

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

COMPLIANCE ENGAGEMENT REPORT

OF

HIGHLAND TOWNSHIP

GREENE COUNTY, INDIANA

January 1, 2020 to December 31, 2023



FILED

08/22/2024

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SCHEDULE OF OFFICIALS

| <u>Office</u> | <u>Official</u> | <u>Term</u> |
|-----------------------------|-----------------|----------------------|
| Trustee | Brian Kollmeyer | 01-01-20 to 12-31-24 |
| Chair of the Township Board | Fred Rose | 01-01-20 to 12-31-24 |



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF HIGHLAND TOWNSHIP, GREENE COUNTY, INDIANA

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of Highland Township (Township), for the period of January 1, 2020 to December 31, 2023. 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 Brian Kollmeyer, Trustee, and Fred Rose, Chair of the Township Board, on August 15, 2024.



Beth Kelley, CPA, CFE
Deputy State Examiner

August 14, 2024

HIGHLAND TOWNSHIP, GREENE COUNTY
COMMENTS

INTERNAL CONTROLS

Condition and Context

The following areas did not have proper internal controls in place to ensure compliance with laws, regulations, and Guidelines:

- Capital Assets
- Prescribed Forms

Criteria

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. . . ."

CAPITAL ASSETS

Condition and Context

A physical inventory was not completed during the engagement period. The Township was unable to provide a complete capital asset listing for 2023 to support the amount reported in the Indiana Gateway for Governmental Units financial reporting system for \$19,419.

HIGHLAND TOWNSHIP, GREENE COUNTY
COMMENTS
(Continued)

Criteria

Every unit must have a capital assets policy that details the threshold at which an item is considered a capital asset. Every unit must have a complete detailed listing of all capital assets owned which reflects their acquisition value. Capital Asset Ledger (Form 369) has been prescribed for this purpose. A complete physical inventory must be taken at least every two years, unless more stringent requirements exist, to verify account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

PRESCRIBED FORMS

Condition and Context

Required forms prescribed by the Indiana State Board of Accounts were not in use. As we tested all the Township Assistance disbursements in the engagement period, we noted the following:

- All Township Assistance disbursements did not have a TA-1A - Notice of Township Assistance Action.
- All Township Assistance disbursements did not have a TA-2 - Township Assistance Purchase Order.

Criteria

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)

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

HIGHLAND TOWNSHIP, GREENE COUNTY
 STATEMENT OF RECEIPTS, DISBURSEMENTS,
 AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Years Ended December 31, 2020 and 2021

| Fund | Cash and Investments | | | Cash and Investments | | | Cash and Investments |
|---------------------|----------------------|------------------|------------------|----------------------|------------------|------------------|----------------------|
| | 01-01-20 | Receipts | Disbursements | 12-31-20 | Receipts | Disbursements | |
| TOWNSHIP FUND | \$ 9,398 | \$ 24,937 | \$ 21,256 | \$ 13,079 | \$ 30,457 | \$ 23,606 | \$ 19,930 |
| TOWNSHIP ASSISTANCE | 6,647 | 9,886 | 500 | 16,033 | 10,948 | 856 | 26,125 |
| FIRE FIGHTING FUND | 25,498 | 24,072 | 17,204 | 32,366 | 26,673 | 21,291 | 37,748 |
| RAINY DAY FUND | 4,034 | - | - | 4,034 | - | - | 4,034 |
| CUMULATIVE FIRE | 41,528 | 3,761 | - | 45,289 | 3,678 | - | 48,967 |
| Donations | 1,629 | - | - | 1,629 | - | - | 1,629 |
| PAYROLL DEDUCTIONS | 244 | 2,428 | 2,233 | 439 | 2,428 | 2,428 | 439 |
| Totals | <u>\$ 88,978</u> | <u>\$ 65,084</u> | <u>\$ 41,193</u> | <u>\$ 112,869</u> | <u>\$ 74,184</u> | <u>\$ 48,181</u> | <u>\$ 138,872</u> |

HIGHLAND TOWNSHIP, GREENE COUNTY
 STATEMENT OF RECEIPTS, DISBURSEMENTS,
 AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Years Ended December 31, 2022 and 2023

| Fund | Cash and Investments | | | Cash and Investments | | | Cash and Investments |
|---------------------|----------------------|------------------|------------------|----------------------|------------------|------------------|----------------------|
| | 01-01-22 | Receipts | Disbursements | 12-31-22 | Receipts | Disbursements | |
| TOWNSHIP FUND | \$ 19,929 | \$ 44,823 | \$ 23,132 | \$ 41,620 | \$ 51,364 | \$ 23,944 | \$ 69,040 |
| TOWNSHIP ASSISTANCE | 26,124 | - | 816 | 25,308 | - | 371 | 24,937 |
| FIRE FIGHTING FUND | 37,748 | 25,966 | 12,180 | 51,534 | 29,266 | 19,332 | 61,468 |
| RAINY DAY FUND | 4,034 | - | - | 4,034 | - | - | 4,034 |
| CUMULATIVE FIRE | 48,967 | 10,089 | - | 59,056 | 12,242 | 19,419 | 51,879 |
| Donations | 1,629 | - | - | 1,629 | - | - | 1,629 |
| PAYROLL DEDUCTIONS | 439 | 2,428 | 2,518 | 349 | 2,443 | 2,441 | 351 |
| Totals | <u>\$ 138,870</u> | <u>\$ 83,306</u> | <u>\$ 38,646</u> | <u>\$ 183,530</u> | <u>\$ 95,315</u> | <u>\$ 65,507</u> | <u>\$ 213,338</u> |