

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

FINANCIAL STATEMENT EXAMINATION REPORT

OF

ST. JOHN TOWNSHIP

LAKE COUNTY, INDIANA

January 1, 2010 to December 31, 2012



FILED
06/28/2013

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Jean E. Shepherd	01-01-07 to 12-31-14
Chairman of the Township Board	Thomas Cavanaugh	01-01-10 to 12-31-13



STATE OF INDIANA
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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF ST. JOHN TOWNSHIP, LAKE COUNTY, INDIANA

We have examined the accompanying financial statement of St. John Township (Township), for the period of January 1, 2010 to December 31, 2012. The financial statement is the responsibility of the Township's management. Our responsibility is to express an opinion on the financial statement 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 statement and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

As discussed in Note 1, the Township prepares its financial statement on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statement of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the matter discussed in the preceding paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position and results of operations of the Township for the period of January 1, 2010 to December 31, 2012.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the Township for the period of January 1, 2010 to December 31, 2012, on the basis of accounting described in Note 1.

Our examination was conducted for the purpose of forming an opinion on the Township's financial statement. The Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis and Schedule of Capital Assets, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statement. They have not been subjected to the examination procedures applied to the financial statement and, accordingly, we express no opinion on them.

Bruce Hartman
State Examiner

May 23, 2013

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FINANCIAL STATEMENT

The financial statement and accompanying notes were approved by management of the Township.
The financial statement and notes are presented as intended by the Township.

ST. JOHN TOWNSHIP, LAKE COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For The Years Ended December 31, 2010, 2011, and 2012

Fund	Cash and Investments 01-01-10	Receipts	Disbursements	Cash and Investments 12-31-10
Township	\$ 185,498	\$ 286,547	\$ 168,294	\$ 303,751
Park and Recreation	299,758	241,189	144,766	396,181
Township Assistance	216,939	115,120	68,538	263,521
Firefighting	112,308	391,868	382,453	121,723
Cumulative Fire	181,018	64,286	17,374	227,930
Payroll Withholdings Sales Tax	454	59,069	59,066	457
Senior Citizen Transportation	4,317	7,281	5,129	6,469
Totals	<u>\$ 1,000,292</u>	<u>\$ 1,165,360</u>	<u>\$ 845,620</u>	<u>\$ 1,320,032</u>

Fund	Cash and Investments 01-01-11	Receipts	Disbursements	Cash and Investments 12-31-11
Township	\$ 303,751	\$ 334,785	\$ 174,994	\$ 463,542
Park and Recreation	396,181	280,094	155,629	520,646
Township Assistance	263,521	121,202	71,643	313,080
Firefighting	121,723	441,244	485,265	77,702
Cumulative Fire	227,930	74,610	8,523	294,017
Payroll Withholdings Sales Tax	457	47,336	47,052	741
Senior Citizen Transportation	6,469	5,904	-	12,373
Totals	<u>\$ 1,320,032</u>	<u>\$ 1,305,175</u>	<u>\$ 943,106</u>	<u>\$ 1,682,101</u>

Fund	Cash and Investments 01-01-12	Receipts	Disbursements	Cash and Investments 12-31-12
Township	\$ 463,542	\$ 217,893	\$ 182,658	\$ 498,777
Park and Recreation	520,646	182,528	171,984	531,190
Township Assistance	313,080	88,008	72,739	328,349
Firefighting	77,702	296,994	321,783	52,913
Cumulative Fire	294,017	42,490	130,779	205,728
Payroll Withholdings Sales Tax	741	49,876	49,861	756
Senior Citizen Transportation	12,373	5,926	-	18,299
Totals	<u>\$ 1,682,101</u>	<u>\$ 883,715</u>	<u>\$ 929,804</u>	<u>\$ 1,636,012</u>

The notes to the financial statement are an integral part of this statement.

ST. JOHN TOWNSHIP, LAKE COUNTY
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The Township was established under the laws of the State of Indiana. The Township operates under a township trustee/township board form of government and provides some or all of the following services: public safety (fire), health and social services (township assistance), and culture and recreation (parks and/or community centers).

The accompanying financial statement presents the financial information for the Township.

B. Basis of Accounting

The financial statement is reported on a regulatory basis of accounting prescribed by the State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when received and disbursements are recorded when paid.

