

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

EXAMINATION REPORT

OF

JOHNSON TOWNSHIP

LAGRANGE COUNTY, INDIANA

January 1, 2005 to December 31, 2006



**FILED**

05/18/2007



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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Hannah E. Kilgore John H. Russell	01-01-03 to 12-31-05 01-01-06 to 12-31-10
Chairman of the Township Board	John H. Russell Lawrence Grossman	01-01-05 to 12-31-05 01-01-06 to 12-31-07



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF JOHNSON TOWNSHIP, LAGRANGE COUNTY, INDIANA

We have examined the financial information presented herein of Johnson 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.

STATE BOARD OF ACCOUNTS

April 24, 2007

JOHNSON TOWNSHIP, LAGRANGE 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	\$ 15,518	\$ 79,807	\$ 68,994	\$ 26,331
Dog	818	490	517	791
Township Assistance	5,791	1,920	1,804	5,907
Firefighting	32,437	93,060	80,953	44,544
Park and Recreation	(1,272)	4,786	3,500	14
Cumulative Fire	29,810	50,296	34,000	46,106
Fiduciary Funds:				
Bailey Bequest	200	-	-	200
Hansen Bequest	22,982	454	-	23,436
Buggy Plates	-	12,330	12,330	-
Kennedy Bequest	(1)	1	-	-
Anna Retter Bequest	9,934	-	-	9,934
Sutton Series HH Bonds	2,000	-	-	2,000
Totals	<u>\$ 118,217</u>	<u>\$ 243,144</u>	<u>\$ 202,098</u>	<u>\$ 159,263</u>

	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
Governmental Funds:				
Township	\$ 26,331	\$ 85,563	\$ 80,593	\$ 31,301
Dog	791	1,083	1,781	93
Township Assistance	5,907	510	2,614	3,803
Firefighting	44,544	59,832	63,163	41,213
Park and Recreation	14	3,908	3,535	387
Levy Excess	-	1,724	1,724	-
Cumulative Fire	46,106	33,932	10,886	69,152
Fiduciary Funds:				
Bailey Bequest	200	-	-	200
Hansen Bequest	23,436	777	-	24,213
Buggy Plates	-	13,280	13,280	-
Anna Retter Bequest	9,934	123,668	114,084	19,518
Sutton Series HH Bonds	2,000	-	-	2,000
Totals	<u>\$ 159,263</u>	<u>\$ 324,277</u>	<u>\$ 291,660</u>	<u>\$ 191,880</u>

The accompanying notes are an integral part of the schedules.

JOHNSON TOWNSHIP, LAGRANGE 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.

JOHNSON TOWNSHIP, LAGRANGE COUNTY  
NOTES TO FINANCIAL INFORMATION  
(Continued)

Note 6. 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.

JOHNSON TOWNSHIP, LAGRANGE COUNTY  
EXAMINATION RESULTS AND COMMENTS

SUPPORTING DOCUMENTATION

Several payments were observed which did not contain adequate supporting documentation, such as receipts, invoices, and other public records. Due to the lack of supporting information, the validity and accountability for some money disbursed could not be established.

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for audit to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

INTEREST ON INVESTMENTS

Interest earned on the Certificate of Deposit was automatically added to the principal and not recorded in the records.

Interest on investments should not be automatically added into the investment. Instead, interest on investments should be paid to the governmental unit at each maturity date and posted to the appropriate fund. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

INVESTMENT MATURITY LIMITATIONS

The Township purchased two Series HH savings bonds in July 2003 in the amount of \$1,000 dollars each. There is no stated maturity date, and interest will continue for 20 years from the issue date.

Indiana Code 5-13-9-5.6 states in part:

" . . . investments made under this chapter must have a stated final maturity of not more than . . . (3) two (2) years . . . after the date of purchase or entry into a repurchase agreement.

PUBLIC RECORDS RETENTION

Various Township records from the year 2005 were not presented for audit.

Indiana Code 5-15-6-3(f) concerning destruction of public records, states in part: "Original records may be disposed of only with the approval of the commission according to guidelines established by the commission."

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for audit to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

JOHNSON TOWNSHIP, LAGRANGE COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on April 24, 2007, with John H. Russell, Trustee.