

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

FINANCIAL STATEMENTS REVIEW REPORT

OF

ABINGTON TOWNSHIP

WAYNE COUNTY, INDIANA

January 1, 2016 to December 31, 2018



**FILED**

05/28/2020



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Laurie Crist Theresa Clark Chelsie Buchanan	01-01-16 to 09-30-17 10-01-17 to 06-30-18 07-01-18 to 12-31-22
Chairman of the Township Board	Douglas Ernst Doug Toschlog	01-01-16 to 12-31-18 01-01-19 to 12-31-20



## INDEPENDENT ACCOUNTANT'S REVIEW REPORT

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

We have reviewed the accompanying financial statements of Abington 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, CPA  
State Examiner

May 21, 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.

ABINGTON 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	\$ 116,636	\$ 34,385	\$ 21,845	\$ 129,176	\$ 31,384	\$ 24,178	\$ 136,382
Township Assistance	20,028	-	445	19,583	-	-	19,583
Fire Fighting	55,946	38,139	32,000	62,085	42,309	32,000	72,394
Rainy Day	2,013	1,850	-	3,863	-	-	3,863
Levy Excess	8	-	-	8	-	-	8
Cumulative Fire	51,378	5,939	-	57,317	5,895	-	63,212
Totals	<u>\$ 246,009</u>	<u>\$ 80,313</u>	<u>\$ 54,290</u>	<u>\$ 272,032</u>	<u>\$ 79,588</u>	<u>\$ 56,178</u>	<u>\$ 295,442</u>

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

ABINGTON 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	\$ 136,382	\$ 35,469	\$ 26,530	\$ 145,321
Township Assistance	19,583	-	-	19,583
Fire Fighting	72,394	43,340	32,000	83,734
Rainy Day	3,863	-	-	3,863
Levy Excess	8	-	-	8
Cumulative Fire	<u>63,212</u>	<u>5,809</u>	<u>-</u>	<u>69,021</u>
Totals	<u>\$ 295,442</u>	<u>\$ 84,618</u>	<u>\$ 58,530</u>	<u>\$ 321,530</u>

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

ABINGTON 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.

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

*Charges for services.* Amounts received for services including, but not limited to, the following: planning commission charges, building department charges, copies of public records, copy machines charges, accident report copies, gun permit applications, 911 telephone services, recycling fees, dog pound fees, emergency medical service fees, park rental fees, swimming pool receipts, cable TV receipts, ordinance violations, fines and fees, bond forfeitures, court costs, and court receipts.

*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.

ABINGTON 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.

ABINGTON TOWNSHIP, WAYNE COUNTY  
REVIEW RESULTS AND COMMENTS

**ANNUAL FINANCIAL REPORT**

*Condition and Context*

The 2018 Annual Financial Report (AFR) filed on the Indiana Gateway for Government Units financial reporting system did not agree with the Township's financial records as follows:

<u>Year</u>	<u>Fund</u>	<u>Report Classification</u>	<u>Amount per AFR</u>	<u>Amount per Township Ledger</u>	<u>Difference</u>
2018	Township	Receipts	\$ 33,180	\$ 35,469	\$ (2,289)
2018	Township	Disbursements	17,728	26,530	(8,802)
2018	Township	Cash and Investments (ending)	151,834	145,321	6,513
2018	Fire Fighting	Receipts	72,508	43,340	29,168
2018	Fire Fighting	Cash and Investments (ending)	112,902	83,734	29,168
2018	Cumulative Fire	Receipts	5,696	5,809	(113)
2018	Cumulative Fire	Cash and Investments (ending)	68,908	69,021	(113)

*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](#)."

**MONTHLY ENGAGEMENT UPLOADS**

*Condition and Context*

As of May 5, 2020, the Township had not uploaded any of the required files for the monthly engagement uploads to the Indiana Gateway for Government Units (Gateway) financial reporting system for 2018, 2019, or any during 2020 to date.

