

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

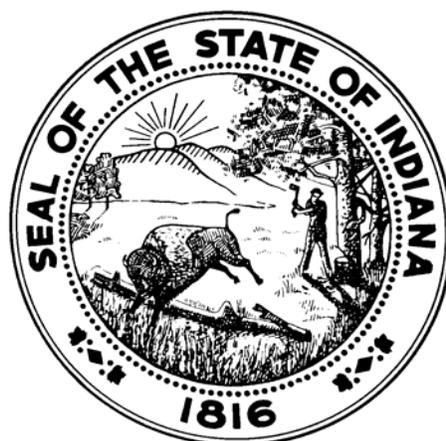
EXAMINATION REPORT

OF

GERMAN TOWNSHIP

ST. JOSEPH COUNTY, INDIANA

January 1, 2006 to December 31, 2006



FILED

11/20/2007

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OFFICIALS

Office

Official

Term

Trustee

Daniel Badur
Irvin Staszewski

01-01-03 to 12-31-06
01-01-07 to 12-31-10

Chairman of the
Township Board

Phyllis Barkley

01-01-06 to 12-31-07



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF GERMAN TOWNSHIP, ST. JOSEPH COUNTY, INDIANA

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

The Schedule of Capital Assets and Schedule of Debt, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the basic financial information. They have not been subjected to the examination procedures applied to the basic financial information, and accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

September 27, 2007

GERMAN TOWNSHIP, ST. JOSEPH COUNTY
SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES
As Of And For The Year Ended December 31, 2006

	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
Governmental Funds:				
Township	\$ 58,998	\$ 16,206	\$ 44,955	\$ 30,249
Dog	402	1,004	1,406	-
Township Assistance	48,788	4,293	13,789	39,292
Firefighting	16,909	437,818	343,506	111,221
Park and Recreation	77,141	130,005	13,985	193,161
Rainy Day	50,903	2,003	4,700	48,206
Cumulative Fire	103,614	47,790	43,888	107,516
Fiduciary Fund:				
Payroll Withholdings	-	23,308	23,308	-
Totals	<u>\$ 356,755</u>	<u>\$ 662,427</u>	<u>\$ 489,537</u>	<u>\$ 529,645</u>

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

GERMAN TOWNSHIP, ST. JOSEPH 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.

GERMAN TOWNSHIP, ST. JOSEPH 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.

Note 7. Subsequent Event

During April 2007, the Township sold \$945,000 general obligation bonds to finance renovations to a fire station. Also, during April 2007, the Township paid off the balance of a capital lease for breathing apparatuses for firemen, \$122,241.

GERMAN TOWNSHIP, ST. JOSEPH COUNTY
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS

December 31, 2006

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

Primary Government

Governmental activities:

Capital assets, not being depreciated:

Land	\$ 35,000
Buildings	991,600
Machinery and equipment	<u>981,631</u>

Total governmental activities, capital assets not being depreciated	<u>\$ 2,008,231</u>
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GERMAN TOWNSHIP, ST. JOSEPH COUNTY
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF DEBT
 December 31, 2006

Description of Debt	Ending Balance	Due Within One Year
Governmental Activities:		
Capital leases:		
Breathing Apparatus	\$ 122,241	\$ 32,478
Notes and loans payable		
Fire Fighting Operations	<u>100,000</u>	<u>100,000</u>
Total governmental activities long-term debt	<u>\$ 222,241</u>	<u>\$ 132,478</u>

GERMAN TOWNSHIP, ST. JOSEPH COUNTY
EXAMINATION RESULTS AND COMMENTS

TOWNSHIP BOARD MINUTES

The October 11, 2006, Township Board minutes show the next meeting will be November 8. No minutes for the November 8 meeting were available for examination. Minutes for seven meetings of the 2007 Township Board were not provided for examination. We were provided with meeting agendas for these meetings.

The secretary of the township board shall under the direction of the board record the minutes of the proceedings of each meeting in full and provide copies of the minutes to each member of the township board before the next meeting is convened. After the minutes are approved by the township board, the secretary of the township board shall place the minutes in the permanent record book. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 5)

PUBLIC RECORDS RETENTION

The December 31, 2006, list of outstanding checks used in the reconciliation of Township fund balances to bank balances was not presented for examination.

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)

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)

GERMAN TOWNSHIP, ST. JOSEPH COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

PAYMENT FOR FIREFIGHTING SERVICES

The Township paid the German Volunteer Fire Department volunteer firemen a total of \$19,040 for services, clothing allowance, car allowance, and officer pay for the contract year. The amended agreement between the Township and the Volunteer Fire Department entered into September 9, 2003, shows that the Township shall pay the Fire Department the sum of \$18,000 for providing fire and emergency services for the period of October 1st through September 30th of each contract year. No other agreement or amendment was provided for examination.

When the Township joined the Clay Fire Territory effective August 1, 2006, the German Volunteer Fire Department ceased operations July 31, 2006. No agreement or amendment was presented for examination to explain how payment should be made to the Volunteer Fire Department for services for a partial year.

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)

Payments made or received for contractual services should be supported by a written contract. Each governmental unit is responsible for complying with the provisions of its contracts. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

Governmental units should collect any overpayments made. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

GERMAN TOWNSHIP, ST. JOSEPH COUNTY
EXIT CONFERENCE

The contents of this report were discussed on September 27, 2007, with Irvin Staszewski, Trustee; and Phyllis Barkley, Chairman of the Township Board. The officials concurred with our findings.