

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

EXAMINATION REPORT
OF
LIMA TOWNSHIP
LAGRANGE COUNTY, INDIANA
January 1, 2007 to December 31, 2009



FILED
05/12/2010

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OFFICIALS

Office

Official

Term

Trustee

William L. Rigg

01-01-07 to 12-31-10

Chairman of the
Township Board

Larry Grubb

01-01-07 to 12-31-10



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AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the financial information presented herein of Lima Township (Township), for the period of January 1, 2007 to December 31, 2009. 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 years ended December 31, 2007, 2008, and 2009, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

April 14, 2010

LIMA TOWNSHIP, LAGRANGE COUNTY
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL FUND TYPES
As Of And For The Years Ended December 31, 2007, 2008, And 2009

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Governmental Funds:				
Township	\$ 23,238	\$ 46,720	\$ 26,597	\$ 43,361
Township Assistance	8,706	15,525	17,282	6,949
Firefighting	121,812	46,936	43,057	125,691
Park and Recreation	3,271	-	-	3,271
Levy Excess	3,148	-	-	3,148
Cumulative Fire	122,242	28,225	-	150,467
E V Little Memorial	137,956	-	-	137,956
Totals	<u>\$ 420,373</u>	<u>\$ 137,406</u>	<u>\$ 86,936</u>	<u>\$ 470,843</u>

	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
Governmental Funds:				
Township	\$ 43,361	\$ 24,520	\$ 19,954	\$ 47,927
Township Assistance	6,949	32,080	19,881	19,148
Firefighting	125,691	52,271	41,773	136,189
Park and Recreation	3,271	1,116	2,571	1,816
Levy Excess	3,148	-	-	3,148
Rainy Day	-	3,947	-	3,947
Cumulative Fire	150,467	27,297	-	177,764
E V Little Memorial	137,956	2,727	24,000	116,683
Totals	<u>\$ 470,843</u>	<u>\$ 143,958</u>	<u>\$ 108,179</u>	<u>\$ 506,622</u>

	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
Governmental Funds:				
Township	\$ 47,927	\$ 36,678	\$ 28,985	\$ 55,620
Township Assistance	19,148	15,945	14,005	21,088
Firefighting	136,189	39,124	17,863	157,450
Park and Recreation	1,816	3,641	4,270	1,187
Levy Excess	3,148	-	-	3,148
Rainy Day	3,947	640	563	4,024
Cumulative Fire	177,764	12,541	8,450	181,855
E V Little Memorial	116,683	1,393	-	118,076
Totals	<u>\$ 506,622</u>	<u>\$ 109,962</u>	<u>\$ 74,136</u>	<u>\$ 542,448</u>

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

LIMA TOWNSHIP, LAGRANGE 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, culture and recreation, 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.

LIMA TOWNSHIP, LAGRANGE COUNTY
EXAMINATION RESULTS AND COMMENTS

CONDITION OF RECORDS

The fund balances in the ledger did not always agree with the Annual Reports filed by the Township. The bank reconciliation did not agree with the sum of all fund balances in the ledger or on the annual reports.

IC 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 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)

INTEREST ON INVESTMENTS

Interest earned on certificates of deposit was automatically added to the principal. A similar comment appeared in prior Report B29896.

Interest on investments should not be automatically added into the investment. Instead, interest on investments should be paid to the governmental unit at each maturity date and posted to the appropriate fund. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

APPROPRIATIONS

The records presented for examination indicated the following expenditure in excess of budgeted appropriation:

<u>Fund</u>	<u>Year</u>	<u>Excess Amount Expended</u>
Park and Recreation	2009	<u>\$ 1,270</u>

IC 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."

LIMA TOWNSHIP, LAGRANGE COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

FIREFIGHTING CONTRACTS

Firefighting contracts between Lima Township and Howe Volunteer Fire Department did not indicate the amount to be paid to the volunteer firefighters for clothing allowance, mileage, etc. There was no reference to any schedule of payments to be made for the year. A similar comment appeared in prior Reports B25620 and B29896.

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for audit to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

Payments made or received for contractual services should be supported by a written contract. Each governmental unit is responsible for complying with the provisions of its contracts. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

DONATIONS

Records presented for examination indicate payments were made to LaGrange County Clothes and Food Basket in 2007, 2008, and 2009 without a contract. The amount paid each year was \$500. A similar comment appeared in prior Reports B25620 and B29896.

Payments made or received for contractual services should be supported by a written contract. Each governmental unit is responsible for complying with the provisions of its contracts. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

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

LIMA TOWNSHIP, LAGRANGE COUNTY
EXIT CONFERENCE

The contents of this report were discussed on April 14, 2010, with William L. Rigg, Trustee. The official concurred with our findings.