*Criteria*

Beginning with July 2018 files, which will be due September 15, 2018, all cities, towns, townships, libraries, and special districts will use the Upload App to upload files containing financial and governmental unit information on Gateway to allow the State Board of Accounts (SBOA) to conduct audit planning and audit processes prior to on-site work at a unit. This remote process will provide for more efficient data processing and save audit costs for our clients. Counties and school corporations will upload January 2019 files beginning in March 2019.

The following files and governmental unit information are required to be uploaded monthly:

- Bank reconcilements
- Approved board minutes
- Funds ledger, summarizing total receipts, disbursements, and balances by fund

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

In order to improve planning for the next engagement, a unit is encouraged to upload prior months' files beginning with the January 2018 files. Thereafter, monthly files must be uploaded no later than the 15th day of the second succeeding month, i.e., August monthly files are due on October 15. (State Examiner Directive 2018-1)

**BANK ACCOUNT RECONCILIATIONS**

*Condition and Context*

Monthly reconciliements of the bank balance to the ledger balance were being completed; however, for the months of July 2018 to December 2018, the reconciliements contained numerous errors and were not accurate. The errors included not adjusting for outstanding checks and using the incorrect ledger balance for reconciliation. As a result, posting errors that should have been caught during the reconciliation process were not identified and corrected.

*Criteria*

Indiana Code 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."

**ADVANCE PAYMENT OF SALARIES**

*Condition and Context*

The Township paid employees on a quarterly basis, except for Board members, who were paid annually. On August 14, 2018, the Trustee received a \$200 advance on her 2018 third quarter salary; on October 5, 2018, she received a \$500 advance on her 2018 fourth quarter salary; and on December 7, 2018, she received a \$500 advance on her 2019 first quarter salary. All of the above advances were withheld from the corresponding paycheck.

Both the Trustee and the Township Clerk received their third quarter payroll checks for the months of July, August, and September, on August 31, 2018, and their fourth quarter checks for the months of October, November, and December, on November 11, 2018.

In addition, the Township Board members received their annual paychecks on November 28, 2018.

*Criteria*

Compensation and any other payments for goods and services must not be paid in advance of receipt of the goods or services unless specifically authorized by law. Payments made for goods or services which are not received may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

**FEDERAL AND STATE AGENCIES - COMPLIANCE REQUIREMENTS**

*Condition and Context*

The 2018 Form W-2 issued to the Trustee did not agree with the amount the Trustee was paid during 2018. The amount reported on the Form W-2 as gross wages was \$3,500, but the actual gross wages paid was \$4,000.

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

*Criteria*

Units are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings, court decisions and filing requirements concerning reports and other procedural matters of federal and state agencies. Units must file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

**CASH DISBURSEMENTS**

*Condition and Context*

In 2018, the Township received an insurance reimbursement for damage to Township property. The Trustee withdrew \$720 of the insurance proceeds from the Township's bank account to pay for the repairs in cash instead of issuing a check to the vendor.

*Criteria*

Disbursements, other than properly authorized petty cash disbursements, shall be by check or warrant, not by cash or other methods unless specifically authorized by law. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

**ADOPTION OF AND TRAINING ON INTERNAL CONTROL STANDARDS**

*Condition and Context*

The Township Board (Board) had not adopted the minimum level of internal controls as required by statute. Additionally, the Board had not provided training to personnel concerning internal control standards.

*Criteria*

Indiana Code 5-11-1-27(g) states:

After June 30, 2016, the legislative body of a political subdivision shall ensure that:

- (1) the internal control standards and procedures developed under subsection (e) are adopted by the political subdivision; and
- (2) personnel receive training concerning the internal control standards and procedures adopted by the political subdivision."

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

**CERTIFICATION ON INTERNAL CONTROL STANDARDS**

*Condition and Context*

The Trustee incorrectly certified on the 2017 Annual Financial Report that the required internal control standards had been adopted and training had been provided to personnel; however, no documentation was available for review indicating that the Township Board had adopted the internal control standards as required by Indiana Code 5-11-1-27(g), or that personnel been trained.

*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](#)."

ABINGTON TOWNSHIP, WAYNE COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on May 21, 2020, with Chelsie Buchanan, Trustee, and Doug Toschlog, Chairman of the Township Board.