

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

COMPLIANCE ENGAGEMENT REPORT

OF

PINE TOWNSHIP

PORTER COUNTY, INDIANA

January 1, 2019 to December 31, 2023



**FILED**  
06/12/2024



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Tammy Watkins Nick Davey	01-01-19 to 12-31-22 01-01-23 to 12-31-24
Chair of the Township Board	Matthew Smith Nate Uldricks	01-01-19 to 12-31-22 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](http://www.in.gov/sboa)

TO: THE OFFICIALS OF PINE TOWNSHIP, PORTER COUNTY, INDIANA

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of Pine 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 Nick Davey, Trustee; Tammy Watkins, former Trustee; and Matthew Smith, Township Board member, on May 28, 2024.



Beth Kelley, CPA, CFE  
Deputy State Examiner

April 23, 2024

PINE TOWNSHIP, PORTER COUNTY  
COMMENTS

**INTERNAL CONTROLS**

*Condition and Context*

Internal controls were not in place to ensure that the Township complied with laws and regulations. The internal control deficiencies resulted in noncompliance over adoption of, and training on, internal control standards, capital assets, contracts, and township firefighting fund - compliance requirements, detailed further in the comments below.

*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. . . ."

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

*Context and Condition*

The Trustee certified on the Indiana Gateway for Government Units financial reporting system that the Township adopted internal control standards and that all appropriate personnel had received training. However, the Township did not provide an internal control policy to document that the Township Board had adopted the acceptable minimum level of internal control standards as required by Indiana Code 5-11-1-27(g) and did not provide documentation that the Trustee had received the required training.

*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."

**CAPITAL ASSETS**

*Condition and Context*

The Township did not provide a capital assets policy that detailed the threshold at which an item is considered a capital asset.

PINE TOWNSHIP, PORTER COUNTY  
COMMENTS  
(Continued)

The Township's capital assets ledger did not contain all the required information needed. The Township's capital assets record included a fire station and a parking lot for which the acquisition or estimated historical cost values were not recorded. The ledger did not contain any totals and could not be reconciled to the amounts reported by the Township in the Annual Financial Report (AFR). Capital assets reported in the AFR as of December 31, 2023, were \$956,668.

*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)

**CONTRACTS**

*Condition and Context*

The Township made payments from the Fire Fighting fund for internet and phone services for the benefit of the Volunteer Fire Department, beginning in 2020. The payments, made from January 2020 to December 2023, totaled \$5,838. The contract between the Township and the Volunteer Fire Department did not require the Township to pay internet and phone for the Volunteer Fire Department.

*Criteria*

Payments made or received for contractual services must be supported by a written contract. Each unit is responsible for complying with the provisions of its contracts. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

**TOWNSHIP FIRE FIGHTING FUND**

*Condition and Context*

Beginning in 2019, the Trustee had been named in several lawsuits related to the fire contracts. The Trustee paid legal fees totaling \$19,249 from the Township's Fire Fighting fund from November 2019 to March 2022. Payment of the legal fees from the Fire Fighting fund did not comply with the statutory uses of the fund.

*Criteria*

Indiana Code 36-8-13-4(a) states:

"Each township shall annually establish a township firefighting fund which is to be used by the township for the payment of costs attributable to providing fire protection or emergency services under the methods prescribed in section 3 of this chapter and for no other purposes. The money in the fund may be paid out by the township executive with the consent of the township legislative body."

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

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PINE TOWNSHIP, PORTER 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			Cash and Investments			Cash and Investments
	01-01-19	Receipts	Disbursements	12-31-19	Receipts	Disbursements	
Township	\$ 151,771	\$ 54,454	\$ 32,755	\$ 173,470	\$ 35,852	\$ 40,213	\$ 169,109
Township Assistance	46,917	6,535	3,789	49,663	14,029	5,736	57,956
Fire Fighting	78,468	59,960	28,361	110,067	56,843	49,374	117,536
Rainy Day	68,412	-	-	68,412	-	-	68,412
Levy Excess	319	-	-	319	-	-	319
Cumulative Fire	286,886	9,090	27,581	268,395	8,847	28,958	248,284
Food Pantry	-	-	-	-	3,000	-	3,000
Totals	<u>\$ 632,773</u>	<u>\$ 130,039</u>	<u>\$ 92,486</u>	<u>\$ 670,326</u>	<u>\$ 118,571</u>	<u>\$ 124,281</u>	<u>\$ 664,616</u>

PINE TOWNSHIP, PORTER 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			Cash and Investments			Cash and Investments
	01-01-21	Receipts	Disbursements	12-31-21	Receipts	Disbursements	
Township	\$ 169,109	\$ 38,771	\$ 31,631	\$ 176,249	\$ 39,146	\$ 30,386	\$ 185,009
Township Assistance	57,956	14,321	4,907	67,370	14,524	7,358	74,536
Fire Fighting	117,536	60,455	46,040	131,951	59,501	51,132	140,320
Rainy Day	68,412	-	-	68,412	-	-	68,412
Levy Excess	319	-	319	-	-	-	-
Cumulative Fire	248,284	9,915	-	258,199	11,259	-	269,458
Food Pantry	3,000	2,500	1,484	4,016	-	1,042	2,974
Totals	<u>\$ 664,616</u>	<u>\$ 125,962</u>	<u>\$ 84,381</u>	<u>\$ 706,197</u>	<u>\$ 124,430</u>	<u>\$ 89,918</u>	<u>\$ 740,709</u>

PINE TOWNSHIP, PORTER 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 FUND	\$ 185,010	\$ 42,876	\$ 29,233	\$ 198,653
TOWNSHIP ASSISTANCE	74,536	13,347	1,328	86,555
FIRE FIGHTING FUND	140,320	54,519	48,445	146,394
RAINY DAY FUND	68,412	-	-	68,412
CUMULATIVE FIRE FUND	269,457	26,403	-	295,860
FOOD PANTRY	2,974	-	-	2,974
PAYROLL DEDUCTIONS	-	2,802	1,732	1,070
Totals	<u>\$ 740,709</u>	<u>\$ 139,947</u>	<u>\$ 80,738</u>	<u>\$ 799,918</u>