

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

SPECIAL INVESTIGATION REPORT

OF

JACKSON TOWNSHIP

ELKHART COUNTY, INDIANA

January 1, 2012 to December 31, 2015



**FILED**  
03/28/2017



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#### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Thomas Lantz	01-01-11 to 12-31-18
Chairman of the Township Board	Dean Morehouse	01-01-12 to 12-31-16



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF JACKSON TOWNSHIP, ELKHART COUNTY

We have conducted a special investigation of the records of Jackson Township (Township) for the period from January 1, 2012 to December 31, 2015. Our investigation was limited to all records applicable to Township disbursements. The purpose of our investigation was to determine if the accountability for cash and other assets are satisfactory and that the transactions related thereto are in compliance with the laws and regulations of the State of Indiana. The results of our investigation are fully described in the Special Investigation Results and Comments and Summary as listed in the Table of Contents.

This report was forwarded to the Office of the Indiana Attorney General and the local prosecuting attorney.

Any Official Response included in this report has not been examined or verified for its accuracy.

Paul D. Joyce, CPA  
State Examiner

November 30, 2016

JACKSON TOWNSHIP, ELKHART COUNTY  
SPECIAL INVESTIGATION RESULTS AND COMMENTS

***MILEAGE AND TRAVEL***

The Trustee received mileage reimbursements during the period January 1, 2012 to December 31, 2015 in the amount of \$3,631.80. The reimbursements were made based on estimated miles and an average number of trips to various locations on a quarterly basis each year.

Indiana Code 36-6-8-3(b) states in part: "The township executive is entitled to sum for mileage in the performance of official duties equal to the sum per mile paid to state officers and employees. . . ."

Mileage Claim Form Number 101 shall be properly completed, listing dates of authorized travel, details of travel, miles traveled, nature of business, etc., for reimbursements for mileage before payment is made.

Official Opinion 74 of the Indiana Attorney General, issued in 1953, concluded there is no statutory authority for payment of a fixed amount of travel allowance to public employees and that a public employer may not reimburse an employee for travel expense which is, in fact, not incurred by the employee. Also, there is no authority for a travel allowance to be paid without regard to the number of miles, if any, actually traveled.

Therefore, the State Board of Accounts is of the audit position that a fixed amount for travel allowance should not be paid. The prescribed method is to reimburse the employee for travel on the basis of a claim filed on Mileage Claim, Form 101. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

We requested Thomas Lantz (Lantz), Trustee, to reimburse Jackson Township \$3,631.80 for undocumented mileage reimbursements that he received. (See Summary of Charges, page 7)

***PERSONAL EXPENSES***

The Township purchased gift cards in December of years 2012, 2014, and 2015 in the amount of \$617.50. The gift cards were for various establishments like bookstores and restaurants.

Public funds may not be used to pay for personal items or for expenses which do not relate to the functions and purposes of the governmental unit. Any personal expenses paid by the governmental unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

We requested Lantz to reimburse Jackson Township \$617.50 for personal expenses paid by the Township. (See Summary of Charges, page 7)

***PENALTIES AND INTEREST***

The Township paid penalties and interest to the United States Treasury in the amount of \$51.04 because the Trustee did not remit a Form 941 payment on a timely basis.

A similar comment was made in a prior Report B29410.

JACKSON TOWNSHIP, ELKHART COUNTY  
SPECIAL INVESTIGATION RESULTS AND COMMENTS  
(Continued)

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, Chapter 13)

We requested Lantz to reimburse Jackson Township \$51.04 for penalties and interest paid. (See Summary of Charges, page 7)

***INTERNAL CONTROLS RELATED TO TOWNSHIP DISBURSEMENTS***

The Township failed to implement the controls necessary to insure the proper disbursement of Township funds. No review or control procedures were implemented to insure the validity of the disbursements for authorized purposes.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control. (Accounting and Uniform Compliance Guidelines Manual for Townships Chapter 13)

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Townships Chapter 13)

***ADDITIONAL SPECIAL INVESTIGATION COSTS***

The State of Indiana incurred additional costs, in the amount of \$1,981.46, due to the special investigation of Township disbursements.

Audit costs or other costs incurred because of poor records, nonexistent records or other inadequate bookkeeping practices may be the personal obligation of the responsible official or employee of the governmental unit.

We requested Lantz to reimburse the State of Indiana \$1,981.46 for additional special investigation costs. (See Summary of Charges, page 7)

JACKSON TOWNSHIP, ELKHART COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on November 30, 2016, with Thomas Lantz, Trustee.



JACKSON TOWNSHIP, ELKHART COUNTY  
SUMMARY OF CHARGES

	<u>Charges</u>	<u>Credits</u>	<u>Balance Due</u>
Thomas Lantz, Trustee:			
Mileage and Travel, page 4	\$ 3,631.80	\$ -	\$ 3,631.80
Personal Expenses, page 4	617.50	-	617.50
Penalties and Interest, pages 4 and 5	51.04	-	51.04
Additional Special Investigation Costs, page 5	<u>1,981.46</u>	<u>-</u>	<u>1,981.46</u>
 Totals	 <u>\$ 6,281.80</u>	 <u>\$ -</u>	 <u>\$ 6,281.80</u>

This report was forwarded to the Office of the Indiana Attorney General and the local prosecuting attorney.

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AFFIDAVIT

STATE OF INDIANA )  
Miami )  
COUNTY

I, Jeffrey J. Paul, Field Examiner, being duly sworn on my oath, state that the foregoing report based on the official records as described in our letter to the officials of the Jackson Township, Elkhart County, Indiana, for the period from January 1, 2012 to December 31, 2015, is true and correct to the best of my knowledge and belief.

Jeffrey J. Paul  
Field Examiner

Subscribed and sworn to before me this 17 day of January, 2017

Andrea Newnum  
Notary Public

My Commission Expires: 1-8-2023

County of Residence: Miami

