

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

EXAMINATION REPORT  
OF  
JACKSON TOWNSHIP  
SHELBY COUNTY, INDIANA  
January 1, 2007 to December 31, 2009



**FILED**  
04/27/2010



## TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Officials .....	2
Independent Accountant's Report.....	3
Financial Information:	
Schedules of Receipts, Disbursements, and Cash and Investment Balances .....	4
Notes to Financial Information .....	5
Examination Results and Comments:	
Official Bond .....	6
List of Employees Not Filed With County Treasurer .....	6
Contracts .....	6
Annual Report.....	6-7
Bank Account Reconciliations .....	7
Condition of Records .....	7
Payroll Deductions.....	7-8
Advance Payments.....	8
Exit Conference.....	9

OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Alice Pile	01-01-07 to 12-31-10
Chairman of the Township Board	Dean Eberhart	01-01-07 to 12-31-07
	Rosemarie Warder	01-01-08 to 12-31-08
	John Steineker	01-01-09 to 12-31-10



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
302 WEST WASHINGTON STREET  
ROOM E418  
INDIANAPOLIS, INDIANA 46204-2769

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, SHELBY COUNTY, INDIANA

We have examined the financial information presented herein of Jackson Township (Township), for the period of January 1, 2007 to December 31, 2009. The Township's management is responsible for the financial information presented herein. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the financial information presented herein and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the financial information referred to above presents fairly in all material respects, the financial information of the Township for the years ended December 31, 2007, 2008, and 2009, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

April 12, 2010

JACKSON TOWNSHIP, SHELBY COUNTY  
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES  
ALL GOVERNMENTAL FUND TYPES  
As Of And For The Years Ended December 31, 2007, 2008, And 2009

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Governmental Funds:				
Township	\$ 17,990	\$ 12,804	\$ 15,863	\$ 14,931
Township Assistance	7,592	158	919	6,831
Firefighting	5,696	5,534	8,000	3,230
Totals	<u>\$ 31,278</u>	<u>\$ 18,496</u>	<u>\$ 24,782</u>	<u>\$ 24,992</u>

	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
Governmental Funds:				
Township	\$ 14,931	\$ 11,648	\$ 17,464	\$ 9,115
Township Assistance	6,831	-	1,355	5,476
Firefighting	3,230	5,261	4,000	4,491
Totals	<u>\$ 24,992</u>	<u>\$ 16,909</u>	<u>\$ 22,819</u>	<u>\$ 19,082</u>

	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
Governmental Funds:				
Township	\$ 9,115	\$ 21,798	\$ 18,035	\$ 12,878
Township Assistance	5,476	717	1,914	4,279
Firefighting	4,491	12,508	4,000	12,999
Totals	<u>\$ 19,082</u>	<u>\$ 35,023</u>	<u>\$ 23,949</u>	<u>\$ 30,156</u>

The accompanying notes are an integral part of the financial information.

JACKSON TOWNSHIP, SHELBY COUNTY  
NOTES TO FINANCIAL INFORMATION

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.

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, SHELBY COUNTY  
EXAMINATION RESULTS AND COMMENTS

OFFICIAL BOND

The official bond for the Township Trustee for the period after July 1, 2009, did not have sufficient coverage as is prescribed by IC 5-4-1-18.

Effective July 1, 2009, IC 5-4-1-18 states in part:

"(c) Except as provided in subsections (h) and (i), the fiscal bodies of the respective units shall fix the amount of the bond of . . . township trustees . . . as follows:

- (1) The amount of annual coverage must equal thirty thousand dollars (\$30,000) for each one million dollars (\$1,000,000) of receipts of the officer's office during the last complete fiscal year before the purchase of the bond, subject to subdivision (2).
- (2) The amount of annual coverage may not be less than thirty thousand dollars (\$30,000) nor more than three hundred thousand dollars (\$300,000) unless the fiscal body approves a greater amount of annual coverage for the officer or employee."

LIST OF EMPLOYEES NOT FILED WITH COUNTY TREASURER

Officials or employees of the Township had money due from the Township, but a list of such employees was not certified to the County Treasurer.

IC 6-1.1-22-14(a) states in part:

"On or before June 1 and December 1 of each year . . . the disbursing officer of each political subdivision . . . shall certify the names and addresses of each person who has money due the person from the political subdivision to the treasurer of each county in which the political subdivision is located."

CONTRACTS

Records presented for examination indicates payments were made for cemetery care and maintenance during 2007, 2008, and 2009 without written contracts.

Payments made or received for contractual services should be supported by a written contract. Each governmental unit is responsible for complying with the provisions of its contracts. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

ANNUAL REPORT

An annual report for 2009 was not filed electronically.

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

IC 5-11-1-4 states:

"The state examiner shall require from every municipality and every state or local governmental unit, entity, or instrumentality 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 filed electronically, in a manner prescribed by the state examiner that is compatible with the technology employed by the political subdivision."

BANK ACCOUNT RECONCILIATIONS

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

IC 5-13-6-1(e) states: "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)

CONDITION OF RECORDS

During the period of examination, there were a number of errors that required adjustment. Tax distributions were deposited into the bank account but not posted to the ledger, making deposits for the year significantly greater than receipts to the records. Also, some tax distributions were posted in incorrect amounts. We observed that some disbursements were not posted to the funds columns in the cash book. Some disbursements were posted at incorrect amounts. Errors identified in the previous examination had not been corrected in the ledger. A transfer was posted to the ledger as a disbursement only with no offsetting receipt.

Accounting records and other public records must be maintained in a manner that will support accurate financial statements. Anything other than an unqualified opinion on the Independent Auditors' Report on the financial statements may have adverse financial consequences with the possibility of an increase in interest rate cost to the taxpayers of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

PAYROLL DEDUCTIONS

Payments to employees were made without payroll deductions for taxes. A similar comment appeared in prior Report B30835.

Political subdivisions are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings, and filing requirements concerning reports and other procedural matters of federal and state agencies, including opinions of the Attorney General of the State of Indiana,

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

and court decisions. Governmental units should file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

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 governmental 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 governmental unit.

Any penalties, interest or other charges paid by the governmental unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Page 13)

Each governmental unit is responsible for compliance with all rules, regulations, guidelines, and directives of the Internal Revenue Service and the Indiana Department of Revenue. All questions concerning taxes should be directed to these agencies. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

ADVANCE PAYMENTS

Transaction dates indicate that the entire year's salary was paid to the Township Board members in September.

Compensation and any other payments for goods and services should not be paid in advance of receipt of the goods or services unless specifically authorized by statute. Payments made for goods or services which are not received may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

JACKSON TOWNSHIP, SHELBY COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on April 12, 2010, with Alice Pile, Trustee. The official concurred with our findings.