

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

FINANCIAL STATEMENTS EXAMINATION REPORT

OF

JOHNSON TOWNSHIP

LAGRANGE COUNTY, INDIANA

January 1, 2010 to December 31, 2011



FILED
01/25/2013

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	John Russell	01-01-07 to 12-31-14
Chairman of the Township Board	Lawrence Grossman	01-01-10 to 12-31-12



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INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the accompanying financial statements of Johnson Township (Township), for the period of January 1, 2010 to December 31, 2011. The financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on the financial statements 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 statements 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 statements 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 statements 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. The basis noted above is a different basis than that used in the prior period.

In our opinion, because of the matter discussed in the preceding paragraph, the financial statements referred to above do 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, 2011.

In our opinion, the financial statements referred to above present 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, 2011, 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 statements. 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 statements. They have not been subjected to the examination procedures applied to the financial statements and, accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

December 31, 2012

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FINANCIAL STATEMENTS

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

JOHNSON TOWNSHIP, LAGRANGE COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For The Year Ended December 31, 2010

Fund	Cash and Investments 01-01-10	Receipts	Disbursements	Cash and Investments 12-31-10
Township	\$ 50,617	\$ 73,190	\$ 72,637	\$ 51,170
Township Assistance	3,069	9,002	2,604	9,467
Firefighting	50,146	79,296	75,688	53,754
Cumulative Fire	87,883	31,671	-	119,554
Park And Recreation	3,955	1,388	2,500	2,843
Levy Excess	-	402	-	402
Rainy Day	6,400	3,950	-	10,350
Hansen Bequest	26,371	261	-	26,632
Bailey Bequest	200	-	-	200
Sutton HH Bond Bequest	2,000	-	-	2,000
Totals	<u>\$ 230,641</u>	<u>\$ 199,160</u>	<u>\$ 153,429</u>	<u>\$ 276,372</u>

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

JOHNSON TOWNSHIP, LAGRANGE COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For The Year Ended December 31, 2011

Fund	Cash and Investments 01-01-11	Receipts	Disbursements	Cash and Investments 12-31-11
Township	\$ 51,170	\$ 66,806	\$ 76,623	\$ 41,353
Park And Recreation	2,843	1,379	2,500	1,722
Township Assistance	9,467	8,328	6,326	11,469
Firefighting	53,754	72,434	66,152	60,036
Rainy Day	10,350	-	-	10,350
Levy Excess	402	-	402	-
Cumulative Fire	119,554	31,336	-	150,890
Adams Lake Easement Improvement Fund	-	4,330	1,107	3,223
Bailey Bequest	200	-	-	200
Hansen Bequest	26,632	167	5,000	21,799
Sutton Hh Bond Bequest	2,000	-	-	2,000
Totals	<u>\$ 276,372</u>	<u>\$ 184,780</u>	<u>\$ 158,110</u>	<u>\$ 303,042</u>

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

JOHNSON TOWNSHIP, LAGRANGE COUNTY
NOTES TO FINANCIAL STATEMENTS

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), culture and recreation (parks and/or community centers), and general administrative services (weed and dog control).

The accompanying financial statements present the financial information for the Township.

B. Basis of Accounting

The financial statements are 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 statements. 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.

Charges for services which can include, but are not limited to the following: cemetery receipts, copies of public records, copy machine charges, park rental fees.

JOHNSON TOWNSHIP, LAGRANGE COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

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 statements. 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. Interfund Transfers

The Township may, from time to time, transfer money from one fund to another. These transfers, if any, are included as a part of the receipts and disbursements of the affected funds and as a part of total receipts and disbursements. The transfers are used for cash flow purposes as provided by various statutory provisions.

G. 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.

JOHNSON TOWNSHIP, LAGRANGE COUNTY
NOTES TO FINANCIAL STATEMENTS
(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 statements. The purpose of participation in a risk pool is to provide a medium for the funding any administration of the risks.

JOHNSON TOWNSHIP, LAGRANGE COUNTY
NOTES TO FINANCIAL STATEMENTS
(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.

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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 statements 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.

