

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

COMPLIANCE ENGAGEMENT REPORT

OF

LANCASTER TOWNSHIP

WELLS COUNTY, INDIANA

January 1, 2019 to December 31, 2022



FILED
04/22/2024

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Marcia Meyer (deceased)	01-01-19 to 12-15-21
	Richard Smith	12-15-21 to 12-31-22
	David Rigney	01-01-23 to 12-31-24
Chair of the Township Board	Rick Oatess	01-01-19 to 12-31-20
	Neal Worden	01-01-21 to 12-31-22
	Andy Wolf	01-01-23 to 12-31-24



STATE OF INDIANA
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

TO: THE OFFICIALS OF LANCASTER TOWNSHIP, WELLS COUNTY, INDIANA

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of Lancaster Township (Township), for the period of January 1, 2019 to December 31, 2022. The objective of this engagement was to determine compliance with applicable Indiana laws, regulations, and uniform compliance guidelines (Guidelines) established by the Indiana State Board of Accounts pursuant to Indiana Code 5-11-1-24. The objective of this engagement is not to opine on compliance or financial activity of the Township as this engagement was not conducted in accordance with any standards established by an authoritative standard setting body, and, as such, we do not provide any opinions on compliance or financial activity.

Management is responsible for preparing and maintaining its accounting records and related documents in accordance with applicable Indiana laws, regulations, and Guidelines. Management's responsibility also includes, but is not limited to, complying with other applicable Indiana laws, regulations, and Guidelines concerning how it operates: authorized sources and uses of funds; what reports are required to be prepared and filed; and what depositories and investment types are allowable.

We fulfilled our responsibility as detailed in the first paragraph, using procedures that verified the appropriate accounting for and reporting of cash, receipts, and disbursements; and the appropriate sources and uses of funds in accordance with applicable Indiana laws, regulations, and Guidelines. Expanding the scope and nature of these procedures can and does occur in specific circumstances.

The Comments contained herein, if any, describe the identified reportable instances of noncompliance found during our engagement. Our procedures were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified. Any Official Response to the Comments incorporated within this report was not verified for accuracy.

The Schedule of Officials and Statements of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis (Statements) are informational only. The Statements have not been subjected to any procedures designed to express an opinion or provide any assurance on them, and, accordingly, we do not express an opinion or provide any assurance on them.

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. Reports can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>, and the Township's Annual Financial Reports filed by management can be found on the Indiana Gateway for Government Units financial reporting system website: <http://www.gateway.ifionline.org>.

The contents of this report were communicated to David Rigney, Trustee, and Richard Smith, Township Board member, on April 18, 2024.



Beth Kelley, CPA, CFE
Deputy State Examiner

March 21, 2024

LANCASTER TOWNSHIP, WELLS COUNTY
COMMENT

FUND SOURCES AND USES - LOCAL INCOME TAX (LIT) DISTRIBUTIONS

Condition and Context

Internal controls were not in place to ensure receipts were recorded in the proper funds. In 2019, there was \$8,562 of the Local Income Tax (LIT) distributions that belonged to the Township General fund that was receipted into the Township Assistance fund in error. In 2022, there was \$75,899 of the LIT distributions that belonged to the Township General fund that was receipted into the Township Assistance fund in error.

Criteria

Sources and uses of funds must be limited to those authorized by the enabling law, ordinance/ resolution, or grant agreement. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate control activities. According to this manual:

"Control activities are the actions and tools established through policies and procedures that help to detect, prevent, or reduce the identified risks that interfere with the achievement of objectives. Detection activities are designed to identify unfavorable events in a timely manner whereas prevention activities are designed to deter the occurrence of an unfavorable event. Examples of these activities include reconciliations, authorizations, approval processes, performance reviews, and verification processes.

An integral part of the control activity component is segregation of duties. . . .

There is an expectation of segregation of duties. If compensating controls are necessary, documentation should exist to identify both the areas where segregation of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. . . ."

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STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CASH
AND INVESTMENT BALANCES - REGULATORY BASIS

LANCASTER TOWNSHIP, WELLS COUNTY
 STATEMENT OF RECEIPTS, DISBURSEMENTS,
 AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Years Ended December 31, 2019 and 2020

Fund	Cash and Investments 01-01-19	Receipts	Disbursements	Cash and Investments 12-31-19	Receipts	Disbursements	Cash and Investments 12-31-20
Township	\$ 379,963	\$ 10,642	\$ 37,783	\$ 352,822	\$ 33,880	\$ 34,518	\$ 352,184
Township Assistance	33,176	137,384	38,128	132,432	157,431	29,908	259,955
Fire Fighting	-	198	198	-	188	188	-
Rainy Day	24,737	9,000	-	33,737	-	2,470	31,267
Levy Excess	220	1,591	220	1,591	395	-	1,986
Payroll Liability	1,493	2,781	2,673	1,601	2,401	3,042	960
Totals	<u>\$ 439,589</u>	<u>\$ 161,596</u>	<u>\$ 79,002</u>	<u>\$ 522,183</u>	<u>\$ 194,295</u>	<u>\$ 70,126</u>	<u>\$ 646,352</u>

LANCASTER TOWNSHIP, WELLS COUNTY
 STATEMENT OF RECEIPTS, DISBURSEMENTS,
 AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Years Ended December 31, 2021 and 2022

Fund	Cash and Investments 01-01-21	Receipts	Disbursements	Cash and Investments 12-31-21	Receipts	Disbursements	Cash and Investments 12-31-22
Township	\$ 352,184	\$ 19,828	\$ 27,678	\$ 344,334	\$ 83,548	\$ 28,411	\$ 399,471
Township Assistance	259,955	183,003	35,927	407,031	123,056	72,954	457,133
Fire Fighting	-	192	192	-	199	100	99
Rainy Day	31,267	-	2,405	28,862	-	-	28,862
Levy Excess	1,986	-	1,986	-	324	-	324
Payroll Liability	960	3,861	3,359	1,462	4,112	3,046	2,528
Totals	<u>\$ 646,352</u>	<u>\$ 206,884</u>	<u>\$ 71,547</u>	<u>\$ 781,689</u>	<u>\$ 211,239</u>	<u>\$ 104,511</u>	<u>\$ 888,417</u>