

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

FINANCIAL STATEMENTS REVIEW REPORT

OF

DALTON TOWNSHIP

WAYNE COUNTY, INDIANA

January 1, 2016 to December 31, 2018



FILED
05/05/2020

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Independent Accountant's Review Report.....	3-4
Financial Statements and Accompanying Notes:	
Statements of Receipts, Disbursements, and Cash and Investment	
Balances - Regulatory Basis.....	6-7
Notes to Financial Statements.....	8-10
Review Results and Comments:	
Late Submission of Annual Financial Report	11
Late Submission of Certified Report.....	11
Record of Hours Worked	11-12
Nepotism Certification	12
Contracting with a Unit Certification	12-13
Township Assistance Applications	13
Exit Conference.....	14

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Donald Dishman (deceased)	01-01-15 to 05-22-17
	(Vacant)	05-23-17 to 06-30-17
	Lance Lumpkin	07-01-17 to 12-31-22
Chairman of the Township Board	Earl Robinson	01-01-16 to 12-31-16
	Lance Lumpkin	01-01-17 to 06-30-17
	James Howell	07-01-17 to 12-31-20



INDEPENDENT ACCOUNTANT'S REVIEW REPORT

TO: THE OFFICIALS OF DALTON TOWNSHIP, WAYNE COUNTY, INDIANA

We have reviewed the accompanying financial statements of Dalton Township (Township), for the period of January 1, 2016 to December 31, 2018. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the Township's management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with a regulatory basis of accounting that demonstrates compliance with the reporting requirements established by the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6); which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. This includes determining that the basis of accounting the Township uses is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatements whether due to fraud or error.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with *Statements on Standards for Accounting and Review Services* promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with the prescribed basis of accounting described in Note 1. We believe that the results of our procedures provide a reasonable basis for our conclusion.

INDEPENDENT ACCOUNTANT'S REVIEW REPORT
(Continued)

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with the prescribed basis of accounting described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Our conclusion is not modified with respect to this matter.

Paul D. Joyce
Paul D. Joyce, CPA
State Examiner

April 28, 2020

FINANCIAL STATEMENTS AND ACCOMPANYING NOTES

The financial statements and accompanying notes were approved by management of the Township. The financial statements and notes are presented as intended by the Township.

DALTON TOWNSHIP, WAYNE COUNTY
 STATEMENT OF RECEIPTS, DISBURSEMENTS,
 AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Years Ended December 31, 2016 and 2017

Fund	Cash and Investments 01-01-16	Receipts	Disbursements	Cash and Investments 12-31-16	Receipts	Disbursements	Cash and Investments 12-31-17
Township	\$ 5,947	\$ 7,785	\$ 7,165	\$ 6,567	\$ 8,222	\$ 8,012	\$ 6,777
Recreation	1,084	1,094	800	1,378	1,122	800	1,700
Township Assistance	10,403	1,377	2,241	9,539	1,395	495	10,439
Fire Fighting	22	6,126	6,001	147	6,628	6,000	775
Rainy Day	12	-	-	12	-	-	12
Levy Excess	32	-	-	32	-	-	32
Totals	<u>\$ 17,500</u>	<u>\$ 16,382</u>	<u>\$ 16,207</u>	<u>\$ 17,675</u>	<u>\$ 17,367</u>	<u>\$ 15,307</u>	<u>\$ 19,735</u>

The notes to the financial statements are an integral part of this statement.

DALTON TOWNSHIP, WAYNE COUNTY
 STATEMENT OF RECEIPTS, DISBURSEMENTS,
 AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended December 31, 2018

Fund	Cash and Investments 01-01-18	Receipts	Disbursements	Cash and Investments 12-31-18
Township	\$ 6,777	\$ 6,763	\$ 8,793	\$ 4,747
Recreation	1,700	1,081	750	2,031
Township Assistance	10,439	1,607	1,576	10,470
Fire Fighting	775	6,658	6,000	1,433
Rainy Day	12	-	-	12
Levy Excess	32	-	-	32
Donation	-	100	-	100
Totals	<u>\$ 19,735</u>	<u>\$ 16,209</u>	<u>\$ 17,119</u>	<u>\$ 18,825</u>

The notes to the financial statements are an integral part of this statement.

DALTON TOWNSHIP, WAYNE COUNTY
NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The Township was established under the laws of the State of Indiana. The Township operates under a township trustee/township board form of government and provides some or all of the following services: public safety (fire), health and social services (township assistance), culture and recreation (parks and/or community centers), and general administrative services (weed and dog control).

The accompanying financial statements present the financial information for the Township.

B. Basis of Accounting

The financial statements are reported on a regulatory basis of accounting prescribed by the Indiana State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The basis of accounting involves the reporting of only cash and investments and the changes therein resulting from cash inflows (receipts) and cash outflows (disbursements) reported in the period in which they occurred.

