B36876

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

EXAMINATION REPORT

OF

LAGRO TOWNSHIP

WABASH COUNTY, INDIANA

January 1, 2008 to December 31, 2009

FILED

05/11/2010

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OFFICIALS

Office	Official	Term
Trustee	Lecretia Swan	01-01-07 to 12-31-10
Chairman of the Township Board	Max Chamberlain	01-01-08 to 12-31-10

STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF LAGRO TOWNSHIP, WABASH COUNTY, INDIANA

We have examined the financial information presented herein of Lagro Township (Township), for the period of January 1, 2008 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, 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 12, 2010

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

	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
Governmental Funds:				
Township	$ 237,441	$ 65,653	$ 24,183	$ 278,911
Dog	402	-	402	-
Township Assistance	70,176	7,451	6,092	71,535
Firefighting	175,295	95,225	177,530	92,990
Cumulative Fire	99,663	23,475	39,271	83,867
Rainy Day	-	5,470	-	5,470
Totals	$ 582,977	$ 197,274	$ 247,478	$ 532,773

	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
Governmental Funds:				
Township	$ 278,911	$ 75,137	$ 79,529	$ 274,519
Township Assistance	71,535	9,643	5,463	75,715
Firefighting	92,990	120,843	221,427	(7,594)
Cumulative Fire	83,867	23,268	46,243	60,892
Rainy Day	5,470	33,023	31,677	6,816
Totals	$ 532,773	$ 261,914	$ 384,339	$ 410,348

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

LAGRO TOWNSHIP, WABASH 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, 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.

CONDITION OF RECORDS

The Township Assistance Fund balance on the Fund Balance Summary (Ledger) did not agree with the Township Annual Financial Report at December 31, 2009.

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)

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)

PENALTIES, INTEREST, AND OTHER CHARGES

Due to nonpayment of prior year payroll taxes, the Indiana Department of Revenue contracted with the United Collection Bureau, Inc., a debt collection agency to collect outstanding tax warrants owed to the State of Indiana. A lien was placed on the accounts and funds of Lagro Township. The amount due of $11,810, which included all amounts owed by law, including base tax, interest, penalties, costs, collection, and bank fees, was removed from the Township's bank account by miscellaneous debit on September 9, 2009.

Payroll taxes withheld were not paid to the Internal Revenue Service or the Indiana Department of Revenue for 2008 or 2009 in a timely manner. A similar comment appeared in Report B33978.

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)

Political subdivisions are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings, and filling 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)

Each governmental unit is responsible for compliance with all rules, regulations, guidelines, and directives of the Internal Revenue Service and the Indiana Department of Revenue. All questions concerning taxes should be directed to these agencies. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

CAPITAL ASSET RECORDS

Capital asset records presented for examination were incomplete. Records presented did not include land, building and a fire truck.

Every governmental unit should have a complete inventory of all capital assets owned which reflects their acquisition value. Such inventory should be recorded on the applicable Capital Assets Ledger. A complete inventory should be taken at least every two years for good internal control and for verifying account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

APPROPRIATIONS

The records presented for examination indicated the following expenditures exceeded the budgeted appropriations:

Fund	Year	Excess Amount Expended
Township	2009	$ 28,137
Firefighting	2009	37,020
Cumulative Fire	2009	1,243

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."

CONTRACTS

There were no contracts presented for examination to support payments received from the Town of Lagro for fire protection for 2008 and 2009 and from Paw Paw Township for fire protection for 2009. A similar comment appeared in Report B33978.

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)

APPOINTMENT OF DEPUTY TRUSTEE

The Lagro Township Board on December 31, 2009, adopted the following resolution:

> The Lagro Township Board has approved the recommendation presented by Lagro Township Trustee Lecretia Swan to hire Florence Dahlstrom to serve as Deputy Trustee until December 31st, 2010. The Deputy Trustee will receive the Trustee's salary and will perform the Trustee duties in the absence of the Trustee. We further approve the Deputy Trustee shall be bonded, be added to the First Merchant's Bank's signature card and may act as a representative of the Township as required. Trustee Lecretia Swan will be paid the salary set aside for the Township Assistance Investigator.

Florence Dahlstrom does not reside in Lagro Township.

The State Board of Accounts is of the audit position that IC 36-6-4-18 provides "(a) Within thirty (30) days after taking office, the executive shall designate a person who shall perform the executive's duties whenever the executive is incapable of performing the executive's functions because the executive: (1) is absent from the township; or (2) becomes incapacitated. The executive shall give notice of the designation to the chairman of the township legislative body, the county sheriff, and any other persons that the executive chooses. The designee shall have all the powers of the executive. The executive is responsible for all acts of the designee. The executive may change the designee under this section at any time." "(b) The designee shall perform the executive's duties until: (1) the executive is no longer absent from the township; or (2) an acting executive is appointed by the county executive under section 16 of this chapter." . . .

Therefore, we are of the audit position townships should consider appointing someone who is a resident of the township not currently holding another lucrative office. Examples might be the previous township trustee, previous board members, or a current clerk in the office. Finally, we are of the audit position that we are not aware of any provision for payment of compensation to an individual designated in accordance with IC 36-6-4-18. (Township Bulletin and Uniform Compliance Guidelines, Volume 275, November 2006)

IC 36-6-4-2(b) states: "The township trustee must reside within the township as provided in Article 6, Section 6 of the Constitution of the State of Indiana. The trustee forfeits office if the trustee ceases to be a resident of the township."

DEPOSIT OF PUBLIC FUNDS AND TIMELY RECORDKEEPING

We noted instances of receipts not posted or deposited timely. A County Vehicle Excise Tax distribution check, dated June 20, 2006, was not receipted or deposited until March 31, 2008. A County Adjusted Gross Income Tax (CAGIT) distribution check, dated March 4, 2009, was not posted or deposited until February 2, 2010. Several other county distribution checks dated throughout 2009 were all posted and deposited during December 2009.

IC 5-13-6-1(c) states in part: "The public funds collected by township trustees shall be deposited in the designated depository on or before the first and fifteenth day of each month."

All documents and entries to records should be done in a timely manner to ensure that accurate financial information is available to allow the governmental unit to make informed management decisions and to help ensure compliance with IC 5-15-1-1 et seq., commonly referred to as the Public Records Law. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

DISBURSEMENT DOCUMENTATION

Some payments were observed which included late charges or did not contain adequate supporting documentation such as receipts or invoices.

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)

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)

LAGRO TOWNSHIP, WABASH COUNTY
EXIT CONFERENCE

The contents of this report were discussed on April 12, 2010, with Lecretia Swan, Trustee; Florence Dahlstrom, Deputy Trustee; and Max Chamberlain, Chairman of the Township Board.