

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

EXAMINATION REPORT
OF
LINCOLN TOWNSHIP
NEWTON COUNTY, INDIANA
January 1, 2004 to December 31, 2005



FILED
10/27/2006

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OFFICIALS

Office

Official

Term

Trustee

Sharyn Harvey

01-01-03 to 12-31-06

Chairman of the
Township Board

David Atkinson

01-01-04 to 12-31-06



STATE OF INDIANA
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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF LINCOLN TOWNSHIP, NEWTON COUNTY, INDIANA

We have examined the schedules of receipts, disbursements, and cash and investment balances of Lincoln Township (Township), for the period of January 1, 2004 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.

The financial records maintained by the Township in many cases were incomplete as presented for examination. The records that were presented contained a number of posting errors. Due to the lack of complete records and the accuracy of the records maintained we could not obtain the competent evidential matter necessary to form an opinion on the cash financial statements and accordingly, do not express an opinion on the financial statements based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

September 22, 2006

LINCOLN TOWNSHIP, NEWTON COUNTY
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES
As Of And For The Years Ended December 31, 2004 And 2005

	Cash and Investments 01-01-04	Receipts	Disbursements	Cash and Investments 12-31-04
Governmental Funds:				
Township	\$ 161,975	\$ 141,588	\$ 117,805	\$ 185,758
Dog	1,500	849	976	1,373
Township Assistance	17,758	4,494	4,092	18,160
Firefighting	5,350	136,219	136,219	5,350
Grant	156	-	-	156
Donations	38,499	68,907	44,215	63,191
Rainy Day	-	8,178	-	8,178
Cumulative Fire	4,839	48,179	48,179	4,839
Fiduciary Fund:				
Payroll Withholdings	1,235	3,708	3,708	1,235
Totals	<u>\$ 231,312</u>	<u>\$ 412,122</u>	<u>\$ 355,194</u>	<u>\$ 288,240</u>

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds:				
Township	\$ 185,758	\$ 63,079	\$ 60,148	\$ 188,689
Dog	1,373	1,054	1,073	1,354
Township Assistance	18,160	5,918	4,326	19,752
Firefighting	5,350	87,969	87,969	5,350
Grant	156	-	-	156
Donations	63,191	101,149	129,566	34,774
Rainy Day	8,178	-	-	8,178
Levy Excess	-	1,423	-	1,423
Cumulative Fire	4,839	33,460	33,460	4,839
Fiduciary Fund:				
Payroll Withholdings	1,235	676	676	1,235
Totals	<u>\$ 288,240</u>	<u>\$ 294,728</u>	<u>\$ 317,218</u>	<u>\$ 265,750</u>

The accompanying notes are an integral part of the schedules.

LINCOLN TOWNSHIP, NEWTON 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, 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.

LINCOLN TOWNSHIP, NEWTON COUNTY
EXAMINATION RESULTS AND COMMENTS

BANK ACCOUNT RECONCILIATIONS

Depository reconciliations of the fund balances to the bank account balances were incorrect. A similar comment was noted in prior Audit Report B22780.

Indiana Code 5-13-6-1(e) states in part: "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 should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

PAYROLL DEDUCTIONS

Payments to some employees were made without payroll deductions for taxes.

Political subdivisions are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings, and filing requirements concerning reports and other procedural matters of federal and state agencies, including opinions of the Attorney General of the State of Indiana, and court decisions. Governmental units should file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

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)

APPROPRIATIONS

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

<u>Fund</u>	<u>Year</u>	<u>Excess Amount Expended</u>
Firefighting	2005	<u>\$ 17,277</u>

LINCOLN TOWNSHIP, NEWTON COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

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."

DONATIONS

The Township donated \$ 42,440 to outside organizations during the period examined.

Governmental funds should not be donated or given to other organizations, individuals, or governmental units unless specifically authorized by statute. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

CONDITION OF RECORDS

The records presented did not provide sufficient information to audit or establish beginning balances, receipts, disbursements, ending balances, or the accuracy or correctness of the transactions. Beginning balances for the unit's annual report were different from the prior year ending balances by a substantial amount for both years. Record balances and record activity could not be reconciled to bank activity.

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

LINCOLN TOWNSHIP, NEWTON COUNTY
EXIT CONFERENCE

The contents of this report were discussed on September 22, 2006, with Sharyn Harvey, Trustee. The official concurred with our findings.