



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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January 20, 2023

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

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of Johnson Township (Township), LaPorte County, for the period of January 1, 2018 to December 31, 2021, to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts.

Management is responsible for preparing and maintaining its accounting records and related documents, as well as compliance with applicable state laws and uniform compliance guidelines established by the Indiana State Board of Accounts.

The Township's Annual Financial Reports filed by management can be found on the Gateway Website: www.gateway.ifionline.org.

The Comments contained herein describe the identified reportable instances of noncompliance found as a result of the procedures we performed. Our procedures were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified.

Comments

CONDITION OF RECORDS

The same comment also appeared in prior Report B52007.

Condition and Context

Depository reconciliations of the fund balances to the bank account balances were conducted; however, the December 31, 2020 and 2021 reconciliations did not agree to the financial statement as reported on the Indiana Gateway for Government Units (Gateway) financial reporting system. At December 31, 2020, the adjusted bank balance was \$16,720 greater than the Gateway reported ending cash and investments balance. At December 31, 2021, the adjusted bank balance was \$2,404 less than the Gateway reported ending cash and investments balance.

Furthermore, at December 31, 2021, the ledger balance was \$45,563 less than the Gateway reported fund balances. It was determined that the Township held \$36,590 in certificate of deposits that were not properly reflected in the ledger balances, a register of investments, or part of the monthly bank reconciliation.

Criteria

Indiana Code 5-13-6-1(e) states: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance must agree. If the reconciled bank balance is less than the subsidiary or control ledgers, the amount needed to balance may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

Officials and employees are required to use prescribed and approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

COMPENSATION

The same comment also appeared in prior Report B52007.

Condition and Context

The Township did not provide a salary resolution or ordinance, Township Board minutes, or other documentation setting and approving the salaries of Township officers and employees during the engagement period.

Criteria

Indiana Code 36-6-6-10(c) states in part: "The township legislative body shall fix the compensation of all officers and employees of the township. Compensation shall be established using an annual, monthly, or biweekly salary schedule . . ."

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 law. Compensation must be paid in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

ADOPTION OF INTERNAL CONTROL STANDARDS

The same comment also appeared in prior Report B52007.

Condition and Context

The Township had not adopted the acceptable minimum level of internal control standards as defined by the Indiana State Board of Accounts.

Criteria

Indiana Code 5-11-1-27(g) states:

"After June 30, 2016, the legislative body of a political subdivision shall ensure that:

- (1) the internal control standards and procedures developed under subsection (e) are adopted by the political subdivision; and

- (2) personnel receive training concerning the internal control standards and procedures adopted by the political subdivision."

TRAINING ON INTERNAL CONTROL STANDARDS

The same comment also appeared in prior Report B52007.

Condition and Context

Township employees whose official duties included receiving, processing, depositing, disbursing, or otherwise having access to funds that belonged to the Township, had not received training over internal control standards that was developed or approved by the Indiana State Board of Accounts.

Criteria

Indiana Code 5-11-1-27(g) states:

"After June 30, 2016, the legislative body of a political subdivision shall ensure that:

- (1) the internal control standards and procedures developed under subsection (e) are adopted by the political subdivision; and
- (2) personnel receive training concerning the internal control standards and procedures adopted by the political subdivision."

LATE SUBMISSION OF ANNUAL FINANCIAL REPORTS

Condition and Context

The Township's 2019, 2020, and 2021 Annual Financial Reports (AFR) were not filed electronically by their due dates. The AFR for 2019, 2020, and 2021 were not filed electronically until August 11, 2020, March 15, 2021, and March 31, 2022, which was 163, 13, and 29 days past the due dates, respectively.

Criteria

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every audited entity financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each fiscal year. The reports must be in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under [IC 5-14-3.8-7](#)."

This report is intended solely for the information and use of management, governance, and others within the organization. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

The Schedule of Cash and Investment Balances - Regulatory Basis, is presented as other information. It has not been subjected to any auditing procedures, and, accordingly, we do not express an opinion or provide any assurance on it.

SCHEDULE OF CASH AND INVESTMENT
BALANCES - REGULATORY BASIS
For the Year Ended December 31, 2021

Fund	Cash and Investments 12-31-21
Township	\$ 12,348
River Boat	93,923
Township Assistance	13,642
Fire Fighting	32,672
Levy Excess	<u>256</u>
Total	<u>\$ 152,841</u>

Any Official Response to the Comments, incorporated within this report, was not verified for accuracy.

The contents of this report were communicated to Jon Smith, Trustee, and Jerry Kipper, Chair of the Township Board, on January 11, 2023.

Respectfully,



Beth Kelley, CPA, CFE
Deputy State Examiner