

STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2765

EXAMINATION REPORT
OF
JOHNSON TOWNSHIP
CLINTON COUNTY, INDIANA
January 1, 2003 to December 31, 2005



FILED
7/28/06

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OFFICIALS

Office

Official

Term

Trustee

Kim Rawlings

01-01-03 to 12-31-06

Chairman of the
Township Board

Ralph Johnson

01-01-03 to 12-31-06



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INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the schedules of receipts, disbursements, and cash and investment balances of Johnson Township (Township), for the period of January 1, 2003 to December 31, 2005. The Township's management is responsible for the schedules. 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 schedule of receipts, disbursements, and cash and investment balances 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 schedules referred to above present fairly, in all material respects, the cash transactions of the Township for the years ended December 31, 2003, 2004, and 2005, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

June 20, 2006

JOHNSON TOWNSHIP, CLINTON COUNTY
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
GOVERNMENTAL FUND TYPES
As Of And For The Years Ended December 31, 2003, 2004, And 2005

	Cash and Investments 01-01-03	Receipts	Disbursements	Cash and Investments 12-31-03
Governmental Funds:				
General	\$ 62,920	\$ 32,556	\$ 47,165	\$ 48,311
Dog	344	-	-	344
Township Assistance	7,565	1,013	2,503	6,075
Firefighting	40,496	8,568	28,000	21,064
Totals	<u>\$ 111,325</u>	<u>\$ 42,137</u>	<u>\$ 77,668</u>	<u>\$ 75,794</u>

	Cash and Investments 01-01-04	Receipts	Disbursements	Cash and Investments 12-31-04
Governmental Funds:				
General	\$ 48,311	\$ 91,800	\$ 49,395	\$ 90,716
Dog	344	-	-	344
Township Assistance	6,075	4,988	6,465	4,598
Firefighting	21,064	44,110	24,000	41,174
Rainy Day	-	1,176	-	1,176
Totals	<u>\$ 75,794</u>	<u>\$ 142,074</u>	<u>\$ 79,860</u>	<u>\$ 138,008</u>

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds:				
General	\$ 90,716	\$ 59,466	\$ 50,677	\$ 99,505
Dog	344	-	-	344
Township Assistance	4,598	5,483	5,899	4,182
Firefighting	41,174	28,290	24,000	45,464
Rainy Day	1,176	-	-	1,176
Totals	<u>\$ 138,008</u>	<u>\$ 93,239</u>	<u>\$ 80,576</u>	<u>\$ 150,671</u>

The accompanying notes are an integral part of the schedules.

JOHNSON TOWNSHIP, CLINTON COUNTY
NOTES TO SCHEDULES

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.

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

COMPENSATION AND BENEFITS

The Township Trustee received a \$2,185.74 payment for the year 2004 which was not included in the original salary resolution. The Township Board approved a resolution to increase the Trustee's salary by this amount in August of 2004.

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)

The township board shall set: (1) Salaries; (2) Wages; (3) Rates of hourly pay; and (4) Remuneration other than statutory allowances; of all officers and employees of the township, except the assessor and his deputies and employees.

The township board may not alter the salaries of elected or appointed officers during the fiscal year for which they are fixed, but it may add or eliminate other positions and change the salary of any other employee, if the necessary funds and appropriations are available. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

EXCESS IN DOG FUND

There was no collection of Dog Tax in the prior audit or the current audit (1997 through 2005) and the excess has not been remitted to the County Treasurer.

The township assessor shall make a diligent census as to the number of dogs owned, harbored, or kept by any person. A person owning or harboring a dog shall pay immediately to the township assessor a tax for each dog owned, harbored or kept on the same premises, whether owned by that person or some other person. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 7)

The township trustee shall make a report of the Dog Fund to the county auditor on the first Monday of March of each year, showing all receipts into the Dog Fund and all orders drawn against the Dog Fund in the order drawn. Any funds in the Township Dog Fund designated for a humane society or any amount in the Dog Fund exceeding three hundred dollars (\$300) over and above all orders drawn against said fund, shall be paid to the county treasurer. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 7)

CONFLICT OF INTEREST DISCLOSURE

Don Spitznagle, Township Board Member, receives compensation for mowing township cemeteries. A Uniform Conflict of Interest Disclosure Statement does not appear to have been filed. IC 35-44-1-3 states in part:

"(a) A public servant who knowingly or intentionally: (1) has a pecuniary interest in; or (2) derives a profit from; a contract or purchase connected with an action by the governmental entity served by the public servant commits conflict of interest, a Class D felony . . ."

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

"(c) This section does not prohibit a public servant from having a pecuniary interest in or deriving a profit from a contract or purchase connected with the governmental entity served . . . (3) if the public servant; (A) is an elected public servant . . . and (B) makes a disclosure under subsection (d)(1) through (d)(6)."

"(d) A disclosure required by this section must: (1) be in writing; (2) describe the contract or purchase to be made by the governmental entity; (3) describe the pecuniary interest that the public servant has in the contract or purchase; (4) be affirmed under penalty of perjury; (5) be submitted to the governmental entity and be accepted by the governmental entity in a public meeting of the governmental entity prior to final action on the contract or purchase; (6) be filed within fifteen (15) days after final action on the contract or purchase with: (A) the state board of accounts; and (B) . . . the clerk of the circuit court in the county where the governmental entity takes final action on the contract or purchase . . ."

"(g) A public servant has a pecuniary interest in a contract or purchase if the contract or purchase will result or is intended to result in an ascertainable increase in the income or net worth of: (1) the public servant; or (2) a dependent of the public servant who: (A) is under the direct or indirect administrative control of the public servant; or (B) receives a contract or purchase order that is reviewed, approved, or directly or indirectly administered by the public servant . . ."

APPROPRIATIONS

The records presented for audit indicated the following expenditures in excess of budgeted appropriations:

Fund	Years	Excess Amount Expended
General	2003	\$ 21,991
General	2004	27,745
Township Assistance	2004	1,465
General	2005	9,027
Township Assistance	2005	899

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."

JOHNSON TOWNSHIP, CLINTON COUNTY
EXIT CONFERENCE

The contents of this report were discussed on June 20, 2006, with Kim Rawlings, Trustee. The official concurred with our findings.