

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

EXAMINATION REPORT
OF
LAWRENCE TOWNSHIP
MARION COUNTY, INDIANA
January 1, 2005 to December 31, 2006



FILED
03/28/2007

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	John G. McNatt Michael C. Hobbs	01-01-03 to 12-31-06 01-01-07 to 12-31-10
Chairman of the Township Board	Michael C. Healy	01-01-05 to 12-31-07



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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF LAWRENCE TOWNSHIP, MARION COUNTY, INDIANA

We have examined the financial information presented herein of Lawrence Township (Township), for the period of January 1, 2005 to December 31, 2006. 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, 2005 and 2006, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The Schedule of Funding Progress, as listed in the Table of Contents, is presented for additional analysis and is not a required part of the basic financial information. It has not been subjected to the examination procedures applied to the basic financial information, and accordingly, we express no opinion on it.

STATE BOARD OF ACCOUNTS

March 6, 2007

LAWRENCE TOWNSHIP, MARION COUNTY
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES
As Of And For The Years Ended December 31, 2005 And 2006

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds:				
Township	\$ 221,504	\$ 1,081,226	\$ 959,354	\$ 343,376
Dog	628	284	328	584
Township Assistance	151,397	221,364	239,426	133,335
Firefighting	325,606	13,319,202	12,988,138	656,670
Cumulative Fire	2,166,343	832,406	1,060,351	1,938,398
Nonreverting	42,187	-	-	42,187
Radio Grant	548,915	-	548,108	807
Loan and Interest	(9,017)	957,679	940,920	7,742
Federal Revenue Sharing	14,777	-	-	14,777
Rainy Day	27,212	100,000	-	127,212
Fiduciary Funds:				
Payroll Withholdings	6,783	2,612,484	2,566,432	52,835
Small Claims Court Fees	-	660,817	660,817	-
Small Claims Court Trust	-	1,190,084	1,190,084	-
Totals	<u>\$ 3,496,335</u>	<u>\$ 20,975,546</u>	<u>\$ 21,153,958</u>	<u>\$ 3,317,923</u>

	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
Governmental Funds:				
Township	\$ 343,376	\$ 1,201,996	\$ 1,018,206	\$ 527,166
Dog	584	-	284	300
Township Assistance	133,335	374,598	281,725	226,208
Firefighting	656,670	14,037,387	14,248,967	445,090
Cumulative Fire	1,938,398	1,079,185	908,712	2,108,871
Nonreverting	42,187	-	-	42,187
Radio Grant Federal	807	109,690	97,639	12,858
Loan and Interest	7,742	1,329,243	1,275,746	61,239
Federal Revenue Sharing	14,777	-	-	14,777
Rainy Day	127,212	-	-	127,212
Hurricane Task Force	-	91,120	85,356	5,764
Fiduciary Funds:				
Payroll Withholdings	52,835	2,839,892	2,842,260	50,467
Small Claims Court Fees	-	745,164	745,164	-
Small Claims Court Trust	-	1,148,576	1,148,576	-
Totals	<u>\$ 3,317,923</u>	<u>\$ 22,956,851</u>	<u>\$ 22,652,635</u>	<u>\$ 3,622,139</u>

The accompanying notes are an integral part of the schedules.

LAWRENCE TOWNSHIP, MARION 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, 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.

LAWRENCE TOWNSHIP, MARION COUNTY
NOTES TO FINANCIAL INFORMATION
(Continued)

Note 6. Pension Plans

1. Agent Multiple-Employer Defined Benefit Pension Plan

Public Employees' Retirement Fund

Plan Description

The Township contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF Board, most requirements of the system, and give the Township authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

PERF administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

Public Employees' Retirement Fund
Harrison Building, Room 800
143 West Market Street
Indianapolis, IN 46204
Ph. (317) 233-4162

Funding Policy and Annual Pension Cost

The contribution requirements of the plan members for PERF are established by the Board of Trustees of PERF.

2. Cost-Sharing Multiple-Employer Defined Benefit Pension Plan

1977 Police Officers' and Firefighters' Pension and Disability Fund

Plan Description

The Township contributes to the 1977 Police Officers' and Firefighters' Pension and Disability Fund, a cost-sharing multiple-employer defined benefit pension plan administered by the Indiana Public Employees' Retirement Plan (PERF) for all police officers and firefighters hired after April 30, 1977.

State statute (IC 36-8-8) regulates the operations of the system, including benefits, vesting and requirements for contributions by employers and by employees. Covered employees may retire at age 55 with 20 years of service. An employee with 20 years of service may leave service, but will not receive benefits until reaching age 55. The plan also provides for death and disability benefits.

LAWRENCE TOWNSHIP, MARION COUNTY
NOTES TO FINANCIAL INFORMATION
(Continued)

PERF issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

Public Employees' Retirement Fund
Harrison Building, Room 800
143 West Market Street
Indianapolis, IN 46204
Ph. (317) 233-4162

Funding Policy and Annual Pension Costs

Plan members are required to contribute 6% of the first-class firefighters' salary and the Township is to contribute at an actuarially determined rate. The current rate, which has not changed since the inception of the plan, is 21% of the first-class firefighters' salary. The contribution requirements of plan members and the Township are established by the Board of Trustees of PERF.

LAWRENCE TOWNSHIP, MARION COUNTY
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF FUNDING PROGRESS

Public Employees' Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Excess of Assets Over (Unfunded) AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Excess (Unfunded) AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-03	\$ 409,582	\$ 331,176	\$ 78,406	124%	\$ 620,207	13%
07-01-04	421,169	506,018	(84,849)	83%	732,859	(12%)
07-01-05	441,211	599,394	(158,183)	74%	776,365	(20%)

LAWRENCE TOWNSHIP, MARION COUNTY
EXAMINATION RESULTS AND COMMENTS

CAPITAL ASSET RECORDS

Information presented for audit indicated that the inventory or record of capital assets for the Township and the Fire Department did not always include actual or estimated cost and/or purchase dates. Additionally, the Township does not have a capitalization policy. A similar comment appeared in the prior two Reports B25906 and B19999.

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)

Tangible property of a permanent nature (other than land, buildings and improvements) should be inventoried. Examples include machinery, trucks, cars, furniture, typewriters, adding machines, calculators, bookkeeping machines, data processing equipment, desks, safes, cabinets, books, etc. The value of such items should be carried in the inventory at the purchase cost. The governing body should establish a capitalization policy that sets a dollar amount as a threshold to be used in determining which equipment items will be recorded. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 19)

ADVANCE PAYMENTS

Salaried employees are paid prior to the end of the payroll period for which they are being paid.

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)

Indiana Code 5-7-3-1 states in part: "(a) Public officers may not draw or receive their salaries in advance."

COMPENSATION AND BENEFITS

One employee was not paid in accordance with the salary resolution for 2005. A retroactive salary resolution was passed by the Township Board in 2007 amending the salary resolution to be consistent with the actual payment made to the employee during 2005.

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)

LAWRENCE TOWNSHIP, MARION COUNTY
EXIT CONFERENCE

The contents of this report were discussed on March 6, 2007, with Michael C. Hobbs, Trustee.