

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

EXAMINATION REPORT  
OF  
JOHNSON TOWNSHIP  
CLINTON COUNTY, INDIANA  
January 1, 2006 to December 31, 2007



**FILED**  
12/10/2008



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OFFICIALS

Office

Official

Term

Trustee

Kim Rawlings

01-01-03 to 12-31-10

Chairman of the  
Township Board

Ralph Johnson

01-01-06 to 12-31-08



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INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the financial information presented herein of Johnson Township (Township), for the period of January 1, 2006 to December 31, 2007. 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, 2006 and 2007, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

November 19, 2008

JOHNSON TOWNSHIP, CLINTON 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, 2006 And 2007

	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
Governmental Funds:				
Township	\$ 99,505	\$ 59,201	\$ 36,135	\$ 122,571
Dog	344	-	-	344
Township Assistance	4,182	8,760	4,516	8,426
Firefighting	45,464	29,194	29,620	45,038
Rainy Day	1,176	-	-	1,176
Fiduciary Fund:				
Levy Excess	-	1,644	-	1,644
Totals	<u>\$ 150,671</u>	<u>\$ 98,799</u>	<u>\$ 70,271</u>	<u>\$ 179,199</u>

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Governmental Funds:				
Township	\$ 122,571	\$ 26,543	\$ 35,308	\$ 113,806
Dog	344	-	-	344
Township Assistance	8,426	1,229	2,675	6,980
Firefighting	45,038	4,281	27,226	22,093
Rainy Day	1,176	-	-	1,176
Fiduciary Fund:				
Levy Excess	1,644	593	-	2,237
Totals	<u>\$ 179,199</u>	<u>\$ 32,646</u>	<u>\$ 65,209</u>	<u>\$ 146,636</u>

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

JOHNSON TOWNSHIP, CLINTON 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, CLINTON COUNTY  
EXAMINATION RESULTS AND COMMENTS

SALARY AND OFFICE RENT OVERPAYMENTS

Records presented for examination indicated the following expenditures in excess of budgeted appropriations:

	2006	2007	January 1 to October 28, 2008	Totals
Trustee's Salary				
Actual Paid	\$ 10,000.00	\$ 16,333.37	\$ 25,323.37	\$ 51,656.74
Budgeted	<u>6,000.00</u>	<u>7,000.00</u>	<u>7,000.00</u>	<u>20,000.00</u>
Overpayment	<u>4,000.00</u>	<u>9,333.37</u>	<u>18,323.37</u>	<u>31,656.74</u>
Office Rent				
Actual Paid	6,000.00	6,966.60	7,333.33	20,299.93
Budgeted	<u>3,600.00</u>	<u>4,000.00</u>	<u>4,000.00</u>	<u>11,600.00</u>
Overpayment	<u>2,400.00</u>	<u>2,966.60</u>	<u>3,333.33</u>	<u>8,699.93</u>
Total Charge	6,400.00	12,299.97	21,656.70	40,356.67
Payment Made by Kim Rawlings, Trustee, November 11, 2008	<u>6,400.00</u>	<u>12,299.97</u>	<u>21,656.70</u>	<u>40,356.67</u>
Remaining Charge Amount	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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."

We requested a reimbursement of the overpayments scheduled above.

The Trustee reimbursed the Township \$2,966.60 on November 10, 2008, and \$37,390.07 on November 15, 2008, for the overpayments scheduled above. (See Summary, page 10)

SUPPORTING DOCUMENTATION - TOWNSHIP ASSISTANCE

Payments for Township Assistance were observed which lacked documentation. Specifically, claims were paid for which no "Application for Township Assistance (Form TA-1)" could be located. Additionally, claims paid lacked supporting documentation such as vendor invoices and/or certifications and township assistance orders. Due to the lack of supporting information, the validity and accountability for some money disbursed could not be established.

Indiana Code 12-20-6-1 states: "A township trustee may not extend aid to an individual or a household unless an application and affidavit setting forth the personal condition of the individual or household has been filed with the trustee within one hundred eighty (180) days before the date aid is extended. (b) An individual filing an application and affidavit on behalf of a household must provide the names of all household members and any information necessary for determining the household's eligibility for township assistance. The application must be on the form prescribed by the State Board of Accounts."

