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

JACKSON TOWNSHIP, CARROLL COUNTY  
EXAMINATION RESULTS AND COMMENTS

BOARD MINUTES AND MEETINGS

No evidence was presented for examination of any Township Board Meetings being held in 2004 or 2005. Also, no information was provided to indicate that the Township Board elected a chairman or secretary for 2004 and 2005.

Indiana Code 36-6-6-8 states: "The legislative body shall keep a permanent record of its proceedings in a book furnished by the executive. The secretary of the legislative body shall, under the direction of the legislative body, record the minutes of the proceedings of each meeting in full and shall provide copies of the minutes to each member of the legislative body before the next meeting is convened. After the minutes are approved by the legislative body, the secretary of the legislative body shall place the minutes in the permanent record book. The chairman of the legislative body shall retain the record in his custody.

Indiana Code 36-6-6-7(a) states: "The legislative body shall meet at the office of the executive on the first Tuesday after the first Monday in January of each year. At this meeting the legislative body shall elect one (1) member as chairman for that year and one (1) member as secretary for that year."

CONDITION OF RECORDS

Financial records presented for audit were incomplete and not reflective of the activity of the Township Operating Fund, Dog Fund, Fire Fighting Fund, Cemetery Fund, Recreation Fund and Township Assistance Fund. The records presented did not provide sufficient information to examine or establish beginning balances, receipts, disbursements, ending balances, or the accuracy or correctness of the transactions.

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

BANK ACCOUNT RECONCILIATIONS

Depository reconciliations of the fund balances to the bank account balances were not presented for audit.

Indiana Code 5-13-6-1(e) states in part: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

JACKSON TOWNSHIP, CARROLL COUNTY  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

DISBURSEMENT DOCUMENTATION

Several payments were observed which did not contain adequate supporting documentation such as receipts and invoices.

Due to the lack of supporting information, the validity and accountability for some monies disbursed could not be established.

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for audit to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

SALES TAX

Sales tax was paid for some purchases. The utility bills paid for 2004 and 2005 included sales tax.

Governmental funds generally are exempt from the payment of sales tax on qualifying purchases. Respective tax agencies should always be contacted concerning tax exemptions and payments. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

ANNUAL REPORTS

The annual reports for 2004 and 2005 were not filed with the State Board of Accounts.

Indiana Code 5-11-1-4(a) concerning annual reports states in part: ". . . these reports shall be prepared, verified and filed with the state examiner within (30) days after the close of the fiscal year."

CAPITAL ASSET RECORDS

Information presented for audit did not indicate an inventory or record of capital assets using Form 369.

Every governmental unit should have a complete inventory of all capital assets owned which reflect their acquisition value. Such inventory should be recorded on the applicable Capital Asset Ledger. A complete inventory should be taken at least every two years for good internal control and for verifying account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

JACKSON TOWNSHIP, CARROLL COUNTY  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

APPROPRIATIONS

The records presented for audit indicated the following expenditures in excess of budgeted appropriations:

<u>Fund</u>	<u>Year</u>	<u>Excess Amount Expended</u>
Fire Fighting	2005	<u>\$ 4,847.50</u>

Indiana Code 6-1.1-18-4 states in part: ". . . the proper officers of a political subdivision shall appropriate funds in such a manner that the expenditures for a year do not exceed its budget for that year as finally determined under this article."

TOWNSHIP ASSISTANCE

Records presented for audit indicated the processing of Township Assistance. Disbursements were made without requiring an Application for Township Assistance, Form TA-1. Also, no evidence of investigations was presented for examination.

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

VARIOUS ACCOUNTING GUIDES, MANUALS AND OTHER PUBLICATIONS

Records presented for audit indicated noncompliance with the State Board of Accounts guidelines. The Certified Report of Names, Addresses, Duties and Compensation of Public Employees (Form 100R) was not submitted to the State Board of Accounts for 2004 and 2005.

Compliance is required, as applicable, with generally accepted accounting principles, and standards issued by the Governmental Accounting Standards Board, Financial Accounting Standards Board, and other standards setting bodies and also with various accounting guides, manuals and other publications. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

RECEIPT ISSUANCE

Receipts were not issued when rent or donations were collected. There was insufficient evidence presented for examination to determine if all collections are being posted or deposited.

Receipts shall be issued and recorded at the time of the transaction; for example, when cash or a check is received, a receipt is to be immediately prepared and given to the person making payment. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

JACKSON TOWNSHIP, CARROLL COUNTY  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

DEPOSIT OF PUBLIC FUNDS

We noted instances where the Trustee was not making timely deposits. The Trustee made eleven deposits over the two year examination period and the deposits had receipts that had been held longer than one month.

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."

PRESCRIBED FORMS

The following prescribed forms were not in use:

Township Form 6 Trustee Check (Not used in June 2005)  
Township Form 16 Township Trustee Receipt  
Township Form 18 Dog Receipt

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

JACKSON TOWNSHIP, CARROLL COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on September 12, 2006, with Mark Schock, Trustee. The official concurred with our findings.