



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

December 27, 2022

TO: THE OFFICIALS OF JEFFERSON TOWNSHIP, ALLEN COUNTY, INDIANA

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of Jefferson Township (Township), Allen County, for the period of January 1, 2016 to December 31, 2020, to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts.

Management is responsible for preparing and maintaining its accounting records and related documents, as well as compliance with applicable state laws and uniform compliance guidelines established by the Indiana State Board of Accounts.

The Township's Annual Financial Reports filed by management can be found on the Gateway Website: www.gateway.ifionline.org.

The Comments contained herein describe the identified reportable instances of noncompliance found as a result of the procedures we performed. Our procedures were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified.

Comments

ANNUAL FINANCIAL REPORT

A similar comment also appeared in prior Report B46627.

Condition and Context

The Township's financial information was entered into the Indiana Gateway for Government Units financial reporting system, which was the source for the Annual Financial Report (AFR) and financial statements.

The financial statements contained errors in 2019 and 2020 that did not allow verification to the Township's ledger due to mathematical, transposition, and other bookkeeping errors, despite multiple AFR resubmission attempts by the Township.

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](#)."

APPROPRIATIONS

A similar comment also appeared in prior Report B46627.

Condition and Context

The following funds had disbursements in excess of budgeted appropriations for the amounts shown below:

<u>Fund</u>	<u>Years</u>	<u>Excess Amount Expended</u>
Township	2018	\$ 2,266
Park And Recreation	2018	41,995
Ems	2019	2,245
Fire Fighting	2019	32,756
Park And Recreation	2019	14,187
Fire Fighting	2020	10,570
Park And Recreation	2020	20,798

Criteria

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."

BANK ACCOUNT RECONCILIATIONS

A similar comment also appeared in prior Report B46627.

Condition and Context

Depository reconciliations of the Township's fund balances to its bank account balances were conducted; however, year-end reconciliations did not balance, as the Township did not reconcile all depository accounts, including its Certificates of Deposit, to the ending cash and investments balance reported in its Annual Financial Reports (AFR) for 2019 and 2020.

In addition, the Township did not ensure that fund balances reported in its AFR agreed to the fund balances in the Township ledger or to the prior period fund ending balances.

Criteria

Indiana Code 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 must agree. If the reconciled bank balance is less than the subsidiary or control ledgers, the amount needed to balance may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

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](#)."

MONTHLY AND ANNUAL UPLOADS

Condition and Context

The Township did not comply with the Amended State Examiner Directive 2018-1 and failed to upload the required monthly and annual files on the Indiana Gateway for Government Units financial reporting system throughout the engagement period.

Criteria

The following files and governmental unit information are required to be uploaded monthly by all units except as noted:

- Bank Reconcilements, Bank Statements, and Outstanding Check Lists
- Approved Board Minutes, please see the user guide for more information and examples
- Funds Ledger, summarizing total receipts, disbursements, and beginning and ending balances by fund

The following files and governmental unit information are required to be uploaded annually:

- Year-end Investment Statements
- Detail of Receipts for the year
- Detail of Disbursements for the year
- Current year Salary Ordinance (or Schedule) and Amendments
- Annual Vendor History Report
- Annual Payroll History Report, without social security numbers
- Annual Funds Ledger, summarizing year-to-date total receipts, year-to-date disbursements, and beginning and ending balances by fund
- Optional: Excel Data Capture/Data Dump (in lieu of Detail of Receipts and Disbursements)

...

Exceptions to certain requirements set forth in this Directive, such as **manual records**, units audited by private CPA firms, and other exceptions, are discussed in the user guide. Contact information for questions and other help, including a "Frequently Asked Questions" section, is also available in the user guide. (Township Bulletin and Uniform Compliance Guidelines, December 2020)

Units are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings, court decisions and filing requirements concerning reports and other procedural matters of federal and state agencies. Units must file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

CAPITAL ASSETS

Condition and Context

The Township had not adopted a capital assets policy during the engagement period. In addition, the Township had not conducted a physical inventory or kept record of its capital assets.

Criteria

Every unit must have a capital assets policy that details the threshold at which an item is considered a capital asset. Every unit must have a complete detail listing of all capital assets owned which reflects their acquisition value. Capital Asset Ledger (Form 369) has been prescribed for this purpose. A complete physical inventory must be taken at least every two years, unless more stringent requirements exist, to verify account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

CONDITION OF RECORDS - SCOPE LIMITATION

Condition and Context

As a result of the inability to verify financial statement fund activity to the Township's ledger and as a result of the inability to reconcile the Township's depository balances to the financial statement year-end cash and investment balances as of December 31, 2019 and December 31, 2020, our procedures were limited exclusively to compliance testing. Due to these misstatements, and performance of limited compliance procedures, we cannot conclude on the financial position of the Township.

Criteria

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance must agree. If the reconciled bank balance is less than the subsidiary or control ledgers, the amount needed to balance may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

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.

Any Official Response to the Comments, incorporated within this report, was not verified for accuracy.

The contents of this report were communicated to Lynn Rorick, Trustee; Kimberly Yoh, Bookkeeper; and Steven Ottenweller, Township Board member, on November 21, 2022.

Respectfully,



Beth Kelley, CPA, CFE
Deputy State Examiner

Jefferson Township Trustee
8030 Sampson Road
Monroeville, IN 46773

OFFICIAL RESPONSE

Date: December 8, 2022

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

Re: Official Response of Jefferson Township Trustee's Office
Lynn Rorick, Adams Township Trustee

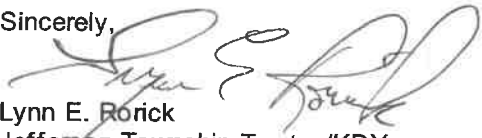
In response to our Exit Conference that was held on November 21, 2022, we would like to make the following comments regarding a few of the findings.

- The Bookkeeper will begin to keep track of hours worked and will document this on a calendar going forward. This was something new to us.
- Appropriations – It was shown in the report that fund totals exceeded the budgeted amounts in the following accounts in the following years. We did know that there was more money spent but had revenue that came in to the township from the tractor pulls that were sponsored by our township. When we asked our financial advisor about this he stated “as long as you have it listed as income, and can show that it came in from this event, it can be spent back in the park budget.” We have a list of the receipts and disbursements for these events.

○ Township	2018	\$ 2,266	paid for extra fire/EMS supplies for Monroeville
○ Park and Rec	2018	41,995	used tractor pull money / <i>train wreck money</i>
○ EMS	2019	2,245	paid for extra EMS supplies for New Haven using matured CD
○ Fire	2019	32,756	paid for new fire equipment for new truck in New Haven (CD\$)
○ Park and Rec	2019	14,187	used tractor pull money
○ Fire Fighting	2020	10,570	paid for with Cumm fund transfers according to HB1177
○ Park and Rec	2020	20,798	paid for with Cumm fund transfers according to HB1177
- Monthly uploads will be done regularly on Gateway.
- We will adopt a Capital Outlay Policy. This was new information. We have a list of assets but did not know we needed a policy. We will also update and physically inventory all assets.

Thank you for allowing us to clarify some of the information that was not given, or asked of us, at the time of the audits. We ask that this information be filed with the letters we received on November 21, 2022.

Sincerely,


Lynn E. Rorick
Jefferson Township Trustee/KDY