

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

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



**FILED**  
04/29/2010



TABLE OF CONTENTS

| <u>Description</u>                                                          | <u>Page</u> |
|-----------------------------------------------------------------------------|-------------|
| Officials .....                                                             | 2           |
| Independent Accountant's Report.....                                        | 3           |
| Financial Information:                                                      |             |
| Schedule of Receipts, Disbursements, and Cash and Investment Balances ..... | 4           |
| Notes to Financial Information .....                                        | 5           |
| Examination Results and Comments:                                           |             |
| Condition of Records .....                                                  | 6           |
| Deposit of Public Funds.....                                                | 6           |
| Annual Report.....                                                          | 6           |
| Official Bond .....                                                         | 6-7         |
| Township Board Compensation .....                                           | 7           |
| Compensation Overpayments .....                                             | 7           |
| Exit Conference.....                                                        | 8           |

OFFICIALS

| <u>Office</u>                     | <u>Official</u>             | <u>Term</u>                                  |
|-----------------------------------|-----------------------------|----------------------------------------------|
| Trustee                           | Beth Swalls<br>Randy Swalls | 01-01-07 to 01-31-10<br>02-01-10 to 12-31-10 |
| Chairman of the<br>Township Board | Carol Stubbs<br>Bill Zink   | 01-01-09 to 12-31-09<br>01-01-10 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, SULLIVAN COUNTY, INDIANA

We have examined the financial information presented herein of Jackson Township (Township), for the period of January 1, 2009 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 year ended December 31, 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 13, 2010

JACKSON TOWNSHIP, SULLIVAN COUNTY  
SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES  
ALL GOVERNMENTAL FUND TYPES  
As Of And For The Year Ended December 31, 2009

|                     | Cash and<br>Investments<br>01-01-09 | Receipts         | Disbursements    | Cash and<br>Investments<br>12-31-09 |
|---------------------|-------------------------------------|------------------|------------------|-------------------------------------|
| Governmental Funds: |                                     |                  |                  |                                     |
| Township            | \$ 49,817                           | \$ 32,593        | \$ 22,668        | \$ 59,742                           |
| Township Assistance | 12,888                              | 13,131           | 15,956           | 10,063                              |
| Firefighting        | 18,185                              | 16,590           | 17,516           | 17,259                              |
| Totals              | <u>\$ 80,890</u>                    | <u>\$ 62,314</u> | <u>\$ 56,140</u> | <u>\$ 87,064</u>                    |

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

JACKSON TOWNSHIP, SULLIVAN 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. 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, SULLIVAN COUNTY  
EXAMINATION RESULTS AND COMMENTS

CONDITION OF RECORDS

Financial records presented for examination were incomplete and not reflective of the activity of the township funds. 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)

DEPOSIT OF PUBLIC FUNDS

We noted instances where the Trustee was making deposits only once a month.

IC 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."

ANNUAL REPORT

An annual report for 2009 was not presented for examination.

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."

OFFICIAL BOND

The following official bond for the current Trustee was not filed in the Office of the County Recorder:

Randy Swalls

The former Trustee, Beth Swalls, was bonded with a continuation certificate. Also, the bond amount for the current Trustee, Randy Swalls, was not increased to \$30,000 as required effective July 1, 2009.

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

IC 5-4-1-5.1(b) states in part: "Every elected or appointed officer, official, deputy, or employee of a political subdivision . . . shall file the bond in the office of the county recorder . . ."

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. . . ."

The State Board of Accounts is of the audit position continuation certificates or renewals should not be used in lieu of obtaining the required annual bond coverage. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

#### TOWNSHIP BOARD COMPENSATION

The three Township Board members were paid \$450 instead of \$500 per the 2009 budget.

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, resolution or salary schedule adopted by the governing body unless otherwise authorized by statute. Compensation should be made in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 17)

#### COMPENSATION OVERPAYMENTS

The former Trustee, Beth Swalls, and the former Township Assistance Investigator, Randy Swalls, received an additional \$100 and \$600, which was not included in the salary resolution.

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, resolution or salary schedule adopted by the governing body unless otherwise authorized by statute. Compensation should be made in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 17)

The Beth Swalls and Randy Swalls have agreed to reimburse the Township in 2010 for the overpayments received in 2009.

JACKSON TOWNSHIP, SULLIVAN COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on April 13, 2010, with Beth Swalls, former Trustee. Randy Swalls, Trustee, was unavailable for an exit conference.