The regulatory basis of accounting differs from accounting principles generally accepted in the United States of America in that receipts are recognized when received in cash, rather than when earned, and disbursements are recognized when paid, rather than when a liability is incurred.

C. Cash and Investments

Investments are stated at cost. Any changes in fair value of the investments are reported as receipts in the year of the sale of the investment.

D. Receipts

Receipts are presented in the aggregate on the face of the financial statement. The aggregate receipts include the following sources:

Taxes which can include one or more of the following: property taxes, certified shares (local option tax), property tax replacement credit (local option tax), county option income tax, wheel tax, innkeepers tax, food and beverage tax, county economic development income tax, boat and trailer excise tax, county adjusted gross income tax, and other taxes that are set by the Township.

Intergovernmental receipts which include receipts from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of this type of receipts include, but are not limited to: federal grants, state grants, cigarette tax distributions received from the state, motor vehicle highway distribution received from the state, local road and street distribution received from the state, financial institution tax received from the state, auto excise surtax received from the state, commercial vehicle excise tax received from the state, major moves distributions received from the state, and riverboat receipts received from the county.

ST. JOHN TOWNSHIP, LAKE COUNTY
NOTES TO FINANCIAL STATEMENT
(Continued)

Charges for services which can include, but are not limited to the following: planning commission charges, building department charges, copies of public records, copy machine charges, accident report copies, gun permit applications, 911 telephone services, recycling fees, dog pound fees, emergency medical service fees, park rental fees, swimming pool receipts, cable tv receipts, ordinance violations, fines and fees, bond forfeitures, court costs, and court receipts.

Other receipts which include amounts received from various sources which can include, but are not limited to the following: net proceeds from borrowings; interfund loan activity; transfers authorized by statute, ordinance, resolution or court order; internal service receipts; and fiduciary receipts.

E. Disbursements

Disbursements are presented in the aggregate on the face of the financial statement. The aggregate disbursements include the following uses:

Personal services include outflows for salaries, wages, and related employee benefits provided for all persons employed. In those units where sick leave, vacation leave, overtime compensation, and other such benefits are appropriated separately, such payments would also be included.

Supplies which include articles and commodities that are entirely consumed and materially altered when used and/or show rapid depreciation after use for a short period of time. Examples of supplies include office supplies, operating supplies, and repair and maintenance supplies.

Other services and charges which include, but are not limited to: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

Capital outlay which include all outflows for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

Other disbursements which include, but are not limited to the following: interfund loan payments, loans made to other funds, internal service disbursements, and transfers out that are authorized by statute, ordinance, resolution, or court order.

F. Fund Accounting

Separate funds are established, maintained, and reported by the Township. Each fund is used to account for money received from and used for specific sources and uses as determined by various regulations. Restrictions on some funds are set by statute while other funds are internally restricted by the Township. The money accounted for in a specific fund may only be available for use for certain, legally restricted purposes. Additionally, some funds are used to account for assets held by the Township in a trustee capacity as an agent of individuals, private organizations, other funds, or other governmental units and therefore the funds cannot be used for any expenditures of the unit itself.

ST. JOHN TOWNSHIP, LAKE COUNTY
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 2. Budgets

The operating budget is initially prepared and approved at the local level. The fiscal officer of the Township submits a proposed operating budget to the governing board for the following calendar year. The budget is advertised as required by law. Prior to adopting the budget, the governing board conducts public hearings and obtains taxpayer comments. Prior to November 1, the governing board approves the budget for the next year. The budget for funds for which property taxes are levied or highway use taxes are received is subject to final approval by the Indiana Department of Local Government Finance.

Note 3. Property Taxes

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the Township in June and December; however, situations can arise which would delay the distributions. 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 percent 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 normally become delinquent if not paid by May 10 and November 10, respectively.

Note 4. Deposits and Investments

Deposits, made in accordance with state statute (IC 5-13), with financial institutions in the State of Indiana at year end should be 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 statutes authorize 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.

Note 5. Risk Management

The Township may be exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents; and natural disasters.