The regulatory basis of accounting differs from accounting principles generally accepted in the United States of America, in that receipts are recognized when received in cash, rather than when earned, and disbursements are recognized when paid, rather than when a liability is incurred.

C. Cash and Investments

Investments are stated at cost. Any changes in fair value of the investments are reported as receipts in the year of the sale of the investment.

D. Receipts

Receipts are presented in the aggregate on the face of the financial statements. The aggregate receipts include the following sources:

Taxes. Amounts received from one or more of the following: property tax, certified shares (local option tax), property tax replacement credit (local option tax), county option income tax, wheel tax, innkeeper's tax, food and beverage tax, county economic development income tax, boat and trailer excise tax, county adjusted gross income tax, and other taxes that are set by the Township.

Intergovernmental receipts. Amounts received from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of intergovernmental receipts include, but are not limited to, the following: federal grants, state grants, cigarette tax distributions received from the state, motor vehicle highway distributions received from the state, local road and street distributions received from the state, financial institution tax received from the state, auto excise surtax received from the state, commercial vehicle excise tax received from the state, major moves distributions received from the state, and riverboat receipts received from the county.

DALTON TOWNSHIP, WAYNE COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

Other receipts. Amounts received from various sources, including, but not limited to, the following: net proceeds from borrowings; interfund loan activity; transfers authorized by statute, ordinance, resolution, or court order; internal service receipts; and fiduciary receipts.

E. Disbursements

Disbursements are presented in the aggregate on the face of the financial statements. The aggregate disbursements include the following uses:

Personal services. Amounts disbursed for salaries, wages, and related employee benefits provided for all persons employed. In those units where sick leave, vacation leave, overtime compensation, and other such benefits are appropriated separately, such payments would also be included.

Supplies. Amounts disbursed for articles and commodities that are entirely consumed and materially altered when used and/or show rapid depreciation after use for a short period of time. Examples of supplies include, but are not limited to, the following: office supplies, operating supplies, and repair and maintenance supplies.

Other services and charges. Amounts disbursed for services including, but not limited to, the following: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

Other disbursements. Amounts disbursed for various other purposes including, but not limited to, the following: interfund loan payments; loans made to other funds; internal service disbursements; and transfers out that are authorized by statute, ordinance, resolution, or court order.

F. Interfund Transfers

The Township may, from time to time, make transfers from one fund to another. These transfers, if any, are included as a part of the receipts and disbursements of the affected funds and as a part of total receipts and disbursements. The transfers are used for cash flow purposes as provided by various statutory provisions.

G. Fund Accounting

Separate funds are established, maintained, and reported by the Township. Each fund is used to account for amounts received from and used for specific sources and uses as determined by various regulations. Restrictions on some funds are set by statute while other funds are internally restricted by the Township. The amounts accounted for in a specific fund may only be available for use for certain, legally-restricted purposes. Additionally, some funds are used to account for assets held by the Township in a trustee capacity as an agent of individuals, private organizations, other funds, or other governmental units, and, therefore, the funds cannot be used for any expenditures of the unit itself.

DALTON TOWNSHIP, WAYNE COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

Note 2. Budgets

The operating budget is initially prepared and approved at the local level. The fiscal officer of the Township submits a proposed operating budget to the governing board for the following calendar year. The budget is advertised as required by law. Prior to adopting the budget, the governing board conducts public hearings and obtains taxpayer comments. Prior to November 1, the governing board approves the budget for the next year. The budget for funds for which property taxes are levied or highway use taxes are received is subject to final approval by the Indiana Department of Local Government Finance.

Note 3. Property Taxes

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the Township in June and December; however, situations can arise which would delay the distributions. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by December 31 of the year preceding the budget year or January 15 of the budget year if the Township is issuing debt after December 1 or intends on filing a shortfall appeal. These rates were based upon the assessed valuations adjusted for various tax credits from the preceding year's lien date of January 1. Taxable property is assessed at 100 percent 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 normally become delinquent if not paid by May 10 and November 10, respectively.

Note 4. Deposits and Investments

Deposits, made in accordance with state statute (IC 5-13), with financial institutions in the State of Indiana, at year end, should be 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 statutes authorize the Township to invest in securities including, but not limited to, the following: federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

Note 5. Risk Management

The Township may be exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job-related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents; and natural disasters.

These risks can be mitigated through the purchase of insurance, establishment of a self-insurance fund, and/or participation in a risk pool. The purchase of insurance transfers the risk to an independent third-party. The establishment of a self-insurance fund allows the Township to set aside money for claim settlements. The self-insurance fund would be included in the financial statements. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks.

