

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

EXAMINATION REPORT
OF
PORTAGE TOWNSHIP
ST. JOSEPH COUNTY, INDIANA
January 1, 2006 to December 31, 2006



FILED

11/26/2007

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OFFICIALS

Office

Official

Term

Trustee

Charles M. Voreis

01-01-03 to 12-31-10

Chairman of the
Township Board

Chester Zakrocki
Larry Jasinski

01-01-06 to 12-31-06
01-01-07 to 12-31-07



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the financial information presented herein of Portage 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 Long-Term 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 11, 2007

PORTAGE TOWNSHIP, ST. JOSEPH COUNTY
 SCHEDULES 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	\$ 518,293	\$ 305,651	\$ 203,574	\$ 620,370
Dog	418	-	418	-
Township Assistance	636,063	525,791	1,118,823	43,031
Firefighting	158,390	290,112	305,442	143,060
Levy Excess	63,382	-	63,382	-
Fire Debt	3,751	108,807	47,996	64,562
Cumulative Fire	37,833	24,473	34,659	27,647
Federal Grants	39,838	-	39,838	-
Rainy Day	57,056	-	-	57,056
Fiduciary Fund:				
Payroll Deductions	711	147,528	148,239	-
Totals	<u>\$ 1,515,735</u>	<u>\$ 1,402,362</u>	<u>\$ 1,962,371</u>	<u>\$ 955,726</u>

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

PORTAGE 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, 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.

PORTAGE 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

On March 13, 2007, the Township Board approved borrowing \$1,000,000 for the Township Assistance Fund.

On June 25, 2007, the Township Board approved borrowing \$400,000 on a tax anticipation loan to meet operating expenses because the 2007 property tax distributions are delayed.

PORTAGE 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.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 3,000
Buildings	175,585
Machinery and equipment	<u>1,019,440</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 1,198,025</u>

PORTAGE TOWNSHIP, ST. JOSEPH COUNTY
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 December 31, 2006

Description of Debt	Ending Balance	Due Within One Year
Governmental Activities:		
Capital leases:		
2006 Firetruck	\$ 387,733	\$ 80,249

PORTAGE TOWNSHIP, ST. JOSEPH COUNTY
EXAMINATION RESULTS AND COMMENTS

SALES TAX

Sales tax was paid for some purchases.

Governmental funds generally are exempt from the payment of sales tax on qualifying purchases. Respective tax agencies should always be contacted concerning tax exemptions and payments. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

PENALTIES, INTEREST AND OTHER CHARGES

Penalties and interest totaling \$265.20 were paid to the Internal Revenue Service on November 7, 2006, for the period September 30, 2006.

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Failure to pay claims or remit taxes in a timely manner could be an indicator of serious financial problems which should be investigated by the governmental unit.

Additionally, officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the governmental unit.

Any penalties, interest or other charges paid by the governmental unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

COMPENSATION AND BENEFITS

Hourly employees' rate of pay was not included on the resolution recommending salaries of Township officers and employees. The Township had two hourly employees during 2006.

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)

OVERPAYMENT COLLECTIONS

The Township paid \$47,995.44 in 2006 to Fifth Third Bank, but the payment schedule shows that \$47,537.24 was due. The difference is \$458.20. The same payment was made for both semiannual payments in 2007. Ten semiannual payments are required, which calculates to a \$4,582.00 difference if payments continue to be made in accordance with the payment schedule to maturity.

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

PORTAGE TOWNSHIP, ST. JOSEPH COUNTY
EXIT CONFERENCE

The contents of this report were discussed on September 11, 2007, with Charles M. Voreis, Trustee; and with Larry Jasinski, Chairman of the Township Board. The officials concurred with our findings.