These risks can be mitigated through the purchase of insurance, establishment of a self-insurance fund, and/or participation in a risk pool. The purchase of insurance transfers the risk to an independent third party. The establishment of a self-insurance fund allows the Township to set aside money for claim settlements. The self-insurance fund would be included in the financial statement. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks.

ST. JOHN TOWNSHIP, LAKE COUNTY
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 6. Pension Plan

Public Employees' Retirement Fund

Plan Description

The Indiana Public Employees' Retirement Fund (PERF) is 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 Indiana Public Retirement System (INPRS) 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 percent of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

INPRS 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:

Indiana Public Retirement System
1 North Capital Street, Suite 001
Indianapolis, IN 46204
Ph. (888) 526-1687

Funding Policy and Annual Pension Cost

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

SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the Township's Annual Reports for years prior to 2011 can be found on the Indiana Transparency Portal website: www.in.gov/itp/annual_reports/.

For additional financial information, the Township's Annual Report information for years 2011 and later can be found on the Gateway website: <https://gateway.ifionline.org/>.

Differences may be noted between the financial information presented in the financial statement contained in this report and the financial information presented in the Annual Reports of the Township which are referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the examination. This is a common occurrence in any financial statement examination. The financial information presented in this report is examined information, and the accuracy of such information can be determined by reading the opinion given in the Independent Accountant's Report.

The supplementary information presented was approved by management of the Township. It is presented as intended by the Township.

ST. JOHN TOWNSHIP, LAKE COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010

	Township	Park and Recreation	Township Assistance	Firefighting	Cumulative Fire	Payroll Withholdings Sales Tax	Senior Citizen Transportation	Totals
Cash and investments - beginning	\$ 185,498	\$ 299,758	\$ 216,939	\$ 112,308	\$ 181,018	\$ 454	\$ 4,317	\$ 1,000,292
Receipts:								
Taxes	263,383	174,298	41,840	362,413	59,568	-	-	901,502
Intergovernmental	16,640	12,314	53,124	29,455	4,718	-	-	116,251
Charges for services	-	52,744	-	-	-	2,336	-	55,080
Other receipts	6,524	1,833	20,156	-	-	56,733	7,281	92,527
Total receipts	<u>286,547</u>	<u>241,189</u>	<u>115,120</u>	<u>391,868</u>	<u>64,286</u>	<u>59,069</u>	<u>7,281</u>	<u>1,165,360</u>
Disbursements:								
Personal services	136,603	69,831	44,979	-	-	-	-	251,413
Supplies	2,605	13,240	20,640	-	-	-	-	36,485
Other services and charges	19,137	59,820	319	382,453	-	-	5,129	466,858
Capital outlay	9,939	1,875	2,600	-	17,374	-	-	31,788
Other disbursements	10	-	-	-	-	59,066	-	59,076
Total disbursements	<u>168,294</u>	<u>144,766</u>	<u>68,538</u>	<u>382,453</u>	<u>17,374</u>	<u>59,066</u>	<u>5,129</u>	<u>845,620</u>
Excess (deficiency) of receipts over disbursements	<u>118,253</u>	<u>96,423</u>	<u>46,582</u>	<u>9,415</u>	<u>46,912</u>	<u>3</u>	<u>2,152</u>	<u>319,740</u>
Cash and investments - ending	<u>\$ 303,751</u>	<u>\$ 396,181</u>	<u>\$ 263,521</u>	<u>\$ 121,723</u>	<u>\$ 227,930</u>	<u>\$ 457</u>	<u>\$ 6,469</u>	<u>\$ 1,320,032</u>

ST. JOHN TOWNSHIP, LAKE COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011