DALTON TOWNSHIP, WAYNE COUNTY
REVIEW RESULTS AND COMMENTS

LATE SUBMISSION OF ANNUAL FINANCIAL REPORT

A similar comment also appeared in prior Report B49332, entitled *ANNUAL FINANCIAL REPORT NOT FILED TIMELY*.

Condition and Context

The Township's Annual Financial Report for 2016 was not filed electronically until March 8, 2017, which was seven days past the due date.

Criteria

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every municipality and every state or local governmental unit, entity, or instrumentality financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each fiscal year. The reports must be in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under [IC 5-14-3.8-7](#)."

LATE SUBMISSION OF CERTIFIED REPORT

A similar comment also appeared in prior Report B49332, entitled *FORM 100-R NOT FILED TIMELY*.

Condition and Context

The Township's Certified Report of Names, Addresses, Duties and Compensation of Public Employees (Form 100R), for 2016 and 2017, was not filed electronically until February 14, 2017, and February 4, 2018, respectively, which was 14 and 4 days past the due date.

Criteria

Indiana Code 5-11-13-1(a) states in part:

"Every . . . Township . . . shall during the month of January of each year prepare, make, and sign a certified report, correctly and completely showing the names and business addresses of each and all officers, employees, and agents . . . and the respective duties and compensation of each, and shall forthwith file said report in the office of the state examiner of the state board of accounts. . . . The certification must be filed electronically in the manner prescribed under [IC 5-14-3.8-7](#)."

RECORD OF HOURS WORKED

A similar comment also appeared in prior Report B49332, entitled *RECORD OF WAGES PAID*.

Condition and Context

Employee's Earnings Records (General Form 99B) were not maintained during the review period.

DALTON TOWNSHIP, WAYNE COUNTY
REVIEW RESULTS AND COMMENTS
(Continued)

Criteria

Indiana Code 5-11-9-4(b) states in part:

"The state board of accounts shall require that records be maintained showing which hours are worked each day by officers and employees: . . .

(2) employed by more than one (1) public agency or in more than one (1) position by the same public agency . . ."

The federal Fair Labor Standards Act (FLSA) requires that records of wages paid, daily and weekly hours of work, and the time of day and day of week on which the employee's work week begins be kept for all employees. These requirements can be met by use of the following prescribed general forms:

General Form 99A, Employee's Service Record
General Form 99B, Employee's Earnings Record
General Form 99C, Employee's Weekly Earnings Record

General Form 99C is required only for employees who are not exempt from FLSA, are not on a fixed work schedule, and are not paid weekly.

Additional information regarding FLSA rules and regulations may be obtained from the Department of Labor. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

NEPOTISM CERTIFICATION

The same comment also appeared in prior Report B49332.

Condition and Context

Each elected officer did not annually certify in writing that the officer had not violated Indiana Code 36-1-20.2 (Nepotism) by December 31, 2016, 2017, and 2018.

Criteria

Indiana Code 36-1-20.2-16 states: "Each elected officer of the unit shall annually certify in writing, subject to the penalties for perjury, that the officer has not violated this chapter. An officer shall submit the certification to the executive of the unit not later than December 31 of each year."

CONTRACTING WITH A UNIT CERTIFICATION

The same comment also appeared in prior Report B49332.

Condition and Context

Each elected officer did not certify in writing that the officer had not violated Indiana Code 36-1-21 (Contracting With a Unit) by December 31, 2016, 2017, or 2018.

DALTON TOWNSHIP, WAYNE COUNTY
REVIEW RESULTS AND COMMENTS
(Continued)

Criteria

Indiana Code 36-1-21-6 states: "Each elected officer of the unit shall annually certify in writing, subject to the penalties for perjury, that the officer is in compliance with this chapter. An officer shall submit the certification to the executive of the unit not later than December 31 of each year."

TOWNSHIP ASSISTANCE APPLICATIONS

The same comment also appeared in prior Report B49332.

Condition and Context

Township Assistance disbursements in 2016 and 2017, were not supported by an Application for Township Assistance (Form TA-1) and/or an Application for Additional or Continuing Township Assistance (Form TA-1B).

Criteria

Indiana Code 12-20-6-1 states in part:

"(a) A township trustee may not extend aid to an individual or a household unless an application and affidavit setting forth the personal condition of the individual has been filed with the trustee within one hundred eighty (180) days before the date aid is extended. . . .

(d) The township trustee may not extend additional or continuing aid to an individual or household unless the individual or household files an affidavit with the request for assistance affirming how, if at all, the personal condition of the individual or the household has changed from that set forth in the individual's or household's most recent application. . . ."

DALTON TOWNSHIP, WAYNE COUNTY
EXIT CONFERENCE

The contents of this report were discussed on April 28, 2020, with Lance Lumpkin, Trustee, and James Howell, Chairman of the Township Board.