JOHNSON TOWNSHIP, LAGRANGE COUNTY
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For The Year Ended December 31, 2010

	Township	Township Assistance	Firefighting	Cumulative Fire	Park And Recreation	Levy Excess
Cash and investments - beginning	\$ 50,617	\$ 3,069	\$ 50,146	\$ 87,883	\$ 3,955	\$ -
Receipts:						
Taxes	64,870	9,002	61,784	31,671	1,388	-
Intergovernmental	-	-	1,900	-	-	-
Charges for services	7,350	-	14,675	-	-	-
Other receipts	970	-	937	-	-	402
Total receipts	73,190	9,002	79,296	31,671	1,388	402
Disbursements:						
Personal services	46,242	-	10,591	-	-	-
Supplies	398	-	3,389	-	-	-
Other services and charges	24,263	-	44,127	-	2,500	-
Capital outlay	-	-	17,581	-	-	-
Other disbursements	1,734	2,604	-	-	-	-
Total disbursements	72,637	2,604	75,688	-	2,500	-
Excess of receipts over disbursements	553	6,398	3,608	31,671	(1,112)	402
Cash and investments - ending	\$ 51,170	\$ 9,467	\$ 53,754	\$ 119,554	\$ 2,843	\$ 402

JOHNSON TOWNSHIP, LAGRANGE COUNTY
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For The Year Ended December 31, 2010
(Continued)

	Rainy Day	Hansen Bequest	Bailey Bequest	Sutton HH Bond Bequest	Totals
Cash and investments - beginning	\$ 6,400	\$ 26,371	\$ 200	\$ 2,000	\$ 230,641
Receipts:					
Taxes	2,216	-	-	-	170,931
Intergovernmental	-	-	-	-	1,900
Charges for services	-	-	-	-	22,025
Other receipts	1,734	261	-	-	4,304
Total receipts	3,950	261	-	-	199,160
Disbursements:					
Personal services	-	-	-	-	56,833
Supplies	-	-	-	-	3,787
Other services and charges	-	-	-	-	70,890
Capital outlay	-	-	-	-	17,581
Other disbursements	-	-	-	-	4,338
Total disbursements	-	-	-	-	153,429
Excess of receipts over disbursements	3,950	261	-	-	45,731
Cash and investments - ending	\$ 10,350	\$ 26,632	\$ 200	\$ 2,000	\$ 276,372

JOHNSON TOWNSHIP, LAGRANGE 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	Rainy Day	Levy Excess
Cash and investments - beginning	\$ 51,170	\$ 2,843	\$ 9,467	\$ 53,754	\$ 10,350	\$ 402
Receipts:						
Taxes	27,543	1,296	7,777	51,306	-	-
Intergovernmental	32,002	83	501	9,230	-	-
Charges for services	6,375	-	-	10,900	-	-
Other receipts	886	-	50	998	-	-
Total receipts	66,806	1,379	8,328	72,434	-	-
Disbursements:						
Personal services	48,416	-	-	8,428	-	-
Supplies	820	-	24	4,379	-	-
Other services and charges	24,087	2,500	6,302	43,583	-	-
Capital outlay	3,300	-	-	9,762	-	-
Other disbursements	-	-	-	-	-	402
Total disbursements	76,623	2,500	6,326	66,152	-	402
Excess of receipts over disbursements	(9,817)	(1,121)	2,002	6,282	-	(402)
Cash and investments - ending	\$ 41,353	\$ 1,722	\$ 11,469	\$ 60,036	\$ 10,350	\$ -

JOHNSON TOWNSHIP, LAGRANGE COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011
 (Continued)

	Cumulative Fire	Adams Lake Easement Improvement Fund	Bailey Bequest	Hansen Bequest	Sutton Hh Bond Bequest	Totals
Cash and investments - beginning	\$ 119,554	\$ -	\$ 200	\$ 26,632	\$ 2,000	\$ 276,372
Receipts:						
Taxes	29,540	-	-	-	-	117,462
Intergovernmental	1,796	-	-	-	-	43,612
Charges for services	-	-	-	-	-	17,275
Other receipts	-	4,330	-	167	-	6,431
Total receipts	31,336	4,330	-	167	-	184,780
Disbursements:						
Personal services	-	-	-	-	-	56,844
Supplies	-	1,107	-	-	-	6,330
Other services and charges	-	-	-	-	-	76,472
Capital outlay	-	-	-	5,000	-	18,062
Other disbursements	-	-	-	-	-	402
Total disbursements	-	1,107	-	5,000	-	158,110
Excess of receipts over disbursements	31,336	3,223	-	(4,833)	-	26,670
Cash and investments - ending	\$ 150,890	\$ 3,223	\$ 200	\$ 21,799	\$ 2,000	\$ 303,042

JOHNSON TOWNSHIP, LAGRANGE COUNTY
SCHEDULE OF CAPITAL ASSETS
December 31, 2011

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	\$ 6,000
Infrastructure	15,000
Buildings	255,000
Improvements other than buildings	5,000
Machinery, equipment and vehicles	<u>800,000</u>
Total capital assets	<u>\$ 1,081,000</u>

JOHNSON TOWNSHIP, LAGRANGE COUNTY
EXIT CONFERENCE

The contents of this report were discussed on December 31, 2012, with John Russell, Trustee. Our examination disclosed no material items that warrant comment at this time.