	Township	Park and Recreation	Township Assistance	Firefighting	Cumulative Fire	Payroll Withholdings Sales Tax	Senior Citizen Transportation	Totals
Cash and investments - beginning	\$ 303,751	\$ 396,181	\$ 263,521	\$ 121,723	\$ 227,930	\$ 457	\$ 6,469	\$ 1,320,032
Receipts:								
Taxes	314,558	219,782	103,163	414,927	69,963	-	-	1,122,393
Intergovernmental	17,310	11,104	5,879	26,317	4,647	-	-	65,257
Charges for services	-	47,943	-	-	-	2,003	-	49,946
Other receipts	2,917	1,265	12,160	-	-	45,333	5,904	67,579
Total receipts	<u>334,785</u>	<u>280,094</u>	<u>121,202</u>	<u>441,244</u>	<u>74,610</u>	<u>47,336</u>	<u>5,904</u>	<u>1,305,175</u>
Disbursements:								
Personal services	140,553	56,152	46,813	-	-	-	-	243,518
Supplies	4,559	11,757	260	-	-	-	-	16,576
Other services and charges	23,496	64,825	20,328	485,265	-	-	-	593,914
Capital outlay	6,386	22,895	4,242	-	8,523	-	-	42,046
Other disbursements	-	-	-	-	-	47,052	-	47,052
Total disbursements	<u>174,994</u>	<u>155,629</u>	<u>71,643</u>	<u>485,265</u>	<u>8,523</u>	<u>47,052</u>	<u>-</u>	<u>943,106</u>
Excess (deficiency) of receipts over disbursements	<u>159,791</u>	<u>124,465</u>	<u>49,559</u>	<u>(44,021)</u>	<u>66,087</u>	<u>284</u>	<u>5,904</u>	<u>362,069</u>
Cash and investments - ending	<u>\$ 463,542</u>	<u>\$ 520,646</u>	<u>\$ 313,080</u>	<u>\$ 77,702</u>	<u>\$ 294,017</u>	<u>\$ 741</u>	<u>\$ 12,373</u>	<u>\$ 1,682,101</u>

ST. JOHN TOWNSHIP, LAKE COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2012

	Township	Park and Recreation	Township Assistance	Firefighting	Cumulative Fire	Payroll Withholdings Sales Tax	Senior Citizen Transportation	Totals
Cash and investments - beginning	\$ 463,542	\$ 520,646	\$ 313,080	\$ 77,702	\$ 294,017	\$ 741	\$ 12,373	\$ 1,682,101
Receipts:								
Taxes	195,163	125,199	66,282	269,603	38,571	-	-	694,818
Intergovernmental	18,088	11,604	6,143	27,391	3,919	-	-	67,145
Charges for services	-	44,262	10,815	-	-	1,946	-	57,023
Other receipts	4,642	1,463	4,768	-	-	47,930	5,926	64,729
Total receipts	<u>217,893</u>	<u>182,528</u>	<u>88,008</u>	<u>296,994</u>	<u>42,490</u>	<u>49,876</u>	<u>5,926</u>	<u>883,715</u>
Disbursements:								
Personal services	148,897	59,225	49,037	-	-	-	-	257,159
Supplies	3,145	10,017	280	-	-	-	-	13,442
Other services and charges	30,616	76,742	21,148	321,783	-	-	-	450,289
Capital outlay	-	26,000	2,274	-	130,779	-	-	159,053
Other disbursements	-	-	-	-	-	49,861	-	49,861
Total disbursements	<u>182,658</u>	<u>171,984</u>	<u>72,739</u>	<u>321,783</u>	<u>130,779</u>	<u>49,861</u>	<u>-</u>	<u>929,804</u>
Excess (deficiency) of receipts over disbursements	<u>35,235</u>	<u>10,544</u>	<u>15,269</u>	<u>(24,789)</u>	<u>(88,289)</u>	<u>15</u>	<u>5,926</u>	<u>(46,089)</u>
Cash and investments - ending	<u>\$ 498,777</u>	<u>\$ 531,190</u>	<u>\$ 328,349</u>	<u>\$ 52,913</u>	<u>\$ 205,728</u>	<u>\$ 756</u>	<u>\$ 18,299</u>	<u>\$ 1,636,012</u>

ST. JOHN TOWNSHIP, LAKE COUNTY
SCHEDULE OF CAPITAL ASSETS
December 31, 2012

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.

	<u>Ending Balance</u>
Governmental activities:	
Land	\$ 718,200
Buildings and improvements other than buildings	519,510
Machinery, equipment, and vehicles	<u>369,353</u>
Total governmental activities	<u>\$ 1,607,063</u>

ST. JOHN TOWNSHIP, LAKE COUNTY
EXIT CONFERENCE

The contents of this report were discussed on May 23, 2013, with Jean E. Shepherd, Trustee. Our examination disclosed no material items that warrant comment at this time.