

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

COMPLIANCE ENGAGEMENT REPORT

OF

MADISON TOWNSHIP

ST. JOSEPH COUNTY, INDIANA

January 1, 2019 to December 31, 2023



**FILED**  
10/22/2024



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Scott Laidig	01-01-19 to 12-31-24
Chair of the Township Board	Kurt Laidig	01-01-19 to 12-31-20
	Richard Schmidt	01-01-21 to 12-31-21
	Kurt Laidig	01-01-22 to 12-31-22
	Richard Schmidt	01-01-23 to 12-31-23
	Kurt Laidig	01-01-24 to 12-31-24



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF MADISON TOWNSHIP, ST. JOSEPH COUNTY, INDIANA

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of Madison Township (Township), for the period of January 1, 2019 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 Scott Laidig, Trustee, on April 18, 2024.



Beth Kelley, CPA, CFE  
Deputy State Examiner

April 8, 2024

MADISON TOWNSHIP, ST. JOSEPH COUNTY  
COMMENTS

**ANNUAL FINANCIAL REPORT**

*Condition and Context*

Internal controls were not in place to ensure the Annual Financial Reports were prepared, verified, and filed properly. The Township reported the same capital asset balances totaling \$2,100,000 from December 31, 2018 through December 31, 2020. The Township purchased a fire truck in 2019 at a cost of \$535,000. In 2021, reductions of \$25,000 were reported without supporting documentation. There was no change reported in 2022 balances, then additions of \$40,000 were reported in 2023 without supporting documentation.

*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](#)."

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. . . ."

MADISON TOWNSHIP, ST. JOSEPH COUNTY  
COMMENTS  
(Continued)

**CAPITAL ASSETS**

*Condition and Context*

Internal controls were not in place to ensure compliance with capital assets. The Township did not provide for the engagement a capital assets policy or a detailed listing of capital assets. The Township failed to complete a physical inventory at least every two years.

*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 detail 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)

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:

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

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MADISON TOWNSHIP, ST. JOSEPH 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 General Fund	\$ 81,653	\$ 41,163	\$ 27,833	\$ 94,983	\$ 38,887	\$ 51,352	\$ 82,518
Township Assistance Fund	11,359	-	4,402	6,957	5,755	2,930	9,782
Fire Fighting Fund	101,393	181,437	174,011	108,819	156,453	156,325	108,947
Rainy Day Fund	39,288	-	-	39,288	20,000	-	59,288
Cumulative Fire Fund	324,057	44,842	151,941	216,958	44,312	146,023	115,247
Payroll Withholdings Fund	(772)	6,180	5,408	-	12,815	11,757	1,058
Totals	<u>\$ 556,978</u>	<u>\$ 273,622</u>	<u>\$ 363,595</u>	<u>\$ 467,005</u>	<u>\$ 278,222</u>	<u>\$ 368,387</u>	<u>\$ 376,840</u>

MADISON TOWNSHIP, ST. JOSEPH 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 General Fund	\$ 82,517	\$ 38,849	\$ 58,552	\$ 62,814	\$ 33,577	\$ 31,349	\$ 65,042
Township Assistance Fund	9,782	5,797	400	15,179	11,041	557	25,663
Fire Fighting Fund	108,948	191,356	152,827	147,477	139,067	224,727	61,817
Rainy Day Fund	59,288	20,000	-	79,288	-	-	79,288
Cumulative Fire Fund	115,247	86,268	81,316	120,199	151,901	96,310	175,790
Payroll Withholdings Fund	958	21,372	22,330	-	8,632	9,407	(775)
Totals	<u>\$ 376,740</u>	<u>\$ 363,642</u>	<u>\$ 315,425</u>	<u>\$ 424,957</u>	<u>\$ 344,218</u>	<u>\$ 362,350</u>	<u>\$ 406,825</u>

MADISON TOWNSHIP, ST. JOSEPH COUNTY  
 STATEMENT OF RECEIPTS, DISBURSEMENTS,  
 AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended December 31, 2023

Fund	Cash and Investments 01-01-23	Receipts	Disbursements	Cash and Investments 12-31-23
Township General Fund	\$ 65,042	\$ 54,143	\$ 27,592	\$ 91,593
Township Assistance Fund	25,663	5,391	467	30,587
Fire Fighting Fund	61,817	222,623	145,892	138,548
Rainy Day Fund	79,288	-	-	79,288
Cumulative Fire Fund	175,790	96,277	102,697	169,370
Payroll Withholdings Fund	<u>(775)</u>	<u>10,551</u>	<u>10,062</u>	<u>(286)</u>
Totals	<u>\$ 406,825</u>	<u>\$ 388,985</u>	<u>\$ 286,710</u>	<u>\$ 509,100</u>