

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

FINANCIAL STATEMENT REVIEW REPORT

OF

ST. JOHN TOWNSHIP

LAKE COUNTY, INDIANA

January 1, 2017 to December 31, 2018



**FILED**  
04/23/2020



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Jean Shepherd Cathy Lareau	01-01-17 to 12-31-18 01-01-19 to 12-31-20
Chairman of the Township Board	John Brackins Lisa Elder	01-01-17 to 12-31-18 01-01-19 to 12-31-20



## INDEPENDENT ACCOUNTANT'S REVIEW REPORT

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

We have reviewed the accompanying financial statement of St. John Township (Township), for the period of January 1, 2017 to December 31, 2018. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the Township's management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statement as a whole. Accordingly, we do not express such an opinion.

### ***Management's Responsibility for the Financial Statement***

Management is responsible for the preparation and fair presentation of this financial statement in accordance with a regulatory basis of accounting that demonstrates compliance with the reporting requirements established by the Indiana 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. This includes determining that the basis of accounting the Township uses is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of a financial statement that is free from material misstatements whether due to fraud or error.

### ***Accountant's Responsibility***

Our responsibility is to conduct the review engagement in accordance with *Statements on Standards for Accounting and Review Services* promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statement for it to be in accordance with the prescribed basis of accounting described in Note 1. We believe that the results of our procedures provide a reasonable basis for our conclusion.

INDEPENDENT ACCOUNTANT'S REVIEW REPORT  
(Continued)

***Accountant's Conclusion***

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statement in order for it to be in accordance with the prescribed basis of accounting described in Note 1.

***Basis of Accounting***

We draw attention to Note 1 of the financial statement, which describes the basis of accounting. The financial statement is prepared in accordance with the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the Indiana 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. Our conclusion is not modified with respect to this matter.

  
Paul D. Joyce, CPA  
State Examiner

April 9, 2020

## FINANCIAL STATEMENT AND ACCOMPANYING NOTES

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.

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ST. JOHN TOWNSHIP, LAKE COUNTY  
 STATEMENT OF RECEIPTS, DISBURSEMENTS,  
 AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Years Ended December 31, 2017 and 2018

Fund	Cash and Investments 01-01-17	Receipts	Disbursements	Cash and Investments 12-31-17	Receipts	Disbursements	Cash and Investments 12-31-18
TOWNSHIP	\$ 595,073	\$ 261,454	\$ 270,113	\$ 586,414	\$ 287,549	\$ 279,743	\$ 594,220
RECREATION	482,642	118,149	196,917	403,874	132,240	193,242	342,872
POOR RELIEF	407,362	109,959	101,558	415,763	109,636	116,911	408,488
FIRE FIGHTING	53,238	274,038	274,068	53,208	329,302	341,378	41,132
RAINY DAY FUND	251,367	126,076	12,931	364,512	138,870	-	503,382
LEVY EXCESS FUND	95	-	-	95	-	-	95
CUM FIRE	287,988	43,897	166,312	165,573	43,759	38,321	171,011
SR CITIZEN TRANSPORT	31,004	447	-	31,451	418	-	31,869
PAYROLL DEDUCTIONS	92	63,834	63,926	-	62,434	62,089	345
LOIT - PUBLIC SAFETY	-	82,705	82,705	-	82,705	82,705	-
Totals	<u>\$ 2,108,861</u>	<u>\$ 1,080,559</u>	<u>\$ 1,168,530</u>	<u>\$ 2,020,890</u>	<u>\$ 1,186,913</u>	<u>\$ 1,114,389</u>	<u>\$ 2,093,414</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), culture and recreation (parks and/or community centers), and general administrative services (weed and dog control).

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 Indiana 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. The basis of accounting involves the reporting of only cash and investments and the changes therein resulting from cash inflows (receipts) and cash outflows (disbursements) reported in the period in which they occurred.

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.* Amounts received from one or more of the following: property tax, certified shares (local option tax), property tax replacement credit (local option tax), county option income tax, wheel tax, innkeeper's 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.* Amounts received from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of intergovernmental receipts include, but are not limited to, the following: federal grants, state grants, cigarette tax distributions received from the state, motor vehicle highway distributions received from the state, local road and street distributions 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.* Amounts received for services including, but not limited to, the following: planning commission charges, building department charges, copies of public records, copy machines 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.* Amounts received from various sources, including, but 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.* Amounts disbursed 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.* Amounts disbursed for 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, but are not limited to, the following: office supplies, operating supplies, and repair and maintenance supplies.

*Other services and charges.* Amounts disbursed for services including, but not limited to, the following: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

*Capital outlay.* Amounts disbursed for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

*Other disbursements.* Amounts disbursed for various other purposes including, but 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, make transfers 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.

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

**G. Fund Accounting**

Separate funds are established, maintained, and reported by the Township. Each fund is used to account for amounts 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 amounts 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.

**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 December 31 of the year preceding the budget year or January 15 of the budget year if the Township is issuing debt after December 1 or intends on filing a shortfall appeal. These rates were based upon the assessed valuations adjusted for various tax credits from the preceding year's lien date of January 1. 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, the following: federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

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

**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.

**Note 6. Pension Plan**

*Public Employees' Retirement Fund*

*Plan Description*

The Indiana Public Employees' Retirement Fund Defined Benefit Plan (PERF DB) is a cost-sharing multiple-employer defined benefit plan and provides retirement, disability, and survivor benefits to plan members. PERF DB is administered through the Indiana Public Retirement System (INPRS) Board in accordance with state statutes (IC 5-10.2 and IC 5-10.3) and administrative code (35 IAC 1.2), which govern most requirements of the system and give the Township authority to contribute to the plan.