JOHNSON TOWNSHIP, CLINTON COUNTY  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

Indiana Code 12-20-20-1 states:

"If a township trustee, as administrator of township assistance, grants township assistance to an indigent individual or any other person or agency on a township assistance order as provided by law or obligates the township for an item properly payable from township assistance money, the claim against the township must be:

- (1) itemized and sworn to as provided by law;
- (2) accompanied by the original township assistance order, which must be itemized and signed; and
- (3) checked with the records of the township trustee, as administrator of township assistance, and audited and certified by the township trustee."

APPROPRIATIONS

Records presented for examination indicated the following expenditures in excess of budgeted appropriations:

<u>Fund</u>	<u>Years</u>	<u>Excess Amount Expended</u>
General	2006	\$ 14,331
General	2007	12,459

A similar comment was made in prior examination report.

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."

FIREFIGHTING CONTRACTS

A written agreement between the Johnson Township Trustee and the Johnson Township Volunteer Fire Department for fire protection was presented for examination, although the agreement was only signed by the Trustee. Approval by the Township Board and the Volunteer Fire Department could not be determined.

Indiana Code 36-8-13-3 states: "(a) The executive of a township, with the approval of the legislative body, may do the following: . . . (5) Contract with a volunteer fire department that maintains adequate firefighting service in accordance with IC 36-8-12."

COLLECTION OF AMOUNTS DUE

Detrimental plants were destroyed on several properties within the Township by the Trustee under Indiana Code 15-16-8. The total costs of the clean-ups to the Township were \$3,500 and \$2,400 in 2006 and 2007, respectively.

JOHNSON TOWNSHIP, CLINTON COUNTY  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

Proper notices in accordance with Indiana Code 15-16-8 appear to have been made. However, a certified statement requesting land owners to reimburse the Township for the cost incurred for the clean-up was never sent to the property owners.

Indiana Code 15-16-8-6 states:

"The township trustee shall prepare a statement that contains the following:

- (1) A certification of the following costs:
  - (A) The cost or expense of the work.
  - (B) The cost of the chemicals.
  - (C) Twenty dollars (\$20) per day for each day that the trustee or the trustee's agent supervises the performance of the services required under this chapter as compensation for services.
- (2) A description of the real estate on which the labor was performed.
- (3) A request that the owner or person in possession of the real estate pay the costs under subdivision (1) to the township trustee."

Indiana Code 15-16-8-7 states in part: "(a) If the owner or person in possession of the property does not pay the amount set forth...the township trustee shall file a copy of the certified statement in the office of the county auditor of the county where the real estate is located. (b) The auditor shall place the amount claimed in the certified statement on the tax duplicate of the real estate . . . (c) After an amount described in subsection (b) is collected, the funds shall be deposited in the trustee's township funds for use at the discretion of the trustee."

Governmental units have a responsibility to collect amounts owed to the governmental unit pursuant to procedures authorized by statute. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

#### FEDERAL AND STATE AGENCIES - COMPLIANCE REQUIREMENTS

The Township did not issue the Trustee a form 1099-MISC reporting office rent of \$6,000 and \$6,967 paid in 2006 and 2007, respectively.

Political subdivisions are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings and filing requirements concerning reports and other procedural matters of federal and state agencies, including opinions of the Attorney General of the State of Indiana, and court decisions. Governmental units should file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

Each governmental unit is responsible for compliance with all rules, regulations, guidelines, and directives of the Internal Revenue Service and the Indiana Department of Revenue. All questions concerning taxes should be directed to these agencies. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

JOHNSON TOWNSHIP, CLINTON COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on November 12, 2008, with Kim Rawlings, Trustee. The officials concurred with our findings.

JOHNSON TOWNSHIP, CLINTON COUNTY  
SUMMARY

	<u>Charges</u>	<u>Credits</u>	<u>Balance Due</u>
Kim Rawlings, Trustee:			
Salary and Office Rent Overpayments, page 6	\$ 40,356.67	\$	\$
Reimbursements received from			
Kim Rawlings, Trustee, on			
November 10, 2008		2,966.60	
November 15, 2008		37,390.07	-
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Totals	<u>\$ 40,356.67</u>	<u>\$ 40,356.67</u>	<u>\$ -</u>