The Public Employees' Hybrid Plan (PERF Hybrid) consists of two components: PERF DB, the employer-funded monthly defined benefit component, and the Public Employees' Hybrid Members Defined Contribution Account, the defined contribution component.

The Retirement Savings Plan for Public Employees (My Choice) is a multiple-employer defined contribution plan. It is administered through the INPRS Board in accordance with state statutes (IC 5-10.2 and IC 5-10.3) and administrative code (35 IAC 1.2), which govern most requirements of the system and give the Township authority to contribute to the plan.

New employees hired have a one-time election to join either the PERF Hybrid or the My Choice.

*Financial Report*

INPRS 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  
One North Capitol, Suite 001  
Indianapolis, IN 46204  
Ph. (844) 464-6777

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

*Contributions*

Members' contributions are set by state statute at 3 percent of compensation for both the defined contribution component of PERF Hybrid and My Choice. The employer may elect to make the contribution on behalf of the member of the defined contribution component of PERF Hybrid and My Choice members may receive additional employer contribution in lieu of the PERF DB. Contributions to the PERF DB are determined by INPRS Board based on actuarial valuation.

**Note 7. Subsequent Events**

In 2019, the Township had made some ADA compliant updates:

1. The hand rails were replaced with ADA railings at the office entrance.
2. The hand rails were replaced with ADA railings around the gazebo and deck off of the Community Center.
3. A new ADA compliant bus was purchased at an auction conducted by the Northwestern Indiana Regional Planning Commission (NIRPC).

In 2020, there were updates made in the Community Center:

1. A catering kitchen remodel was completed to meet catering kitchen standards.
2. All floor covering in the catering kitchen and hall was removed, and all non-friable mastic was abated and/or encapsulated. New flooring was then installed.

ST. JOHN TOWNSHIP, LAKE COUNTY  
REVIEW RESULT AND COMMENT

**WIRELESS SERVICES CONTRACT**

*Condition and Context*

In 2017, the Township entered into a wireless services contract in which a tablet was provided for free with a two year contract for a monthly charge of \$22.

In 2018, the Township changed wireless services providers and the original provider requested return of the tablet or payment of \$150, due to canceling a contract before the end of the two years.

A former employee had not returned the tablet to the provider, nor was the bill paid. The former employee also had not returned the tablet to the Township upon separation from employment. The Township has a responsibility to collect the tablet or the \$150 from the former employee.

*Criteria*

Assets of the unit may not be used in a manner unrelated to the functions and purposes of the unit. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

Units have a responsibility to collect amounts owed to the unit pursuant to procedures authorized by law. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

Public funds may not be used to pay for personal items or for expenses which do not relate to the functions and purposes of the unit. Any personal expenses paid by the unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

*Office of the St. John Township Trustee*

**CATHY J. LAREAU**

1515 W. Lincoln Highway  
Schererville, IN 46375

Email: [clareau@stjohntownshiptrustee.com](mailto:clareau@stjohntownshiptrustee.com)

Phone: (219) 865-2705

April 13, 2020

TO: State Board of Accounts  
[ldavid@sboa.in.gov](mailto:ldavid@sboa.in.gov)

RE: OFFICIAL RESPONSE  
St. John Township, Lake County, Indiana, Audit for Calendar Years 2017 and 2018

This is a written response to the State Board of Accounts' RESULTS AND COMMENTS that were presented during the St. John Township Exit Conference conducted on April 9, 2020.

The audit was conducted for calendar years 2017 and 2018. The issues related to the Wireless Services Contract occurred under the previous trustee's administration.

As the incoming trustee in January 2019, I first became aware of this situation in the Fall of 2019. After thorough investigation, the responsible employee was terminated in part because of this conduct.

Respectfully submitted,



Cathy J. Lareau  
Trustee

OFFICIAL RESPONSE

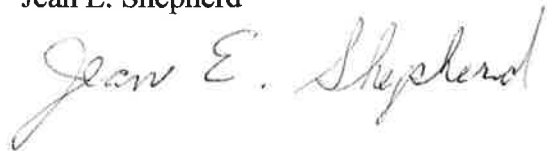
St. John Township, Lake County, Indiana, Audit for Calendar Years 2017 and 2018

I, Jean Shepherd, was the Trustee for the period of 1/01/17 to 12/31/18. My Chief Deputy was Sherri Ding. Her Job Duties, just to mention a few, were opening mail, paying all Township bills, and doing payroll, etc.. I was unaware that Sherri purchased a tablet until another employee told me. I asked about the tablet and Sherri said it was free and she would use it for Township purposes. Sherri did not tell me there was a monthly charge. I asked Sherri where the tablet was and she said it was at her house. I told her the tablet was Township property and to bring it back to the Township Office. It should be used solely for Township purposes.

I was unaware of any late payments. Sherri knew that Townships were to pay bills on time as to not create any late fees.

Retired Trustee

Jean E. Shepherd

A handwritten signature in cursive script that reads "Jean E. Shepherd". The signature is written in dark ink and is positioned below the printed name.

ST. JOHN TOWNSHIP, LAKE COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on April 9, 2020, with Cathy Lareau, Trustee; Jean Shepherd, former Trustee; and Lisa Elder, Chairman of the Township Board.